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Ottawa, November 9-10, 1964

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*convened by the
Economic Council of Canada*

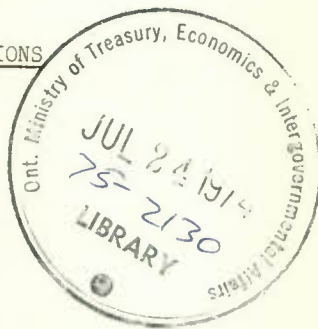


NATIONAL CONFERENCE
ON
LABOUR-MANAGEMENT RELATIONS

Ottawa, Canada

9-10 November 1964

Convened by
The Economic Council of Canada



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INTRODUCTION

The National Conference coincided with increasing awareness of the complex and pervasive change under way in the economic and social circumstances of Canada and other countries. The great challenge of this change is to recognize the significance of the new developments and grasp the rising opportunities they offer, while dealing effectively and equitably with the social and human problems involved.

At home, the tides of change will continue to move with great force. There will be further declines in employment in the primary industries. There will be strong competition at home and abroad resulting from heavy investment in the application of new industrial technology. There will be a need for rising levels of training and skill in the labour force, which is expanding at an unprecedented rate. Urbanization is likely to continue; with it will come new demands for improved public and social facilities.

The external environment also is changing rapidly. With its open economy, Canada will be affected by the increasing internationalization of business and the shifting trends in world trade — the rising importance of highly manufactured goods and industrial equipment, the increasing advantages of specialization, faster communication and transportation, the growing regionalization of trade in large blocs, and the urgent need for greater industrial progress in the less-developed countries.

Adjustments are inevitable. Some of them may be painful, involving dislocations and uncertainties for individuals and their families, interruptions of their income, and losses of human and material capital. However, the adjustments must be made in a manner that allies us with the expanding rather than the declining possibilities. The price of our failure to do so will be frustration and disappointment, and slower gains in our standard of living.

Many things will be needed if this challenge is to be met in a positive way. One of them is imaginative, meaningful co-operation between labour and management.

The vital importance of improved relationships between labour and management in Canada has been reflected in several national and regional conferences and other meetings on this subject during the past few years. Many believe that these discussions have helped to promote a spirit of co-operation at the top levels of the economy. However, much remains to be done.

The Act of Parliament establishing the Economic Council of Canada requires the Council to encourage maximum consultation and co-operation between labour and management, and to foster and promote the maintenance of good human relations in industry.

The Council believes that enlightened relations between labour and management in Canada are indispensable if the country's economic and social goals are to be recognized, accepted and achieved. More specifically, such relations are fundamental to the achievement of the highest possible levels of employment and economic growth, productive efficiency and price stability.

Within a few months of its establishment, the Council decided to convene a National Conference on Labour-Management Relations. The Council arranged to provide the participants with the results of special research studies designed to serve as the basis for discussions on such questions as the following: How can progress towards real co-operation be furthered at all levels of the economy? How much co-operation is possible and desirable? What are its objectives? Can this co-operation facilitate the achievement of national economic and social goals? Can it help meet objectives such as efficiency and modernization, adjustment to technological change, and joint sharing of responsibilities and benefits? What new labour-management attitudes and procedures are required?

Accordingly, five experts were commissioned by the Council to undertake studies in two broad fields:

1. The present state of labour-management co-operation and relations in Canada.
2. Experiments and developments in labour-management co-operation and relations in Nova Scotia, Europe and the United States, and their relevance for Canada generally.

The results of these extensive studies were supplied in advance of the Conference to a widely representative group of business and labour leaders, who were invited to the Conference. The same procedure was followed in the case of federal and provincial ministers and senior officials concerned, as well as the chairmen of provincial economic and productivity councils and specialists from universities. The Conference was held in camera and attendance was restricted to approximately 150.

The studies were presented to the Conference by their authors, who summarized their conclusions. In addition, the Council had also requested individual participants

to deliver prepared commentaries on the papers. The Conference then divided into smaller groups which subsequently reported to the plenary session.

This was not intended as a decision-making conference that would forward specific recommendations to governments, industry or labour. Rather, it was precisely what the word conference implies -- a consultation and a discussion. It was a meeting to appraise information, to exchange views and, where possible, arrive at a consensus.

From the discussion in the plenary sessions and in the smaller working parties, certain points of general interest and concern emerged. In the summation that follows, it is emphasized that these points do not necessarily reflect the views of individual participants.

The recurrent themes were the atmosphere for co-operation (especially as affected by labour legislation), the problem of information and communication, the institutional framework and procedures most conducive to labour-management consultation, and the shape of future efforts to promote both co-operation and consultation.

Labour legislation

The complex problems arising from rapid economic change, including technological change, cannot be dealt with adequately by labour and management in the crisis atmosphere of periodic collective bargaining. There was a feeling that existing labour legislation in Canada too often tends to encourage crisis bargaining, thus inhibiting and frustrating the development of the more continuous discussions and co-operative relations needed to deal with the problems of adjustment and rapid change.

Knowledge and information

Emphasis was placed on the need to develop and disseminate improved public information that would be of assistance to both management and labour. The definition of broad economic goals and the policies required to achieve them could provide a basis for co-operation. Indeed, such goals are only attainable through co-operation. A better knowledge and understanding of these common goals is essential.

In addition, the merits and possibilities of joint fact-finding by management and labour were emphasized in the discussions. Study and experience has shown that this bilateral fact-finding can be a vehicle for productive co-operation in seeking equitable solutions to a wide array of mutual problems.

Requirements for co-operation

The need today is for more continuous consultation and co-operation between management and labour, with mutual recognition of the rights of both. However, it was recognized that the absence in Canada of the highly centralized labour and management organizations that exist in Europe, and especially the non-existence of a central representative management organization in this country, present special difficulties.

In recent years labour-management co-operation in Canada has improved at the top levels of the economy, and in a number of cases there have been encouraging signs of a willingness to undertake new experiments in labour-management co-operation at the regional, industry and plant levels. There was general agreement on the need for more fresh initiatives at each of these levels.

Future conferences

The consensus of the participants in the National Conference was that the general discussions had been useful and valuable, particularly in that they were based on special studies and research.

However, there was general agreement that in future conferences more attention should be devoted to specific subjects. Topics suggested for future meetings included the problem of adjustment to technological change, the uses of additional leisure time resulting from such change, various aspects of labour legislation, and the problems of labour mobility and retraining. Also, it was suggested that labour-management conferences at various levels of the economy should be called to consider the Annual Reviews which the Economic Council is directed, by statute, to publish each year.

One of the major results of the discussion in the Conference was a widespread agreement concerning the requirement for more information and analysis. The Conference recognized the need for more support for research and study in the field of industrial relations, and in the whole area of the social sciences, at the university level, as well as more concerted study by labour and management working together.

THE ECONOMIC COUNCIL
AND
LABOUR-MANAGEMENT CO-OPERATION

Opening Address

By

John J. Deutsch, Chairman
Economic Council of Canada

The Act establishing the Economic Council of Canada directs the Council "to encourage maximum consultation and co-operation between labour and management..." The meetings which we are having here today and tomorrow are a part of the programme for the fulfilment of this duty. However, as I know you realize, the purpose of the meetings is not merely to provide an occasion for talk -- pleasant and interesting as that might be. Rather, we have come together to examine and to discuss seriously and responsibly matters which have an important bearing on the welfare of ourselves and of our country in the critical years ahead.

In the kind of world in which we are now living the notion of labour-management co-operation is much more than an agreeably sounding social ideal which can be left as it is. It is obvious, looking at the issues which have arisen and which are causing social friction in many places in our economy, that new attitudes, new approaches and new possibilities have to be examined and considered in a positive spirit. You all know why this is so. It is because of the accelerating tempo of change which pervades nearly every aspect of our lives.

In little more than one generation our country has been transformed from an agricultural to an industrial society. While this shift is still going on new technology and new processes are transforming our manufacturing industries at such a pace that the main opportunities for new jobs have already moved on to the service occupations. The annihilation of time and space is bringing our activities into ever closer competition with those all over the world. At the

same time populations everywhere are growing rapidly and are crowding ever more tightly into large and congested urban centres. Under the influence of these forces, occupations and crafts become obsolete; industries decline; old areas are depressed and are passed by; old ways of making a living disappear. On the other hand there is a rising demand for new skills; there are new vocations; there are new areas of expansion. It is this kind of dynamic environment in which labour-management relations must now develop. There is no way in which labour-management relations can be exempted from the tempo of change.

Lord Keynes once said, "The political problem of mankind is to combine three things; economic efficiency, social justice and individual liberty." In our democratic system an important part of this great task is carried out by labour and management through the processes of collective bargaining. The arrangements made between management and labour have a large effect on economic efficiency and hence on the amount of real income available to our society. Through the process of collective bargaining decisions are made regarding the distribution of the available income among those who have contributed to production. Also, through this process decisions are made as to how the share of the worker is distributed between wages, leisure, security and welfare. These are matters of vital concern to the individuals affected and they have a legitimate interest in taking an appropriate part in how they are determined.

These social processes in our free society, which stand in contrast to arbitrary and dictatorial power, are difficult enough under stable and predictable conditions. They are vastly more difficult

under the conditions of immense and unpredictable change which prevail today. When new technology, at one and the same time, brings about large increases in productivity and the rapid destruction of old jobs and skills, there is no pat and easy answer to the problem of reconciling economic efficiency and social justice. You can be sure, however, that the old attitudes and the old methods are not good enough. The answers will not be found in the old slogans, the old battles, the old animosities, or the old myths.

We are confronted with the problem of how to deal with displacement and dislocation, with the need for retraining, with the development of new skills, with the survival of an enterprise and the investment of new capital, with material and human losses, and with the question of how to distribute new benefits between wages, social welfare and leisure. These are complex and rapidly changing issues which cannot be tackled successfully unless, first, there is mutual concern and mutual recognition of the legitimate role of each party; second, there is realization that neither the responsibility for nor the cost of adjustment can be imposed solely upon one of the parties or let fall upon the weak; and third, there is a comprehension of the need for objective analysis, for information, for prior study, for consultation and forward planning, and for a readiness to deal with realities. It is obvious that these objectives cannot be achieved with slam-bang methods or with haughty manoeuvres. Neither is there a place for rabble-rousing or sheer emotionalism.

A distinguished representative of France remarked the other day that "it seems that one of the features of modern times is that the

tempo of reality is almost always ahead of the tempo of thought." In the vital area of labour-management relations it is especially important to try to keep abreast of what is actually happening. Also, it is useful to be aware of the practice and experience of others in dealing with new problems. It is not likely that we are entirely peculiar or that we already possess all that is worth knowing. There is scope for appraisal and there is the possibility of benefiting from concrete example. For these reasons we have arranged for the preparation of special studies of the most recent trends and developments in labour-management co-operation in Canada and in other countries. These studies, prepared by leading authorities, examine problems which the great tide of change has brought prominently to the fore in industrially advanced countries, such as our own. They examine the experiments, the new approaches and the new attitudes which are being tried to cope with the issues most alive today. The studies are intended to help fill the inevitable gap between comprehension and the rapid march of events.

The Canadian economy will continue to be strongly affected by events in the world around us. Improvements in transportation and the increasing speed of communication are widening the scope of markets and extending the possibilities for specialization and the scale of enterprise. We shall have to make our way among industrial giants and among a growing number of large-scale, specialized, and efficient industries in many parts of the world. If we want to move forward, we have no choice but to take an active part in building a system of world trade which will give us a chance to compete and to grow. Specialization, adequate scale and technical superiority have become the indispensable

means to success in this highly dynamic world. Inevitably, these developments, from which we cannot escape, impose new responsibilities and new problems upon both management and labour.

The concern of the Economic Council of Canada with labour-management co-operation has another important aspect. In its terms of reference the Council is directed to advise on how our country can best achieve certain basic economic and social objectives. Very briefly these can be stated to be high levels of employment, an adequate and sustained rate of economic growth, reasonable stability of prices, a viable balance of payments, and an equitable sharing of rising incomes. There is nothing especially Canadian about these aims -- they are the aims, more or less explicitly stated, of most modern industrial nations. There is widespread agreement that each one of these aims is in itself highly desirable. However, together they pose a formidable task. The simultaneous achievement of these desirable goals within the framework of a free society is a very considerable, but worthy, challenge. In order to be successful in meeting this challenge many things are needed and many things have to be done, but it is certain that one of the indispensable requirements is an appropriate climate of labour-management relations.

There are those who hold the view that full employment, price stability and free collective bargaining are inconsistent with each other. On the basis of both experience and logic this view cannot simply be brushed aside. It arises out of a very real and difficult problem in the context of a free economy. It is argued that when there is the promise by the government to maintain full employment, labour

unions are in a position, without risk of unemployment, to demand increases in wages in excess of increases in productivity so that prices are pushed up. Employers in turn can raise prices without risk of loss of markets because, the government in seeking to maintain employment, will pump more money into the stream of purchasing power. This is the familiar vicious cycle of inflation. Possibly, the cycle can be broken by some form of government regulation of wages and prices. But, if this is done, free collective bargaining is gone.

Quite clearly the consistent and simultaneous achievement of high employment, price stability and economic freedom calls for a high sense of responsibility, restraint and co-operation by each of the three parties, the government, labour and management. This means that both management and labour must not insist on a definition of aims which is so rigid and doctrinaire as to destroy that degree of flexibility which is indispensable in a free system. It means that governments must at all times maintain the appropriate monetary and fiscal environment and the appropriate incentives. It means that both management and labour must proceed on the basis of an objective analysis of the performance and the possibilities of the economy and not on the basis of wishful thinking or slogans. None of this is possible without meaningful co-operation and understanding.

There is a large mutual interest in the attainment of an adequate rate of economic growth. By economic growth we mean a rising output of goods and services in relation to the number of persons required to produce it. It is achieved by an increase in productivity and efficiency. An increase in productivity is the essential basis for

a rising standard of living which can be widely shared. There is no other way. Without improvements in productivity and economic growth the attempt by one group to get more will be at the expense of others. This is the process of social strife and frustration. When there is rapid economic growth many things become easier. It is easier to improve and to make available more widely the amenities and refinements of life in education, health, culture, leisure, social security, and welfare. It is easier to provide more amply for the handicapped and the underprivileged. Economic growth makes possible movement, progress, and a sense of accomplishment which is the spark of a free society.

However, the improvement of productivity and the attainment of economic growth is neither a comfortable nor an automatic process. Indeed, it is quite the opposite. It is both disturbing and demanding. Economic growth means innovation and invention, the application of more skill, the more extensive use of machines and other forms of capital, the harnessing of the vast energies of nature and better administration and organization. In other words economic growth means change -- change from the existing to better ways of doing things. Where there is no change there is no growth.

Today when we are being carried along on the great flood of the scientific and technological revolution the possibilities for change and for growth have become a dominant feature of our lives. On the one hand there are vast new opportunities for new enterprise, for expansion, for better paid employment and for more rewarding work. On the other hand there is the aftermath of obsolete occupations and skills, contracting industries and declining areas. The new opportunities, the

new benefits, the costs and the losses are very unevenly distributed. The new jobs are different and they are in different places. In these circumstances there is always the temptation to try to stop the whole process. Governments are tempted to subsidize declining industries, employers are tempted to look for shelter behind tariff walls and monopolies, and labour is tempted to cling to old working rules.

Obviously, if this defensive and negative attitude prevails, both change and progress will end. There is another approach -- the approach designed to facilitate adjustment and movement from the declining to the expanding possibilities. This approach will recognize the need for forward planning and the systematic organization of change, the need for modernization and efficient management, the need for re-training and mobility, the need to provide and to accept new jobs, the need to avoid a one-sided and callous distribution of losses, and a need to work out an equitable sharing of the benefits. In trying to cope with the process of change we must always keep in mind that we are dealing with the fate of human beings -- with their problems of insecurity, individual tragedy and the ever-present search for a better future.

The mere statement of these requirements for orderly change and progress makes it clear that they cannot be met without co-operation, consultation and joint arrangements between labour and management. These are matters of fundamental concern to both parties. The defensive and negative approach to change does not require co-operation -- it is born out of strife and ignorance.

The policies and attitudes which facilitate adjustment to

change and hence make possible rising productivity and economic growth will also make it much easier to accomplish our other aims of full employment, reasonable price stability and a viable balance of payments. I have already said that the consistent attainment of these goals is a most formidable task. Indeed, it has been called the biggest economic problem of our time. The complex difficulties which are posed for government policy and for labour-management co-operation can be tackled effectively only if there is available good information and objective analysis. It is necessary to have an understanding of the possibilities and capabilities of the economy, of the alternative choices available, of future trends and likely problems, and of the interrelationships of various courses of action. The development of this kind of information and its relation to the aims of the future might be called research, forward programming, economic planning, or what you will. It does not much matter. What does matter is that there be information and that there be a consistent conspectus of our objectives for the future and of the means available for their attainment.

One of the primary purposes of the Economic Council is to fill this need. The Council itself provides a forum for discussion and consultation between leading representatives from labour and management. It is the hope that under these joint auspices it will be possible to reach a closer understanding on basic issues, to give a sense of direction, and to chart a course for forward-looking attitudes and policies. It is hoped also that this work will help to achieve constructive solutions to labour-management problems throughout the economy. The Council's first review of the Canadian economy, looking ahead to 1970, will be

published at the end of this year. In the preparation of this review a considerable number of special studies and surveys were undertaken by experts and a highly qualified staff. As much as possible these studies will be made available as contribution to better information and understanding. By doing this the Council will be fulfilling one of its important functions.

We are meeting here in a national conference. The problems which we will be discussing are not confined within narrow boundaries. They exist wherever there is progress and change. They involve the responsibilities and co-operation of all governments -- provincial and federal. We are engaged in a large and vital enterprise.

Our country was founded on the conviction that despite immense diversity in a vast land, great and good things could be accomplished by joining and working together. I am sure that you will find it so in this conference.

THE CURRENT STATUS OF LABOUR-MANAGEMENT CO-OPERATION IN CANADA

Dr. W. D. Wood
Professor of Economics and
Director of Industrial Relations Centre,
Queen's University

FOREWORD

The purpose of this research study is to present in non-technical language a general picture of the current status of labour-management co-operation in Canada which will serve as a background for more specific discussion of the topic at this National Labour-Management Conference. Because of the broad scope of this subject and the limits of space, it has been necessary to present the research findings in summary fashion.

Part I of the study clarifies concepts and issues in the area of co-operation and develops a general framework for the outline of Canadian experience in Part II. On the basis of this analysis, over-all assessment and conclusions are summarized in Part III. It should be noted that the study is limited to labour-management co-operation in the unionized sector of the economy; co-operation schemes in non-union areas have not been examined.

Because of the recent nature of many developments in the field of co-operation in Canada, and the dearth of written material on the subject, most of the information for the research was obtained from primary sources. A large volume of unpublished records, reports, speeches and documents was studied. Questionnaires and letters were sent to labour and management representatives in over 3,000 establishments where labour-management experiments in co-operation have been undertaken. This was followed by field work in which the author discussed the subject with a large number of senior officials in industry, labour, and government in each of the ten provinces and in Ottawa. In conducting the present investigation, the author was also fortunate in being able to draw from his previous research in the industrial relations field and from his contact over the years with labour, management and government officials attending the various conferences and seminars of the Queen's Industrial Relations Centre.

My task of preparing this study would have been much more difficult without the assistance of many persons. No words can adequately convey my appreciation of the invaluable assistance of Mr. Laurence Kelly, Associate in Research in the Centre, at every stage of this work. For expert handling of the correspondence, questionnaires, and drafts, I am most grateful to Mrs. Mary Walker, Secretary of the Centre. I was

also singularly fortunate in having available, through the Centre, the considerable library, clerical, and other aid necessary for such a study. At this time, I also would like to thank publicly the many industry, union, and government officials across Canada who have co-operated so generously in giving their time and thought to this research. Finally, I wish to express my sincere appreciation to the Economic Council of Canada for providing me the opportunity to study this important subject.



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PART I

CONCEPTS, ISSUES, AND FRAMEWORK

The phrase "labour-management co-operation" has long been entrenched in the vocabulary of Canadian industrial relations, not because it has ever been the characteristic feature of labour-management relations in this country, but rather because it has been represented over the years as a sort of ideal relationship to which both labour and management should aspire. Like so many phrases which have idealistic overtones, its meaning is clouded in vagueness. It has been regarded as both an end and a means; on the one hand, as a sort of industrial Utopia, and on the other, as some form of patent medicine which, if it will not cure every industrial ill, will at least remove many of the headaches which go with them. Because of this misunderstanding and vagueness, there are those who believe that co-operation can solve all problems. Others maintain that there is nothing to be gained by any sort of co-operation. As with most questions, the realistic situation lies somewhere between these two extremes.

While there have been various attempts to promote labour-management co-operation since a National Industrial Conference first gave attention to this question in 1919, somewhat less consideration has been given to identifying the problems to which co-operation should be applied. The result is that while it has again become fashionable in recent years to call for a greater degree of labour-management co-operation, we are still a long way from achieving a consensus on what is meant by co-operation, why we need it, how much we need and what factors facilitate it. Any meaningful discussion of the subject, therefore, must begin with analysis of these various concepts. Part I, then, attempts to clarify these questions and to develop a general framework for analysis of labour-management co-operation in the rest of the study.

What is labour-management co-operation?

Essentially, labour-management co-operation is a means rather than an end in itself. It is a method of achieving a particular objective or set of objectives, rather than something to be pursued for its own sake. The method may be formal or informal; it may be carried out at different levels of industry and the economy; and may be one of several quite distinct types. What it means, therefore, will depend largely upon the context in which it is viewed. It is important, however, that it be understood as a systematic approach for the achievement of industrial relations and economic goals, and that it not be confused with the "good fellow" approach, however valuable this may be.

For practical purposes, two main types of labour-management co-operation may be distinguished, first, co-operation with governments at the national and regional economic levels, and secondly, labour-management co-operation at the level of the plant, firm, or industry. Though quite distinct, these types of co-operation are closely related. At the national and regional economic levels, for example, co-operation is concerned with appropriate public goals and policies. In addition, by providing a clear picture of the problems to be solved and methods of solving these, it provides a framework for decisions in the private sector which are consistent with those at the national and regional levels of the economy. Labour-management co-operation, therefore, has these two interrelated aspects--co-operation to determine and achieve better public policies, and co-operation to improve the effectiveness of policies and decisions in the private sector.

At the national and regional levels, labour-management co-operation is clearly an aspect of economic planning. The range of economic planning extends from what is known as "free" planning, where emphasis is on consultation, persuasion, education and the voluntary co-operation of labour and management, to totalitarian types of planning, where there is detailed and specific control of private policies and practices in order to achieve goals. In this paper, I shall be referring strictly to free economic planning, and not to any planning which involves government compulsion and direction.

At the level of the plant, firm or industry, several different types of labour-management co-operation have been identified. At one end of the spectrum is what is sometimes referred to as "information sharing", in which management meets with representatives of its employees from time to time to keep them informed about business conditions and prospects as well as to communicate information about changes which it intends to put into effect. At the other end, is what is known as "co-determination", a form of co-operation which has found its main expression in segments of West German industry, where provision has been made for the participation of trade union representatives in the management of the undertaking. Between these poles are other types of co-operation which differ from these mainly in the degree of employee participation. Next to information sharing, for example, would come some form of "advisory" co-operation, in which management would not only communicate information to its employees but would provide an opportunity to the union to review proposed company actions affecting the union or its members. Further up the scale can be identified such forms as "problem-sharing" and "idea-sharing" in which labour

is encouraged to make suggestions in order to solve particular problems which face the company, or to initiate ideas in the area of production. Precise classification of these types is somewhat arbitrary, however, and these are mentioned here mainly to give some perspective to the range of labour-management co-operation. It might be said, however, that any realistic form of co-operation would have to fall somewhere between the extremes mentioned above. Co-determination can be excluded on the ground that, in Canada, it is unacceptable to both labour and management. Information-sharing, on the other hand, might almost be excluded on definitional grounds, since it is essentially a form of communication rather than a form of co-operation. It does not contemplate agreement between the parties. As Professor Chamberlain points out, the distinguishing feature of co-operation is that it does have agreement as its objective, although this does not necessarily mean that agreement is reached on every question. While not strictly a form of co-operation, information-sharing may have value in helping to foster co-operative attitudes towards problems, including those which arise at the bargaining table.

Two basic assumptions underlie the "realistic co-operation" which I have outlined in this framework, namely, free collective bargaining, and an enterprise economy. It should be emphasized, however, that there is already considerable investment in the economy by all three levels of government and that these also account for a substantial proportion of the numbers employed in the labour force. In addition, government fiscal, monetary, trade, labour-market and other policies already have a large impact on the economy as well as on private policies. Also, there is a growing consensus throughout the economy that public policies are needed to deal with some of the problems of automation. The question is not, therefore, whether the government should be involved in economic affairs: it already is an integral part of our economic system. The important problem is to ensure that government policies are appropriate for achieving our national economic goals as well as to provide a climate for the most effective operation of the private sector of the economy.

In summary, this framework has distinguished co-operation at the national and regional levels of the economy and co-operation at the level of the plant, firm or industry. At the national and regional level, co-operation is concerned with achieving a consensus on goals, understanding problems, and devising appropriate policies to solve these, with the general objective of achieving broad economic goals.

In industry, labour-management co-operation involves joint problem-solving approaches, a more rational approach towards bargaining matters, and improvement in the co-operative aspects of collective bargaining. Its main purposes are to improve the effectiveness of free collective bargaining and of managerial and trade union policies, and, at the same time, to ensure that private policy is in harmony with broader public policies. These two broad types of co-operation provide a basic framework for this study.

Why do we need co-operation?

Examination of the industrial relations literature brings out a number of reasons why labour and management should co-operate. Some writers have stressed the psychological, and even the biological rationale for co-operation. Others emphasize its political rationale, in particular, the importance of labour-management co-operation as a means of extending democracy from the political to the industrial sphere. Others again put heavy stress on the economic reasons for co-operation, although rarely going much further than to indicate the importance of co-operation as a means of increasing productivity at the plant level. In this paper, I also intend to put main emphasis on the economic case for labour-management co-operation, although I use the word "economic" in a much wider sense than that of simply increasing productivity and also include under it factors which are not strictly economic in nature. One might also refer to this, in fact, as the "pragmatic rationale" for co-operation, for while it lays heaviest emphasis on economic reasons, it touches also on related legal, psychological, political and social factors.

The economic case for labour-management co-operation hinges on showing that co-operation can affect the economy in a positive way. Here, a number of arguments are introduced to support this hypothesis. First, labour-management co-operation may have a positive effect on the economy through motivation. In other words, if there is greater consensus about common goals at all levels of the economy, and better understanding about the problems to be solved, this is likely to provide motivation to achieve these goals. Secondly, it may have positive effects by leading to better public and private policies. In today's complex economy, we need compatibility of policies at all levels in addition to compatibility of goals. Consequently, if, through co-operation, we can achieve better knowledge about our goals and problems, we will not only be able to devise more appropriate policies at all levels of the economy, but policies which are also consistent with each other. Finally, co-operation may also result in better implementation of policies. With better understanding

about our goals and problems and about the policies needed to achieve these, there are likely to be fewer frictions and barriers to hinder the effective implementation of policies.

While this constitutes the basic case for labour-management co-operation, there are other practical and immediate reasons why labour and management should co-operate. One reason is that we are currently faced with a number of difficult economic problems which will not be solved without considerable joint effort by governments, management and labour--problems of automation, persistent unemployment, increasing international competition, changing market structures, lagging rates of growth, and the problem of achieving appropriate incomes and price structures. These problems are significant, not only in their scope and in their complexity, but also, in some cases, in the speed with which they have come upon us. Without a co-ordinated approach to these problems, there is danger that we may allow them to overwhelm us.

A further pragmatic reason for co-operation is that if labour and management do not themselves make constructive efforts to solve problems within the framework of free collective bargaining, there is increasing likelihood that governments will step in to ensure that they do take more positive approaches. Collective bargaining plays an important role in the over-all economy. Consequently, the parties have a social responsibility to ensure that it works effectively and that its results are in accord, not only with their own interests, but also with those of the broader public.

From the foregoing, it is clear that there is not only a general case for labour-management co-operation but also a very immediate one. The question which follows is: how much co-operation do we need?

How much co-operation?

It is not contended here that all differences between labour and management would be eliminated if the parties could only agree to co-operate. Still less would it be maintained that we should even attempt to eliminate every aspect of conflict from the sphere of labour-management relations. The efficiency of industry depends on the need for healthy and constructive differences between labour and management as well as on the need for co-operation between the two. It should be emphasized, then, that I am not putting forward a case for "co-operation unlimited". It is important, however, that we isolate the areas in which co-operation can be applied and those in which differences will continue to exist.

It should first be pointed out that conflict cannot be excluded completely from social life. We find it in the family, in industry, between different regions, and among nations. Once institutionalized, it is part of the social structure. As Weber points out, conflict and co-operation are not separable things but are phases of one process which always involves something of both. By definition, co-operation means that there is the right to disagree. We can never expect, then, to obtain complete co-operation, any more than we can expect to encounter complete conflict. Indeed, the very fact that we have conflicting viewpoints is a clear indication of the freedom of the parties and of the vitality of their relations.

It is important, however, that we distinguish necessary and unnecessary conflict. Necessary, or constructive differences are a useful and necessary stimulus for social change. They may stimulate learning and enthusiasm; lead to better, more imaginative results; increase vigilance and critical self-appraisal; and lead the parties to weigh conflicting values with greater discernment when they make decisions. Whether these benefits are actually obtained, however, will depend on whether the parties are prepared to bring their differences out into the open and deal with them in a positive manner.

While differences between labour and management are inevitable in some areas, such as in the area of income distribution, and while such differences may have these various constructive aspects, there may also be a great deal of unnecessary conflict between the parties. This can stem from a number of causes: from lack of knowledge about what their mutual interests are, and about the nature of the problems facing them; from lack of understanding between the groups, which is often reflected in a feeling that, because they are in separate camps, they must take opposing stands on every question--what might be called "phony" conflict; and lastly, from lack of mechanisms at the different levels of the economy to facilitate better understanding about common goals and means to achieve these. It is these kinds of conflict which need to be--and can be--eliminated.

In summary, then, we need constructive differences as well as co-operation between labour and management. At the same time, we must also eliminate unnecessary conflict between the two through better knowledge, more enlightened outlooks, and through mechanisms to facilitate co-operation. We need, more and more, to carve out those areas where there is mutuality of interest. The goals which labour and management have in common do not have to be impaired by the fact that there is some inevitable conflict on other issues.

What are the factors facilitating co-operation?

The industrial relations experience of many countries suggests that labour-management co-operation generally emerges from particular forms of economic crisis, in particular, situations in which maximum production must be obtained to meet emergency national interests, situations in which the stability of an industry is threatened by severe competition, and situations in which the individual firm is threatened with extinction as a result of competition or declining demand. As will be shown more clearly in the second part of this paper, the "crisis hypothesis" has been borne out by Canadian experience, most notably through the development of joint labour-management committees during World War II, under the stimulus of the war effort; through the approaches which particular companies and industries have adopted to deal with problems which have faced them; and, in a general way, through the increased interest in co-operation which has followed in the wake of the 1956-57 recession. It is borne out, too, by the experience of other countries and finds particularly clear expression in the development of formal and informal schemes of labour-management co-operation throughout European industry in the post-war reconstruction years. There is a strong case to be made, therefore, for the "crisis" theory of co-operation. The questions which arise, however, are first, whether we really need a crisis in order to get co-operation; secondly, whether there is a crisis today which might help to generate co-operation; and thirdly, whether there are other important factors which may facilitate co-operation.

The position which I adopt here is that, while crisis is not essential for co-operation, it may spur activity in that direction when this would not otherwise be forthcoming. Inasmuch as it forces the parties to recognize the interests which they have in common, and cools them to the reality of the situation, it may help to eliminate much of the unnecessary conflict which was described above. It can be a contributing factor to co-operation, then, although it must also be pointed out that co-operation has developed in many instances in what appear to be quite ordinary circumstances--out of a gradual maturing of relationships.

The second question which was raised is whether there is presently a crisis of the sort which can facilitate labour-management co-operation. Here I would maintain that the economic problems facing Canada at the moment, many of which were listed above, undoubtedly fit into the crisis concept. Many of these, however, are of a sort where the parties may not fully realize that a problem exists, or if they do, that they can do anything to help solve them. In fact, they may be able to do

much more to help solve these than they realize. While there has been improvement in the general economic situation and outlook, serious underlying problems remain and it does not look as though we shall be out of problems to co-operate on for a while. The important thing is that people should have a perspective of the problems we face.

Analysis of the various experiments in the field of co-operation indicates that a number of factors are important in facilitating co-operation. Here, six key factors are proposed, which will be developed and assessed more fully in later parts of the study.

First, there must be objectives for co-operation. As emphasized previously, co-operation is a means and not an end in itself. We need specific goals, therefore, at all levels of the economy so that there is motivation for co-operation and understanding of how co-operation can contribute not only to the parties' own interests, but also to broader objectives.

Secondly, there must be co-operative attitudes on the part of labour and management, that is, a willingness to co-operate and a recognition that there are mutual benefits to be gained from co-operation.

Third, there must be knowledge and information to provide a clear picture of specific goals and problems at each level of the economy, and to devise appropriate methods of achieving and solving these.

Fourth, there must be institutional security for both unions and management. Trade unions will be reluctant to co-operate with management if it appears to them that, through co-operation, the institution of trade unionism is likely to be weakened. As the other side of the coin, co-operation must also involve security for management -- security that, in the broad sense, co-operation will not involve undue restrictions on the operation of the enterprise system, and that, at the plant level, it will not handicap management's responsibility for over-all management of the concern.

Fifth, there must be a favourable external environment, in the sense that government economic and social policies and legislation, at both the federal and provincial levels of government, should permit rather than discourage co-operation. Without a continuing full employment objective, for example, together with appropriate policies to cushion the shock of unemployment and displacement, co-operation may

be interpreted by workers and trade unions, particularly at the plant level, as presenting a threat to job security, as well as to security of the union. In such circumstances, economic crisis may serve as a barrier rather than a stimulus to co-operation. Again, it is important that there should be appropriate labour relations legislation to facilitate co-operation. Without this favourable external climate, it will be much more difficult for labour and management to co-operate to achieve goals.

Finally, there must be appropriate mechanisms for co-operation.

Co-operation cannot develop in a vacuum but needs effective mechanisms to get it going and to permit it to operate effectively. At the national and regional levels, for example, co-operation cannot be achieved without some kind of institutional arrangement to bring the parties together and provide a framework for co-operation. Again, at the level of the plant, it is important that the parties develop procedures through which they can come to grips with problems away from the heat of collective bargaining sessions. Without such mechanisms, there is little likelihood that co-operation can operate effectively.

On the basis of this rough framework, in which some of the main concepts and issues on labour-management have been raised, the main historical developments in Canada, together with various new experiments in co-operation, will be analyzed in Part II.

PART II

AN ANALYSIS OF LABOUR-MANAGEMENT CO-OPERATION IN CANADA

Although formal schemes of labour-management co-operation have been carried out only on a sporadic basis over the years, and generally not on a wide front, there have been a number of developments in the area of co-operation, both formal and informal, and covering a wide variety of practices. In this section, the emphasis is on recent activities in labour-management co-operation. First, however, some of the main historical developments are traced in order to give background perspective.

The Inter-War Period

In 1919, a Royal Commission on Industrial Relations was appointed by the Dominion Government to consider and make suggestions for obtaining a permanent improvement in employer-employee relations. In its report, the Commission observed that "there is an urgent necessity for greater co-operation between employer and employed" and recommended that joint industrial councils and works committees be set up as a means of achieving labour-management co-operation. Following the report, and in accordance with one of the Commission's recommendations, the Government convened a National Industrial Conference later in the year, bringing together representatives of employers, labour and the general public. At this Conference, the subject of joint industrial councils and works committees was discussed and a resolution was unanimously adopted approving their formation as a means of furthering co-operation between employer and employees. The Conference maintained, however, that it was neither wise nor expedient to recommend any set plan for such councils and, in doing so, set the stage for a variety of developments in the inter-war period.

The most common type of labour-management co-operation which emerged after this Conference was what are generally known as employee representation plans, although these were often known under different names, such as joint councils, industry councils, works committees, etc. This type of co-operation was based on the concept of some vague mutuality of interest and on the advantage of consultation as a means of improving communication and understanding between the two groups. While it normally provided that there should be no discrimination against employees on the ground of union membership, this was essentially employer-employee consultation rather than union-management consultation—a means of bridging the gap between labour and management in a period when there was little trade union organization. Its stronghold was in large companies.

In many instances, employee representation was replaced by the growth of trade unionism. In other cases, it died a fairly natural death. While this form of co-operation was outlawed in the United States under the Wagner Act, it has not been barred in Canada and a number of joint councils do still exist in some industries. Except in a few areas, however, employee representation has had no lasting place in Canadian industrial relations. It is essentially a feature of the inter-war years.

While employee representation was a common feature of the twenties, a number of other types of co-operation developed simultaneously with this, particularly in areas where trade unions were more heavily organized. Among the more notable of these developments were those in the railways. In August 1918, a joint board known as the Canadian Railway Board of Adjustment No. 1 was formed by agreement between the railways of Canada and six of the railway employees' brotherhoods "to avoid disputes or misunderstandings which would tend to lessen the efficiency of transportation service in Canada during the war". It was further agreed that this arrangement should continue in effect after the war unless either of the parties wished to terminate it. In fact, the operations of the board during the war proved to be so effective that they continued on after the war and are still active today. In addition, a further joint board was established in 1925 for the purpose of dealing with the grievances of employees not covered by Railway Board of Adjustment No. 1. (This was replaced in 1954 by a Joint Committee and Joint Board of Appeal to deal with disputes arising out of the application and interpretation of agreements.)

In 1925, another phase in the development of labour-management co-operation began when Canadian National Railways introduced a co-operation plan for the purpose of promoting closer co-operation on non-wage matters between the company and its employees. The plan was modelled on one which had been established by the Baltimore and Ohio Railroad and adopted by two other American railroads. In each case, the programme began in the shops of the maintenance of equipment department, where cars and locomotives were repaired or rebuilt, with C.N.R. later expanding this to include employees of its maintenance of way department.

As Professor Lester has pointed out, there are special reasons why labour-management co-operation was introduced in the repair shops at that particular time:

The defeat of the railroad shop-crafts in the 1922 strike had left many railroads with company unions and had put the seven shop-craft unions in a frame of mind especially favourable to the adoption of union-management co-operation, which could serve as a countermove to employee representation plans. Work efficiency had become so low in some shops, that many railroads during and after the strike 'contracted out' much of the repair work on their rolling stock rather than having it done in their own shops. Such practices, of course, increased the insecurity or irregularity of employment of the members of the shop-craft unions. In short, they were facing the competition of the company union, and their members were facing the competition of repair work in factories which were likely to be non-union. It is interesting to note that the "Big Four" Brotherhoods in the engine and train service, which did not face these two forms of competition and had not been a party to the 1922 strike, took only a passing interest in the co-operation plans advocated by the shop-craft unions.

The C.N.R. programme of co-operation, which has been referred to as one of the more successful plans of union-management co-operation in Canada, is a fairly good example of how co-operation can develop out of a "crisis" situation. In this case, it was the unions which took the initiative because of the threat to their existence, although there were also strong reasons why management was prepared to co-operate at that time, notably the high cost of maintaining equipment (which accounted for about one-fourth of total operating expenses on all railroads) and the fact that, in C.N.R., there were broader public responsibilities to be considered. In other words, both parties realized that there were mutual gains to be obtained from co-operation at that time. Despite the fact that the plan was introduced as a result of prevailing circumstances, it has continued to operate to the present day.

There were also a number of other developments in labour-management co-operation during the 1920s. In the clothing industry, a number of joint consultative methods were developed, including one which provided for a permanent umpire to handle disputes, one providing for joint labour-management proposals on legislative changes, particularly in the area of labour standards, and various joint problem-solving approaches. Again, these are developments which still operate in the industry today. In the construction industry, a body known as the National Joint Conference Board of the Building and Construction Industries of Canada, representative of employers and trade unions, was organized in 1920 to provide a forum for discussion of matters affecting employers and employees in the industry. Related to this National Board, local boards were set up in a number of cities to deal with such matters as grievances, apprenticeship systems and jurisdictional disputes and to serve as a means of standardizing conditions in the industry. These boards had a somewhat sporadic existence over the years and were discontinued in 1952 as a result of disagreement over the appropriate unions to represent the employees. Finally, in the pulp and paper industry, a number of study committees were set up to deal jointly with matters outside collective bargaining.

For the most part, the various experiments in co-operation during this period were shortlived--in some cases because they merely tried to fill a void created by the absence of a union, and so became redundant with the growth of trade unionism; in other cases, because the functions of the joint committees became included in the ever-expanding scope of collective bargaining; and in other cases again because, in the opinion of one side or the other, they failed to achieve the purposes for which they were set up. By the 1930s, in fact, much of the enthusiasm for co-operation had waned and it was not until the beginning of World War II that it again received widespread attention.

Activities during World War II

The impetus to labour-management co-operation during World War II was primarily the crisis of the times, allied to a broad sense of patriotism. In contrast to the inter-war period, co-operation during World War II was geared almost entirely to matters of production. High levels of employment, together with positive government leadership, created a climate in which this kind of production-centred co-operation could thrive. The Department of Munitions and Supply, and the National War Labour Board, both of which stressed heavily the need to achieve maximum production to meet the war effort, were perhaps the key official pressures behind the spread of this type of co-operation, although there were active proponents also in both labour and management circles. Further stimulus came from the revival of co-operative approaches in the U.K. at this time, together with the active promotion of labour-management committees by the United States War Production Board.

The first labour-management production committees were introduced in the aircraft industry in 1941 and an Aircraft Industrial Relations Committee set up for the development of these committees. They did not become widespread in industry, however, until after February 1943, when, on the joint recommendation of the Minister of Labour and the Minister of Munitions and Supply, an inter-departmental committee was set up, assisted by an advisory group of labour and management representatives, to promote the formation of labour-management production committees. In January 1944, this function was taken over by the Industrial Production Co-operation Board, which was established under P.C. 162. The role of the Board was to be consultative and advisory only and to be related strictly to matters of production rather than to collective bargaining. In this respect, the functions of the Board paralleled those of the committees themselves.

As set out in the Order in Council, the committees were to be promoted in accordance with the following general principles:

- (1) The purpose of the committees should be to examine and consider means to improve and increase production.
- (2) The committees should be composed of persons directly engaged in production in the plants or units they represented. Labour members should be democratically chosen and their numbers at least equal to those of management.
- (3) The committees should be advisory and consultative only.
- (4) The committees should concern themselves exclusively with problems of production and should leave problems relating to wages, working conditions and similar matters to the appropriate collective bargaining procedure.

By the end of the war, more than 300 labour-management production committees, covering a total of almost 300,000 workers, had been established. Three industries--aircraft, ordnance, and shipbuilding and repair--accounted for over one-half of the workers covered by committees. The largest number of committees were found in the coal and in the iron and steel products industries, which together had more than one-third of the total. Generally, then, labour-management production committees were concentrated in industries which were essential to the war effort and in plants which employed large numbers of workers.

While many of these committees turned out to be strictly "one-shot" operations, introduced to meet special wartime needs, others continued on after the war. With the expiry of the wartime emergency powers, responsibility for the promotion of labour-management production committees was transferred to the Department of Labour, and in May 1947, the Labour-Management Co-operation Service was established within the Department. In December 1947, an Advisory Committee, consisting of representatives of employers' organizations and trade unions, was appointed under P.C. 5064 to act in an advisory capacity to the Minister of Labour on matters concerning the Service. At its first--and apparently last--meeting in January 1948, the Committee recommended an expansion of the Service's operations and a concentration of activity on those industries where increased production was most needed. For the time being then, production was still the major goal to which labour-management co-operation was to be geared.

Post-War Developments

While increased production continued to be regarded as the major goal of labour-management co-operation in the early post-war years, in the post-war period as a whole, there has been a gradual decline in the number of committees which concentrate solely on production matters. This change of emphasis becomes evident during the late forties and early fifties. While the economic environment at this time was generally favourable to co-operation on matters of production, the mild recessions which did occur served as a reminder to unions that co-operation to increase production required first an emphasis on job security. So, without the same clear rationale for increased production which existed during the war years, there was somewhat less urgency for co-operation in the eyes of many workers.

Promotion of labour-management production committees during the early post-war years was also hampered by the fact that the programme failed to define the position of the union in the context of joint committee organization and operation.

Collective agreements were becoming so varied and so wide in their scope that it was necessary to describe more precisely what the Service was supporting and why an additional channel of communication was needed. Failure to establish what effective role could be played by each party had the effect of virtually eliminating any general national support for the programme. Thus, while there was a continuing increase in the number of labour-management production committees in the post-war years, increasingly these were to be found in smaller plants and in industries where "production" was not an easy matter to define, far less discuss. By March 1955, the number of committees in existence had risen to just over 1,000 -- three times the number which were in operation at the end of the war. The total number of workers covered by these committees, however, was almost exactly the same as it had been a decade earlier. About one half of the committees and one half of the workers covered by committees were to be found in manufacturing industries. The remainder were distributed between mining, construction, transportation and communication, retail and wholesale trade, finance, and service industries.

About this point, the Labour-Management Co-operation Service changed the emphasis of the programme, largely in response to the change which was already evident in the activities of many committees. The new approach involved substituting for the goal of increased production, the somewhat less tangible goal of developing more harmonious labour-management relationships. Under the new programme, the basic requirements for recognition of a committee by the Labour-Management Co-operation Service were only that discussions be held outside the field of collective bargaining, that management representatives not outnumber labour representatives, and that regular meetings be held.

What this meant, in effect, was that the Service now began to assist with any parts of the union-management relationship which were not generally regarded as falling within the scope of collective bargaining. Consequently, the purposes and methods of the committees became largely a product of the individual union-management relationship in the individual plants. By 1964, the number of committees reported by the Service had risen to more than 1,800, of which 284 were classified as "dual capacity" committees that is, committees which carry out regular bargaining functions as well as functions which the Service formally supports. The number of workers covered by these 1,800 committees was reported at over 500,000. On the basis of a questionnaire which the writer sent

to all listed committees in connection with this paper, it appears that these figures overestimate considerably the number of committees which are currently active, together with the number of workers actually covered. However, the figures do confirm the trend observed earlier for committees to be established in smaller plants and establishments. In fact, by 1964, almost 50 per cent of the total were committees covering fewer than 100 employees.

While manufacturing industries still account for a majority of the committees listed in 1964, there has been a significant increase in the number of committees established in the service industries, particularly in such areas as hospitals, municipal government, and other civic services. The remainder of the committees are distributed between transportation and communication and wholesale and retail trade. In the field of transportation and communication, the Bell Telephone Company and Canadian National Railways, which have operated their own co-operative programmes for many years but are listed with the Service, together account for about 200 committees, or more than 10 per cent of the total.

The activities of the committees, as reported by the Labour-Management Co-operation Service, cover such matters as efficiency, quality of product, safety, reduction of waste, housekeeping, and plant operations in general. The questionnaire returns indicate that greatest attention is given to safety, more than 50 per cent of the respondents reporting that this was discussed to a considerable extent. About 50 per cent also reported considerable discussion of production problems (though the latitude of this phrase makes the answers open to rather wide interpretation) while 40 per cent of the respondents indicated that problems of communication and better service were discussed to a considerable extent.

The short average life of the committees, and the fact that so many are discontinued by reason of inactivity, suggests that in many cases these have turned out to be a rather disappointing experiment. While the committees have undoubtedly made some contribution to better understanding, and while some have been regarded by the participants as highly successful, it appears that most do not really come to grips with the important industrial relations issues at the plant level.

There are two main reasons why these labour-management committees have not left a marked impact on the Canadian industrial relations scene. First, most of today's industrial relations issues at the plant level are related to the field of

collective bargaining--an area which is specifically excluded from the terms of reference of labour-management committees. The result is, then, that the committees are not in the main stream of current industrial relations problems. They can do little to improve the effectiveness of collective bargaining, since one can hardly reduce conflict if matters which are likely to give rise to conflict are purposely avoided. Also, it is difficult for them to be integrated, as they operate at present, into the framework of co-operation at the national and regional economic levels.

A second problem is that most of these committees are in industries which are under provincial, rather than federal jurisdiction, so that it is difficult for the Labour-Management Co-operation Service to promote co-operation on a wider range of subjects without infringing on the jurisdiction of provincial governments. While a labour-management co-operation service is currently being established by the Quebec Department of Labour, generally there has been little broad-based interest on the part of the provinces to carry forward this programme and little effective liaison between the federal and provincial governments in this area. However, there appears to be considerable potential for the provinces to stimulate more realistic labour-management co-operation in this area.

New Directions in Labour-Management Co-operation

Beginning in the late fifties, a new phase has emerged in the development of labour-management co-operation in Canada. This has been characterized by a broader scope of co-operation and by the fact that it has been carried out mainly at higher levels of the economy, in contrast to earlier periods where co-operation has taken place mostly at the plant, and occasionally at the industry level. While there have been a few notable developments recently at the plant and firm level, the feature of this new phase is the emphasis given to co-operation at the national and regional levels of the economy, and to joint consultation between labour, management, and government at these levels in exploring economic goals, problems and approaches. For the first time, a framework is available which can provide a sense of direction to co-operation at lower levels.

The main stimulus for these new developments has been the state of the economy and the economic problems facing Canada in the late fifties and sixties. I have already made reference to some of these problems--lagging rates of economic growth as compared to earlier times and other industrial countries, high levels of unemployment, increasing domestic and international competition, and rapid and far-

reaching changes in technology and innovation, changes which have given rise to difficult problems of adjustment. In part, the developments have also been stimulated by an increasing interest in various aspects of economic co-operation in Western Europe, where post-war economic growth has been impressive, and by a number of reports which have outlined in sharp terms the economic problems which face us, most notably perhaps the report of the Senate Committee on Manpower and Employment.

The National Productivity Council

Against this background, and following a conference on unemployment which was convened by the Prime Minister in October 1960 and attended by labour, management and other groups, the National Productivity Council was formed. The Council was formally established by Act of Parliament in December 1960, and provided for representatives from labour, management, government and other groups. While it was not an economic council as such, it did have certain aspects of one which, in some ways, made it a helpful preliminary to the formation of the Economic Council of Canada in 1963.

The purpose of the National Productivity Council was explained in the Act under which it was established:

In order to provide expanding opportunities for increased employment and trade and rising national standards of living, it is in the national interest to promote and expedite continuing improvement in productive efficiency in the various aspects of Canadian economic activity.

One of the main avenues towards greater productivity, as outlined in the statements of Council members, was through the promotion of greater consultation and understanding between management and labour. The other key area which was emphasized by the Council was the various technical aspects of productivity, in particular, the improvement and expansion of applied research in industry, work study and methods improvement, and the promoting of training and retraining programmes. To this end, some studies were carried out, regional and local meetings and workshops were held, and publicity given to the activities of the Council.

The Council engaged in a number of activities in the field of labour-management co-operation. One of the most important of these was the convening of national labour-management seminars in conjunction with universities at Kingston, Halifax, Saskatoon, Montreal and Vancouver. At these seminars, senior labour and management representatives, together with representatives from the fields of government and education, discussed broader economic problems and the problem of obtaining greater labour-management co-operation to help solve these. The Council also

co-operated in the efforts of provincial and local groups to establish productivity councils and hold meetings at these levels and, in addition, carried out a mission to Europe to examine and report on the experiments of a number of countries in the field of co-operation.

In assessing the contribution made by the National Productivity Council, it is only fair to point out that the Council was faced with a number of problems. First, were the narrow terms of reference within which the Council operated. Emphasis was given to the narrow technical aspects of productivity and co-operation rather than to the broader economic and social framework. It became apparent to the Council, however, and it was stressed repeatedly by participants at the national seminars, that the technical aspects of productivity and co-operation could not be separated from this broader framework, and that in order to discuss problems and to develop policies and goals, what was needed were terms of reference which would include the broad scope of economic affairs. It was in response to this that the last Government was in the process of establishing a National Economic Development Board at the time of dissolution of Parliament.

A second problem which hampered the work of the Council was the question of union representation. Strong protests were received from organized labour regarding the method of appointment to the Council and about the gaps in labour representation. This, together with the narrow terms of reference, contributed to the resignation of the President of the Canadian Labour Congress from Council membership.

Finally, the Council was held back by lack of research and analysis in the labour-management and economic areas. It had neither the facts nor the background analysis to support the objective of informing and promoting discussion among labour-management groups or to give a sense of direction to such discussions.

Despite these difficulties, the National Productivity Council did make a number of contributions in the area of labour-management co-operation. It promoted a greater awareness of the general economic and related problems facing the nation and of the need for greater co-operation between labour, management and governments in solving these. It sparked better understanding of labour-management co-operation and generated a spirit of co-operation, particularly among the senior management and labour representatives who participated in the Council and attended the national seminars. The discussions between top labour and management also cleared away some

of the emotional jungle surrounding such concepts as "co-operation" and "economic planning" which facilitated the formation and acceptance of the Economic Council of Canada, and of a number of provincial councils.

The Economic Council of Canada

The Economic Council of Canada was established by Act of Parliament in August 1963. It is composed of representatives from labour, management and other groups, and, though independent of any government department, it makes recommendations to the government and reports to Parliament through a government minister. While taking over most of the specific functions of the Productivity Council, the Economic Council was given much broader economic and social terms of reference.

As outlined in the Act, the purpose of the Council is "to advise how Canada can achieve the highest possible levels of employment and efficient production in order that the country may enjoy a high and consistent rate of economic growth and that all Canadians may share in rising living standards". More specifically, its purpose is to promote the achievement of our national economic objectives: high levels of employment, higher rates of economic growth, an equitable sharing in rising incomes, reasonable stability in the price level, and a viable balance of payments. Labour-management co-operation is viewed as one means to attain these goals. Here, the Council is expected to foster and promote the maintenance of good human relations in industry, and to encourage maximum consultation and co-operation between labour and management in the fulfilment of the objectives of the Act.

The economic philosophy which underlies the setting up of the Economic Council is essentially that of free economic planning. In other words, the success with which it can achieve its goals depends, not on any power to direct or control, but rather on its ability to secure the co-operation of all parties in working towards common objectives. Its powers are essentially those of persuasion and education. The main functions of the Council are, first, to initiate research on problems, publish results, and raise the level of public discussion; secondly, on the basis of this research and study, to recommend policies to the Federal Government which will assist in achieving national economic goals; and thirdly, to promote joint consultation with groups throughout the economy. What this adds up to is a method of approach to solve basic economic problems, and to meet broader economic objectives.

As emphasized earlier in this paper, it is important at any time that we have a national body which can provide a framework and direction for labour-management co-operation at other levels of the economy. This point is even more relevant today when we do have stated national objectives and a need for consistent public and private policies in order to achieve these. In this respect, then, the Economic Council serves as an important mechanism for achieving a consensus among groups on how to achieve these goals. Also, it can provide information and analysis with regard to problems and to the remedies needed to solve these, and can bring labour, management, and other groups together to study matters from an integrated, rather than an insular viewpoint. This is important, because the success of the Council in achieving its objectives rests to an important extent on the voluntary support and co-operation of labour, management, and other groups in the economy.

As yet, it is still too early to assess a programme which has only recently developed. There are signs, however, of encouraging beginnings. There appears to be a general consensus, for example, about the need for the Economic Council and about its method of approach. There is agreement, too, about the economic goals which the Council will promote, although there may well be greater discussion of these when they are cast in more specific terms. Also encouraging is the indication that this may be the link for developing a broader framework for labour-management co-operation and for giving some sense of purpose and direction to that.

Provincial Economic Councils

Out of the economic background of the late fifties and sixties, and also out of the increased interest in co-operation at the broader economy level, most provinces have developed some form of economic or productivity council.* In some cases, there was added stimulus from studies carried out in a particular province. In Manitoba, for example, the Government set up a 42-man committee from different sectors of the economy to probe the steps necessary to achieve 75,000 new jobs by 1975. The report of this "Committee on Manitoba's Economic Future" was an important stimulus to the establishment of the Manitoba Economic Consultative Board and to other co-operative efforts between labour, management, and government in the province.

* Since 1961, the following councils have been established: the Quebec Economic Advisory Council; the Ontario Economic Council; the Manitoba Economic Consultative Board; the Saskatchewan Economic Advisory Council (previously, the Saskatchewan Productivity Council); the Alberta Economic Development and Productivity Council; the Nova Scotia Voluntary Planning Board, and the New Brunswick Research and Productivity Council. In British Columbia, formation of an economic council is at present under consideration.

It is difficult to generalize about the characteristics of these provincial bodies since they differ greatly in structure and in the scope of their activities. Some, for example, have been set up by government statute or by Order in Council; others are private bodies, where labour and management have applied for incorporation under provincial corporation or societies acts. The latter, while formally independent of government, generally provide for government representation, although usually in a non-voting capacity. Except for the New Brunswick Council, which is concerned mainly with the research and technical aspects of productivity, these provincial councils are either formal economic planning organizations, or bodies concerned with economic co-operation and development.

In the area of labour-management co-operation, some important characteristics can also be identified, although, again, only in the most general way, and on the basis of what is explicit or implicit in the councils' terms of reference or reflected in their activities. Generally, it may be said that these provincial economic councils recognize certain broad goals, such as economic growth, high levels of employment, and rising levels of income. They are all joint consultative bodies, comprising representatives from labour, management and other groups, with government representatives participating either as formal or informal partners. Generally, too, there is recognition of the need for co-operation between these groups to achieve economic goals, and of the need to develop this kind of co-operation at other levels of the provincial economy. In most cases, the councils act in an advisory role to governments on matters of economic policy, or at least work in close liaison with governments on such matters.

Since they have been active only for a short time, it is again difficult to make a critical assessment of these provincial economic bodies. These do represent a beginning, however, on the part of labour, management, and government to examine and discuss some of their economic problems. In some provinces also, the councils have been active in developing programmes which fall specifically within the labour-management area. For example, the labour-management committee of the Saskatchewan Economic Advisory Council was a co-sponsor with the National Productivity Council of the seminar held at Saskatoon. It co-operated also in a provincial Education and Employment Conference at Moose Jaw, and in addition, has sponsored various labour-management conferences and worked closely with local groups. In other provinces, these councils have been somewhat less directly involved in the labour-management field, either because they have not yet developed programmes in this area or because they have left

this to other bodies. In Nova Scotia, for example, the development of labour-management co-operation has been carried out mainly through the Labour-Management Study Group, while in Manitoba, activities in this area have been initiated mainly by the Department of Labour.

As far as the future direction of the councils is concerned, it is important that their activities should not only be in line with the needs of the provinces, but also in tune with national goals and policies. There will be need, therefore, for co-ordination and liaison with the Economic Council of Canada and with other provincial bodies, to ensure that there is harmony of objectives and that there is not duplication and overlapping of work. There will be need also for a greater amount of research. While, in some provinces, research and analysis are already underway, there appears to be general need for more financial support for research and for more full-time professional staff in order to provide the necessary facts and analysis for the councils' activities. Lastly, there will be a growing need for the councils to channel information down to lower levels of the economy so that there is understanding about the goals to be achieved and the problems to be solved. It is on the extent to which they meet these needs that the councils will ultimately have to be assessed.

Other regional and local community activities

In addition to those regional and local meetings held under the auspices of the National Productivity Council and of the various provincial economic councils, there have also been other meetings at these levels between labour, management, government and other groups. While there is little common thread to these meetings, which represent what might be called a "groping for co-operation" rather than a co-ordinated approach to it, they are significant as a pointer towards the potential results which can be achieved at these levels. Here, I shall refer briefly to a few of these developments.

First, at the regional level, there have been a number of meetings between labour, management, government and other groups. Joint labour-management meetings have been held across the country, with both regional and local groups, under the sponsorship of the federal Labour-Management Co-operation Service. Generally, however, activities at the regional level have been sponsored by provincial agencies or universities. In Manitoba, for example, two seminars have been held at Minaki with representatives from labour, management, government, and other groups participating. The seminars were presented by the University of Manitoba in co-operation with these

groups, and were concerned with some of the broader questions in the economic and industrial relations fields. In addition, a joint conference on Manpower Training and Winter Works Programmes was sponsored by the Manitoba Department of Labour. In Ontario, an important recent development was the Conference on Automation, sponsored by the Departments of Education, Labour, and Economics and Development, and attended by representatives of labour and management, among others. In British Columbia, the provincial Department of Labour sponsored a labour-management conference on apprenticeship, as well as a joint labour-management conference on industrial relations in conjunction with the University of British Columbia. Finally, in Nova Scotia, productive meetings have been held between labour and management through the Joint Study Conference, to which I shall make a brief but more complete reference later.

By way of assessment, it may be said that these various regional meetings are an encouraging first step in the development of greater labour-management co-operation at this level. While it would be unfair to assess them strictly in terms of the results which they have achieved--since what matters most at the present time is that this spirit of co-operation should be continued and developed in a co-ordinated way--they have nevertheless contributed to the formulation of new policies in some areas. At the same time, out of these has developed further co-operation in a number of areas, some of which will be outlined later.

At the local community level, there have also been some scattered activities of this nature. In Saskatchewan, for example, local joint productivity committees have been formed at Regina, Moose Jaw and Saskatoon, and similar committees are also developing in Ontario and the Maritimes. At Kitchener, three public forums have been held, with the active participation of local labour and management groups, out of which has developed a permanent labour-management committee for the promotion of labour-management co-operation in the area. Other programmes on labour-management relations have been developed at the local community level by Boards of Trade and Chambers of Commerce, many of these including trade union speakers. Again, in the construction industry, labour-management committees have developed in a number of cities to discuss mutual problems. Finally, it may be noted that a number of universities have been trying to develop greater understanding and co-operation among these different groups through conferences, seminars, and research in the industrial relations field.

In addition to these developments, there has also been a certain amount of informal joint activity at the local community level in areas outside the field of industrial relations. For example, labour and management representatives work side by side on Community Chest and welfare programmes, an activity which not only improves the relations of each group with the community as a whole, through the performance of a useful public service, but one which can have a favourable feedback on labour-management relations in the plant. This kind of joint activity is an example of the potential for greater labour-management co-operation at the local community level.

In summary, developments at the regional and local community levels have been scattered, with little over-all framework or purpose. At the same time, they do represent an attempt in a few areas to develop greater co-operation and consultation on mutual problems. While they do not yet provide evidence of widespread co-operation at the grassroots level, they do show that there is considerable potential which can be turned to good effect.

Joint Labour-Management Proposals on Labour Legislation

Another recent development in the area of labour-management co-operation is that of joint proposals with regard to labour legislation. This new approach is in sharp contrast to traditional practice where, after a government bill is presented, the parties make their individual submissions to the government in the hope that draft legislation will be modified to meet their separate points of view. Here, joint proposals are submitted with a view to influencing the future course of legislation rather than legislation which is already in shape.

The background out of which this new approach has developed is partly an increased interest in mutual problems, together with an atmosphere of greater co-operation at higher levels to help solve these problems, and also a growing concern on the part of some senior labour and management officials about the unfavourable climate created by restrictive labour relations legislation. This concern is reflected in a feeling that, if the parties themselves do not do something about it, there is likely to be increasing government intervention in the processes of free collective bargaining.

While not strictly a new approach, the activities of the Quebec Superior Labour Council since 1961 can be assessed in the light of the background discussed above. The Council was originally established by statute in 1941 but was not

convened by the Government between 1952 and 1960. Its renewed activities, therefore, provide some parallel with more recent developments in other provinces.

The Superior Labour Council is a joint consultative and study group which makes proposals to the Government, through the Minister of Labour, with respect to labour legislation. It is composed of representatives from labour and management, together with persons "specially conversant with social and economic problems". In addition, Government representatives participate in the Council in a non-voting capacity. Over the years, the Council has carried out studies in various areas of legislation and, on the basis of these, has submitted proposals to the Government, many of which have been adopted. Recently, after long study, the Council made proposals concerning the new Labour Code, a number of which were subsequently implemented. Currently, the Council is carrying out a study of the Collective Agreements Act with a view to making proposals to the Government concerning this legislation.

While the most conspicuous contribution of the Superior Labour Council has been in developing legislation which is more acceptable to labour and management, it has also had the side-effect of promoting greater understanding between the parties. This, in turn, has probably had a favourable impact on other areas of labour-management relations in the province.

A somewhat similar contribution has been made by the Quebec Parity Committees. While these are not concerned with joint proposals on labour legislation, nor are they a recent development, they do serve as an example of co-operation in the administration of labour legislation. For approximately 35 years, labour and management have worked together on parity committees, supervising and enforcing the various decrees issued under the Collective Agreements Act. Some perspective of their impact on labour-management co-operation can be gained from the fact that approximately 2,000 labour and management representatives meet together on a regular basis through the various committees, mostly in industries where smaller establishments predominate. The committees have not only carried out successfully the administration of decrees but again, through their feedback on labour-management relations in general, have contributed greatly to better understanding between the parties.

Recently, two interesting and potentially fruitful developments have taken place in Nova Scotia and Manitoba in the area of joint proposals on labour legislation. I do not intend to go into detail on the Nova Scotia experiment since there will be a

separate paper on this at the Conference. The essentials of this development, however, are that, under the aegis of the Dalhousie Institute of Public Affairs, and sparked by the McKinnon Report and the background factors mentioned above, a joint labour-management study committee was set up to examine and discuss problems of mutual interest. As a result of these meetings, a six-point labour-management agreement was arrived at. Among the points agreed to were, first, a moratorium on all appeals to the legislature for further changes in the Trade Union Act and, secondly, further study by the committee to see if it would be possible to arrive at a basic agreement which would guide the future relations of the parties. At present, the committee is working on the problem of drafting such an agreement. Out of their deliberations have already come some concrete results, however, notably the substantial adoption by the Government of proposals to amend certain features of the Trade Union Act.

In Manitoba, the development of joint proposals on labour legislation again stems basically from the background factors mentioned above, with some additional stimulus recently from the labour-management conferences held at Minaki. One of the important developments here has been in the construction industry. At the request of the Minister of Labour, a joint labour-management committee was set up to examine labour-management problems in that industry, in particular, problems relating to labour legislation. Out of their meetings came proposals to the Government with regard to amendments to the Construction Industry Wages Act. These proposals formed the basis for subsequent amendments to that Act. About one year ago, there was a broader development of this principle when, at the initiative of the Department of Labour, a Labour Consultative Group and a separate Management Consultative Group were formed to meet with the Government to discuss labour legislation in the province.

Other developments in Manitoba have occurred more recently. In June 1964, representatives of labour and management groups, with the encouragement of the Government, formed the Manitoba Labour Relations-Labour Standards Review Committee under the chairmanship of a neutral, Dean H. D. Woods of McGill University. The purpose of this Committee is, as its title suggests, to review the Labour Relations Act and labour standards legislation and, at the same time, to reach some consensus and make proposals to the Government.

An interesting sequence of events in Manitoba indicates how co-operation starting slowly can gradually develop step-by-step. The Report on Manitoba's Economic Future, to which I have already made passing reference, drew sharp attention to the mutual economic problems facing labour and management and the need for greater co-operation between these groups. The Minaki Conferences, together with other conferences and seminars in the province, provided an opportunity for the parties to discuss their problems and to get to know each other. Following this was the formation of the labour-management committee in the construction industry to study legislation affecting that industry, the formation of separate labour and management consultative groups, and finally, the formation of the Woods' Committee to study the whole spectrum of labour legislation.

It would be wrong to leave the impression that approaches of this nature have been confined only to these three provinces. While Quebec, Nova Scotia, and Manitoba have advanced furthest in co-operation on matters of labour legislation, some initiative in this area has also been shown in other provinces. While examples are somewhat scattered, they are nevertheless worthy of note.

In Alberta, though there have been no developments in the way of joint study and proposals with regard to labour legislation, a related practice has taken place since 1946. At intervals since 1946--altogether in six separate years--the Government has called a meeting of labour and management representatives, at a time when the legislature was not in session, to review jointly Government proposals for amendments to labour legislation. While there has not always been agreement on these proposals (the purpose of the meeting is to review rather than agree on pending legislation) the practice has provided an opportunity for labour and management to put forward their views in joint session with the Government, to have their day in court, so to speak.

In other provinces, there have been a number of more specific examples of joint labour-management proposals on labour legislation. In British Columbia, agreement was reached with regard to changes in the Apprenticeship Act as a result of a labour-management conference on apprenticeship convened by the provincial Department of Labour. In Newfoundland, a joint brief submitted in 1962 by labour and management representatives from the construction industry played a major role in bringing about the passage of an Industrial Standards Act in 1963. In Ontario, the Government called a joint conference of that industry in 1959, and in 1961, following the

Goldenberg Report on the Construction Industry in Ontario, a number of joint meetings were held to discuss labour legislation. More recently, a number of joint briefs were submitted to the Laskin Committee with respect to fair wage legislation. In this instance, the proposals of such groups as the clothing industry advisory committees reflected a clear identity of interest in maintaining and extending this kind of legislation--on the union side, fear that the absence of effective legislation would result in the exploitation of workers; on the employer side, a belief that it could result in "cut-throat" competition in the industry.

Lastly, at the national level, joint briefs and proposals on labour legislation have also developed in the construction industry. Beginning in 1961, and on an informal basis, the Canadian Construction Association, and the various international building and construction trades unions, together developed a small sub-committee to prepare joint briefs to governments on problems of mutual concern. In January 1963, a brief was submitted to the Government of Saskatchewan, urging greater use of the "Construction by Contract" method of construction by the Saskatchewan Power Corporation. In February 1964, a joint brief was submitted to the Federal Cabinet Committee on Employment and, in the same month, a brief on unemployment insurance was presented to the Unemployment Insurance Commissioners. A further joint submission on unemployment insurance was made to the Minister of Labour in August 1964.

Assessment of these various new joint approaches in the field of legislation is difficult because of the scattered nature of developments between different provinces and industries and the different stages to which these have evolved. The common denominator lies only, perhaps, in the area with which they are concerned, and in the greater spirit of co-operation which they reflect. In general, however, it can be said that joint labour-management proposals on labour legislation is a relatively new approach, that it is one which has helped the parties to identify some of their common problems as well as to obtain mutual benefits, and that it shows encouraging signs of developing on a wider scale.

New Developments in Labour-Management Co-operation at the Plant and Firm Level

In recent years, as I have emphasized, the most significant new developments in labour-management co-operation have been at the national and regional levels of the economy and in the broad areas of economic affairs and labour legislation. At the level of the firm and plant, new developments have been comparatively rare.

There are a number of reasons why labour-management co-operation has not developed at this level on a greater scale or with the same imagination shown in some of the experiments at other levels of the economy. First, until recently, there have been no over-all economic goals and framework to give direction and purpose to co-operation at the plant level. As I have pointed out earlier, co-operation at the national and regional levels of the economy is a key factor facilitating co-operation at lower levels. Except in the last year or two, there has been little stimulus or guidance from this direction. Secondly, high levels of unemployment and a generally sluggish economy have not provided a climate in which labour-management co-operation can develop freely at this level, particularly since these have brought out more sharply the problem of job security--one of the traditional obstacles to greater co-operation. Finally, co-operation at this level is hampered by the less flexible attitudes of the parties, by the fact that they have daily confrontations and are involved in daily conflict situations, in contrast to the situation at the national and regional levels where labour and management leaders are further removed from such day-to-day problems. Moreover, at the plant level, there has not been the same recognition of mutual interests or mutual problems.

Despite these difficulties, there have been some significant developments at the level of the plant and firm. As examples of these, two case studies are discussed briefly here--the Domtar experiment, and the Abitibi labour-management meetings. While not indicative of any general pattern in industry, these do show what can be achieved when there is genuine recognition of the need for co-operation.

While the Domtar experiment is a recent development, it must be pointed out that it did not evolve overnight but stems really from a long history of good labour-management and collective bargaining relations. The experiment has involved a series of annual meetings--the first of which was held in 1962--to which are invited senior management, officials from the various unions represented in the company, and a respected neutral chairman from outside. Out of these have developed more regular discussions, together with working sub-committees.

The meetings at Domtar show a significant sequence of events. The first meeting was concerned with broad problems of the economy and of the industry--pension plans, automation, the effect of changing patterns of trade, and information and communications. Discussion of the broader economic problems was led by outside participants at the meeting. The following year, discussion centred on broader labour-

management problems within the company, following an agenda which was jointly developed beforehand, and from this, working sub-committees were set up to study two specific problems, namely, how to get the problems and atmosphere of meetings at higher levels down to lower levels, and how to relocate displaced workers, under different union jurisdictions, in other locations of the company without losing all seniority rights.

Perhaps the main result of the Domtar experiment to date is that, by getting together at high levels within the organization, management and unions have created a spirit of co-operation which, with effective downward communication on each side, may ultimately be transmitted throughout the company. At the same time, the fact that meetings and discussion have focussed also on other specific company and industry problems, against a background of broader economic affairs, suggests this may eventually lead to even more tangible mutual benefits.

The development of labour-management co-operation at Abitibi Pulp and Paper must again be viewed against a background of good collective bargaining relations over the years. Formally, however, it dates from 1950 with the calling of a labour-management meeting at Toronto at a time when there was no contract to settle and no disputes of any kind in the mills. To this meeting, and to the annual meetings which followed this, were invited the international officers of the unions, delegates from the locals at each mill, the mill managers, and all senior executives of the company. Over the years, outside authorities have also been invited to present papers and lead discussion at these meetings on broad problems of the day and on some of the more specific problems facing the industry.

Out of the atmosphere of these meetings, and more specifically, out of a paper on manpower problems which was presented at the 1962 meeting, the Abitibi Council of Education was established. This Council, which consists of management and labour representatives, together with representatives from the field of education, serves as one example of the constructive approaches which have developed through the Abitibi programme. Its purpose is to encourage the children of employees to remain at school up to the limit of their ability to absorb education and thereby, it is hoped, to upgrade potential future employees of the company. While not an example of labour-management co-operation on a wide scale, the Council of Education is a distinctly new approach and is a serious attempt to deal with a problem which management and unions do not normally think of as falling within the scope of their relationship.

It is an example of how labour-management co-operation can develop out of awareness of the facts and of the mutual problems facing the parties.

In addition to these two case studies which I have discussed, there have been a few other developments at the plant and firm level, notably in the pulp and paper industry, in public utilities, and in crown corporations. Also, at many of the major resource development projects, informal joint meetings have developed prior to the negotiation of agreements in order to iron out problems which may arise in negotiations. While these do provide evidence of a growing interest in co-operation at the level of the plant and firm, developments so far at this level have been rather isolated. There is still considerable potential to be awakened.

Co-operation in Collective Bargaining

While there have not been too many significant developments in formal co-operation at the plant and firm level, there has been an increasing amount of co-operation in recent years within the actual processes of collective bargaining. At a glance, this statement might appear contradictory, for generally co-operation is regarded as separate from and opposed to collective bargaining, the one suggesting round-table discussion, the other across-the-board argument. In fact, collective bargaining may have some distinct elements of co-operation for it frequently reflects serious effort by the two parties to reach mutually desirable solutions to problems. That such co-operation exists, and that it has become increasingly prevalent is indicated by a trend away from the open hostility of early organizing years, by a gradual reduction in strikes, by less day-to-day conflict in contract administration as a body of industrial jurisprudence has built up, and by increasing reliance on joint ad hoc approaches to problems. That it has not received greater recognition is perhaps a result of the fact that, generally, strikes and conflicts are news, while agreement and co-operation are not.

One specific factor which has contributed to greater co-operation in collective bargaining in recent years, is the fact that the employer's need to adjust to changing patterns of trade and increasing competition, and trade union concern for job security, has forced the parties to take constructive action on many bargaining problems. While new approaches have not yet developed on a wide scale in Canada, there is emerging potential here through such developments as the use of experimental agreements, the removal of items away from constant deadlines, and the assistance of third party neutrals. Within the framework of collective bargaining, though removed

from the actual bargaining process, there are also isolated examples of co-operation through joint study groups, joint consultative committees, and continuous discussion between contract negotiations.

While there has been a growing amount of co-operation as collective bargaining has evolved, particularly in recent years, there is still much more to be achieved. We have tougher and more complex economic problems to face than in the past, problems which call for a greater degree of labour-management co-operation if they are to be solved. We have public economic goals, which are premised on the expectation that all groups will voluntarily co-operate to achieve these. Finally, there is a declining public tolerance of labour-management conflict for, even though many of the overt conflict aspects of collective bargaining have been reduced, the standards and expectations of the public have been rising.

The conclusion which this leads to is that, if labour and management do not themselves bring about an improvement in collective bargaining, there is increasing likelihood that, in the public interest, governments will feel compelled to step in and require them to do so. As I have already shown, a realization that this possibility may occur underlies some of the recent developments at the regional level. The task which now faces labour and management is to continue to develop more problem-solving approaches and to place considerably less emphasis on power tactics. In other words, their joint objectives must be to develop a more rational, co-operative approach to collective bargaining, which is in tune with the public's as well as the parties' own interests, and at the same time, to reduce the unnecessary power dimensions of collective bargaining.

Summary

In Part II of this paper, I have attempted to trace the background of labour-management co-operation in Canada and to outline and assess the main types of co-operation which have developed recently at various levels of the economy—at the national and provincial levels, at the regional and local community levels, at the level of the firm and plant, and within the processes and framework of collective bargaining. Extensive as the range of experiments is, these types of co-operation can all be fitted into one of two categories—co-operation as it relates to the national and regional economy, and co-operation as it relates to collective bargaining and union-management

relations at the plant, firm or industry level. Furthermore, while the examples which I have discussed do provide a broad chronology of developments in labour-management co-operation, they do not exhaust the range of activities in this area. The fact that other aspects of co-operation have not been discussed in the body of the text is, not because they are unimportant, but rather because somehow a line must be drawn and a framework adhered to. In the final part of this paper, I shall draw conclusions from this section and point to some of the implications these have for the future development of labour-management co-operation in Canada.

PART III

OVER-ALL ASSESSMENT AND CONCLUSIONS

As this study has shown, developments in labour-management co-operation in Canada are so scattered, and many of these are so recent, that it is difficult to generalize about them. However, on the basis of the previous analysis, certain conclusions and implications can be drawn and some guideposts suggested for the further development of labour-management co-operation in the Canadian environment.

Summary of PART I: The Framework and Rationale for Co-operation

As emphasized here, co-operation is a means rather than an end in itself. Essentially, it is a method to attain more effective public and private policies in order that we can achieve our economic goals. In Canada, we are not faced with the question of whether or not co-operation should be adopted. The pertinent questions are how much co-operation should we have, what kind of co-operation should there be, and what shall be the specific purposes of such co-operation? While I have already addressed myself to these questions in general terms, it seems important to review here the key points made in the introductory framework in order that specific conclusions can be drawn.

In Part I, two broad types of labour-management co-operation were distinguished. The first is co-operation at the national and regional levels of the economy, which involves achieving a consensus on goals, identifying and understanding problems, and co-operating to achieve appropriate public and private policies to meet and solve these. This provides a framework for co-operation at other levels of the economy. The second broad type is co-operation at the level of the plant, firm or industry. This is characterized by joint problem-solving approaches, a more rational approach towards bargaining issues, and improvement in the co-operative aspects of collective bargaining. The objectives of co-operation at this level are to increase the effectiveness of private decision-making and free collective bargaining so that these not only serve the real interests of the parties but are also consistent with the achievement of public goals.

The two basic assumptions which underlie this "realistic co-operation" in the Canadian environment are free collective bargaining and an enterprise economy. It was emphasized, however, that government is already an important partner in the

operation of the Canadian economy. For example, there is already considerable investment in the economy by all three levels of government while a substantial proportion of the labour force is employed in government service. Government economic and related policies also have a significant impact on the operation of the economy and, in addition, there is growing recognition of the need for appropriate public as well as private policies to deal with such new problems as those associated with automation.

The main rationale for co-operation which was put forward in this study is the economic one. This rationale is based on the premise that co-operation can have positive effects on the economy through improved motivation, through better public and private policies, and through more effective implementation of policies. Moreover, a number of "pragmatic" arguments for co-operation were emphasized--pragmatic in the sense that they provide a compelling case for co-operation at this moment in addition to the case in general. For example, it was pointed out that, despite a generally improved economic climate and outlook, we are still faced with a number of difficult underlying problems--problems of automation, persistent unemployment, changes in the structure of the labour force, increasing international competition, changing market structures, lagging rates of growth, and the problem of achieving appropriate incomes and price structures. The study showed also that, in the field of collective bargaining, there are indications that unless labour and management take a more constructive approach towards problems, eliminating various kinds of unnecessary conflict, free collective bargaining may well be restricted in view of the above economic problems and a declining public tolerance of power bargaining.

While, together, these provide a clear rationale for co-operation, there are other compelling reasons for greater labour-management co-operation. There is the large question of national unity. Co-operation between labour and management, particularly at the national and regional levels of the economy, could contribute greatly to national unity at a time when there appears to be increasing fragmentation across the country and an unintended drift into narrow provincialism. This trend is perhaps one of the greatest obstacles to an effective attack on many of our economic problems. We often tend to forget that, in the same way that the private and public sectors of our economy are interdependent, so also are the different regions within our economy. I have been impressed, however, by the concern shown by a number of labour and management officials across the country about achieving national unity and co-ordinated economic policies. By achieving a consensus on national economic

goals, identifying and attacking problems, and developing these in co-operation with regional and local levels, labour and management, together with governments, can make an important contribution to greater national unity.

Probably in no area today is there a better rationale for co-operation and, at the same time, greater scope for co-operation, than in the broad field of education. It is painfully clear that lack of appropriate levels of education and skills underlies such difficult economic and industrial relations problems as the persistent hard core of unemployment, the displacement and downgrading of many skills caused by automation, and the general concern for job security. The field of education, however, is one in which labour and management have obvious mutual interests and where there is great opportunity for co-operative efforts. From the standpoint of the employer, an increase in the knowledge and an upgrading of the skills of employees can result in a more efficient work force. From the employee's standpoint, higher skills and education in today's world means greater job security for himself and his children. The vast explosion in knowledge in the modern world and the application of this to industry suggests that, unless private and public programmes for continuing education and training are developed, the skills of people at all levels--from craftsman to manager--will become obsolete by mid-age. Clearly, then, this is an area which is of vital interest to both labour and management and one in which joint efforts to attack problems can bring mutual benefits. It provides a further clear rationale for co-operation and underscores the fact that co-operation will not be hampered by a lack of problems to solve.

Having established the rationale for co-operation, the next important question is, how much co-operation is needed? As the study has shown, the efficiency of industry depends on the need for healthy and constructive differences between labour and management as well as on the need for co-operation between the two. It is important, therefore, to distinguish conflict which is constructive, and, in this respect, necessary, from that which is unnecessary. The study indicates that there is still a great deal of the latter in Canadian industry. It stems from lack of knowledge on the part of labour and management about what their mutual interests are and about the nature of the problems facing them; from lack of understanding about the other's role in industry, which often is at the root of what I have referred to as "phony" conflict; and from lack of mechanisms at the different levels of the economy to facilitate more co-operative attitudes and practices. While there will

always be room for constructive differences between labour and management, we must try to reduce--and even eliminate--these unnecessary differences. Largely, this is a question of carving out those areas where there is mutuality of interest and adopting joint problem-solving approaches to these. Where differences remain, Canadian experience indicates that accommodation will at least be arrived at more easily if progress is first made in solving mutual problems. While there will always be some conflict in industry, we are far short of exhausting the potential limits of co-operation.

Summary of PART II: Canadian Experience in Labour-Management Co-operation

Before going on to examine what lessons can be drawn from Canadian experience in labour-management co-operation, it may be helpful to review here the main developments which have taken place in Canada and to make some broad generalizations about these.

On the basis of Part II, the main conclusions which can be drawn about the various Canadian experiments over the years in labour-management co-operation are that these have been sporadic, that they have not been carried out on a broad front, and that they have had little over-all co-ordination or sense of purpose. It is difficult, however, to present general perspective as these experiments have been so varied in terms of type, the level at which they have been carried out, and the reasons for which they have been introduced. There have been both formal and informal approaches to co-operation, "one-shot" efforts and continuing programmes. There have been some encouraging successes and also a number of disturbing failures. In general, it may be said that the characteristics of labour-management co-operation in Canada have been largely determined by the reasons for which it was introduced and by economic and other characteristics in the areas in which it was established.

From the 1920s until the late fifties, developments in labour-management co-operation were primarily at the plant level, with some occasional developments at the level of the industry. While a few union-management plans were introduced during the twenties, the most common type of experiment during this period was what are generally known as employee-representation plans. With the growth of trade unions and the development of collective bargaining many of these died a natural death, although a few still exist today. Perhaps the most notable experiments in union-management co-operation in this period were those established in Canadian National Railways. These serve as one of the very few examples of continuous union-management co-operation from that time.

During the 1930s, there were no significant developments in labour-management co-operation, largely, one presumes because the high levels of unemployment in that decade did not provide a favourable climate for co-operation. With the onset of World War II, however, against the background of war production needs and a spirit of patriotism, joint production committees developed throughout a number of Canadian industries, mainly those which were essential to the war effort. These committees were characterized by emphasis on production problems at the plant level.

Following the war, the work of promoting labour-management production committees was assumed by the Labour-Management Co-operation Service of the Department of Labour. While there has been a considerable increase in the number of these committees throughout the post-war years, the emphasis now is on general problems such as safety, communications, and better service, rather than on production. Generally, the committees have not left a marked impact on Canadian industrial relations. This is partly the result of their narrow terms of reference which preclude them from discussing subjects within the area of collective bargaining and thus from coming to grips with some of the major problems at the plant level. It stems also from the fact that, since labour-management relations are primarily under provincial jurisdiction, the main stimulus for co-operation at this level must come from provincial governments. While the federal government can play an important role here through research and education, the promotion and development of plant level co-operation is primarily a provincial responsibility.

Beginning in the late fifties and sixties, there was further renewed interest in labour-management co-operation, and while recent developments have been scattered, these have already made some impact in a number of areas. The characteristic of these new experiments in co-operation, which grew out of a deterioration in the economic situation, beginning in 1956-57, and an increasing awareness of new problems to be solved, is the emphasis on co-operation at the national and regional levels of the economy rather than at the level of the plant.

The first important development in this new phase of co-operation was the creation of the National Productivity Council in 1960. Although limited by its narrow terms of reference, and hampered by a number of other problems, the Council did serve as a helpful preliminary to the Economic Council of Canada, which was established in August 1963. While taking over most of the specific functions of the National Productivity Council, the Economic Council was given much broader terms of reference.

Generally, its purpose is to promote the achievement of certain national economic goals: high levels of employment, higher rates of economic growth, an equitable sharing in rising incomes, reasonable stability in the price level, and a viable balance of payments. Perhaps the main importance of the Economic Council is that it provides a mechanism for joint co-operation on the broader questions of the Canadian economy and, for the first time, provides a framework to give a sense of direction and purpose to co-operation at lower levels of the economy.

Accompanying these developments at the national level, some form of economic council or related body was established by most of the provinces. Generally, these provincial joint consultative bodies also recognize broad economic goals, although varying widely in the scope and nature of their activities. At the provincial level also, there has been developing or renewed activity in the area of joint proposals on labour legislation, most notably in Quebec, Manitoba, and Nova Scotia. The background out of which these new approaches has developed is primarily a concern about the effects of restrictive labour legislation, together with an awareness that, unless labour and management make constructive proposals in this area, there may be increasing government intervention in the collective bargaining process.

At the regional and local community levels, developments have been mainly of a scattered nature. Although good results have been achieved in these few areas, there is need for these to be developed on a broader and more co-ordinated base.

While there have been a few notable developments at the plant level, such as those at Domtar and Abitibi, it cannot be said that these are indicative of any general trend. They are isolated, rather than representative examples. Likewise, while efforts to improve the co-operative aspects of collective bargaining have not been characterized, in general, by their boldness of approach, there have been a number of experiments directed to that purpose, although not on the same relative scale as in the United States. Over the years, however, there has been a gradual improvement in accommodation through collective bargaining which suggests that there has been a steady, if undramatic maturing of relationships. Nevertheless, in view of the difficult economic problems which face us at the moment, and of a declining public tolerance of conflict between labour and management, there is still much more to be achieved.

In summary, it can be said that there have been encouraging beginnings in recent years at the higher levels of the economy, with some scattered, but promising developments at lower levels. As yet, however, these are no more than a beginning. There is still much more to be achieved and a greater potential to be exploited. In the concluding pages of Part III, I shall try to indicate what are the specific gaps and needs in the area of labour-management co-operation in Canada and to suggest some directions for the future.

Gaps, Needs and Future Direction

The analysis of Canadian experience in Part II confirms the importance of the six facilitating factors which were outlined in the introductory framework. It was suggested that, first, there must be objectives for co-operation; second, there must be co-operation attitudes; third, there must be knowledge and information about goals and problems; fourth, there must be institutional security for both unions and management; fifth, there must be a favourable external environment; and finally, there must be appropriate mechanisms for co-operation. In this final section, I plan to examine the present situation in Canada under each of these headings, and on the basis of this, to indicate what needs must be met to further co-operation in order to achieve our economic goals.

Objectives and Goals

Since co-operation is essentially a method of approach, to be successful it must obviously have specific goals. This is shown clearly by Canadian experience. During the war years, for example, co-operation was related to the objective of increased production. More recently, co-operation at the national and regional levels of the economy has been based on certain economic goals; at the provincial level, the development of joint proposals on labour legislation reflects the concern of the parties about restrictive legislation and the need to co-operate for the purpose of achieving more appropriate legislation; while at the plant level, successful experiments have also developed from situations in which there are mutual problems and objectives. By contrast, experiments which have been based only on some vague "need for co-operation" have had considerably less success.

In order to achieve "realistic co-operation" therefore, it is clear that there must first be general agreement about national economic goals, and about the need for better public and private policies to achieve these. Within this framework,

and with greater knowledge, information and discussion, mutual objectives can be isolated at other levels of the economy and the parties' self-interests more clearly identified. In many cases, the real interests of the parties may be closer to the national interest than they now appreciate.

Attitudes

As the study has shown, if we are to achieve our economic goals, there must be a willingness to co-operate and a recognition that there are mutual benefits to be gained from co-operation. In too many cases, it seems, the attitudes of labour and management have been fixed by the experience of earlier years. In view of the complex problems which face us today, it is surely time to eliminate any atmosphere of suspicion, misunderstanding and hostility, and to concentrate instead on developing constructive approaches to achieve mutual goals. I have been impressed by the fact that, recently, there appears to have developed a greater willingness to co-operate at higher levels of management and labour. A big task, however, is to develop this spirit among these groups at lower levels, where entrenched attitudes appear to be more prevalent.

Generally then, there is need to develop a problem-solving climate for co-operation at all levels, one in which there is less emphasis on traditional stands and more on coming to grips with the problems of today in a positive way. Labour and management must approach matters more with a view to reaching agreement rather than to see how much trading off can be done. There is increasing need for labour and management to look at matters from the viewpoint of what is right, and not who is right.

Knowledge and Information

The factor which underlies much of the unnecessary conflict between labour and management is lack of knowledge about mutual goals and problems. It is this which frequently explains rigid and narrow attitudes and failure to appreciate mutual interests. Knowledge is particularly important to free planning and free collective bargaining for these can operate effectively only if individual groups know what their true self-interests and mutual interests are. When they do not, private policies can be co-ordinated with public policies only by direction. If we are to have effective public and private policies, therefore, it is essential that we have the facts and analysis which are necessary background to understand present day problems as well as to take a more rational approach to these.

In order to find out with greater precision what our economic problems are in such areas as automation, manpower, economic growth, and related fields, we are going to need a massive and immediate programme of fact-finding and analysis. If I may quote a former Harvard University President, as I have done on a previous occasion, "The great art of life lies less in solving problems than in discovering problems to be solved". While we have made some progress in recent years in fact-finding, research, and analysis, we still need much more if we are to have a clear picture of the dimensions of our problems and of the steps we must follow to solve them in today's world. Past experience alone is not enough for the new and complex problems we face.

Clearly the programme of research already initiated by the Economic Council will provide a valuable body of facts and analysis at the level of the national economy. There is also a strong case to be made, however, for greatly expanded research by provincial economic councils, governments, trade associations, and labour and management groups. In the latter connection, the potential of the Federal Government's recently established Manpower Consultative Service should be noted. Through this, the Government will assist management and labour to carry out joint studies related to automation and manpower problems. In addition, I might emphasize the need to provide greater financial resources to universities in order to carry out independent research in these areas. At present, there is still a disturbing lack of support for university research in the social sciences, with the result that most research in the economics and labour-management areas is carried out by institutional groups. With greater support for independent university research, some check and balance would be provided.

In summary, through greater fact-finding and analysis, and broad dissemination of research findings, we will be able to isolate problems with more precision and, at the same time, obtain more objective and rational bases for achieving a consensus on goals, identifying problems, and developing better policies.

Institutional Security

A necessary condition for co-operation is institutional security for both labour and management--for the unions, security that labour-management co-operation will not result in a weakening of the union institution in the collective bargaining process and for management, security that co-operation will not involve undue restrictions on the enterprise system or handicap its responsibility for over-all management of the concern. Indeed, the study shows that co-operation generally

develops and functions to best advantage in an environment of established and stabilized collective bargaining relationships.

At present in Canada there still appears to be a great deal of suspicion and fear on the part of labour and management about the possible misuse of co-operation by the other in order to further its own aims rather than to promote mutual goals. If there is to be a favourable climate for co-operation, however, it is essential that each party have respect for the other's institution. They must recognize that each has a legitimate role to play in our economy and that, consequently, each has a right to its continued existence. This does not mean that labour and management should be in full agreement with each other's objectives; it does mean that there should be mutual understanding of these.

Both labour and management have certain responsibilities to ensure that the other's right to institutional security is respected. On the part of the union, there must be recognition of management's responsibility for the overall direction of the business, and of the fact that co-operation is not a means to bypass or replace formal collective bargaining and grievance procedures. On management's part, there must be recognition of the right of workers to organize and awareness by managers that unions are here to stay. It is important to remember that, if unions did not exist, the vacuum would inevitably be filled by something else--probably the state. One need only read the history of Western Europe in the inter-war years, or look at the situation in many of the developing countries today, to appreciate this.

A Favourable External Environment

As this study has shown, a favourable external environment is an important factor for facilitating the development of labour-management co-operation. This does not mean that there should be no problems to solve. It does mean that government economic and social policies and legislation should provide an appropriate climate for solving problems.

Since we need particularly to get co-operation at the rank and file worker level, it is important that there should be a continuing full employment objective, together with appropriate policies to cushion the shock of unemployment and displacement, in order that co-operation will not be interpreted as a threat to job security. Since 1957, persisting unemployment, problems of automation, and an economy which has failed to achieve its full potential, have brought many difficult problems of

adjustment to the collective bargaining table and thereby put a great strain on the bargaining process. While these economic problems have resulted in increased concern about job security at the plant level, paradoxically, they have also led to a greater degree of co-operation at higher levels of the economy. While, in a few cases, this climate has also given rise to more constructive approaches at the bargaining table, experience reveals that it is difficult to get broad-based support for co-operation unless there is evidence that full employment is a continuing government objective, and unless there are appropriate public policies to ease the impact of unemployment and displacement when they do occur.

It is also important that these and other policies within each level of government and between governments should be in harmony with respect to the achievement of our goals. For this reason, we need a continuous review of economic policies--trade, monetary, fiscal, combines, labour-market and other policies--to ensure that these are in step with today's world, that they are consistent with each other within and between all levels of government, and that they provide the necessary climate for co-operation to achieve our economic goals.

Along with appropriate economic and related policies, we also need leadership by governments in promoting the necessary co-operation to achieve goals. At the level of the national economy, bringing the parties together at higher levels is often an important first step, as a number of the national and regional seminars in recent years have indicated. Since labour-management relations is primarily a provincial responsibility, however, it is important that there should also be appropriate leadership at the provincial government level. It is perhaps significant that a number of the experiments outlined in this study have developed in some of the smaller provinces. In the larger industrial regions, it has been more difficult to experiment, for it is here that labour and management are on stage, where the pattern-setters are concentrated, and where the confrontations of power take place. While these factors will make co-operation more difficult here, they will also make it imperative to develop in these areas. If this challenge is to be met, it is essential that there should be positive leadership from provincial governments.

Finally, it is important that labour relations legislation should be appropriate for the achievement of goals through co-operation, that it should not serve as a deterrent to co-operative approaches. Legislation which is unduly restrictive, whatever its purpose, generally appears to have had the effect of driving a

wedge between the parties rather than encouraging them to face up to problems and realities. There has also been a tendency for the parties themselves to urge more restrictive legislation, in the face of temporary emergencies or problems, in order to gain some short-run advantage. If this kind of situation is to be avoided, it is important that they recognize that such short-run advantages are ultimately bought at the cost of disruption in their over-all relationships. Also, we need to examine whether present labour legislation, with its emphasis on achieving agreement as quickly as possible under crisis deadlines, is appropriate for the kind of complicated and tough problems which face the parties today. It may be questioned whether it gives labour and management the flexibility and time which they need to handle complex problems in a period of rapid change. What the parties need is time for longer-run study, consultation and discussion away from the deadline of crisis situations at the bargaining table.

Mechanisms and Approaches

A point which must be reiterated is that "realistic co-operation" will not develop by itself but needs appropriate mechanisms at all levels to get it going and to enable it to operate effectively.

At the level of the national economy, we need an independent body to give over-all purpose to co-operation through research and study, and by providing a forum for developing a consensus on goals, problems, and methods of achieving and solving these. In the past, we have never had this kind of body, with the result that, even where there has been a willingness to co-operate, efforts have been hampered by lack of a clear overall framework for co-operation. With the establishment of the Economic Council of Canada, this important mechanism appears to have been provided.

At the level of the regional economy, there is also need for independent bodies, such as provincial economic councils, which can provide the mechanism for co-operation to achieve regional goals. It is important, however, that there should be co-ordination, consultation and co-operation between the federal and provincial levels to ensure that policies are in tune and in the over-all best interests of the Canadian people. In addition, one of the biggest tasks ahead will be that of translating national and regional economic goals and problems to management and unions at the plant level. This study has indicated that there is a big gap between senior management and lower levels of management with respect to their understanding of broader problems and goals and a similar gulf between top labour and local union

officials and members. It has indicated, too, that there is much greater spirit of co-operation at these higher levels than at lower levels of management and unions. An important job for both labour and management, therefore, is to develop mechanisms to transmit this spirit of co-operation down the line to lower levels and increase understanding of goals and problems at these levels.

In this respect, an important contribution could be made on the employer side, by the many trade associations and employer groups. Since many members of the Economic Council of Canada, as well as of the various provincial councils, are from these associations, the associations could serve as one important link between the councils and employers by providing professional staff advice when required and by communicating to member companies information about the activities and deliberations of the councils. In addition, trade associations in different industries could play a useful role by facilitating study, consultation, and dissemination of information on those problems which have a particular industry focus.

This raises the question of what is the most appropriate structure, scope and functions of employer groups. While this is a question on which there are many viewpoints, and one to which employers will have to find their own answers, the following suggestions might be considered. As a first step, study and assessment might well be undertaken regarding the most appropriate structure, role and relations of employer groups in Canada in the light of emerging developments in the field of co-operation at the economy and other levels. In the meantime, consideration should be given to developing liaison and co-ordination with other employer groups in order to facilitate study and consultation, and to promote better understanding of economic goals, problems, and policies. In addition, there is a great need for expanded research and staff to provide the necessary background information and analysis so that issues, problems and policies in today's increasingly complex world can be better assessed.

Although trade unions are organized on a broader base than employer groups, they also face problems in gearing their activities at all levels to the "realistic co-operation" concept outlined above. They will have to develop greater research and education programmes, for example, in order to improve understanding of broader goals and problems among their members. They will have to develop greater co-ordination and co-operation between the different levels and segments of the labour movement. In addition, they will have to devise new approaches and policies to adapt to rapid changes in the broad economic and social environment, changes which also point up

the need to review the over-all structure of the labour movement. The rapid technological, industrial and occupational change of post-war years has led to the emergence of new kinds of occupations, the elimination and melding of some traditional occupations, and a blurring of lines between many industries. The result is that, as the clear historical distinctions between occupations and industries have faded, the existing demarcation lines between many unions have become increasingly less appropriate for today's industrial world. If rationalization of structure were to be achieved, this would contribute greatly to the elimination of jurisdictional problems and would remove some of the barriers to occupational mobility.

Related to the above points is the question of what are the implications for co-operation and economic planning in Canada, when our economy, to a large extent, is composed of international unions and internationally-owned companies. This complex question is one which requires much more detailed study and analysis than can be given to it within the limited scope of this paper. Since it does not lend itself to easy generalization, here I can do no more than point out that it is important that the policies and practices of international unions and corporations should be in tune with Canadian public goals and policies.

Finally, there is need for new and improved mechanisms to facilitate co-operation at the plant level. In particular, there is need to develop mechanisms away from crisis atmosphere deadlines, since the kind of complicated problems which have to be faced at the plant level, such as automation, cannot be resolved through last-minute compromises during the heat of regular collective bargaining negotiations. While no blueprint can be suggested for co-operation at this level, it has been shown that many problems can be ironed out through such means as joint meetings prior to negotiations, continuous discussion between contract negotiations, joint study groups, and use of experimental agreements. In addition, the study has shown that successful co-operation at the plant level can evolve on a step-by-step basis, beginning with discussion of broader questions, and, from this climate, gradually turning to more specific areas of mutual interest. In other words, sessions designed to be exploratory have often facilitated the reaching of general agreement on specific issues.

Experience also shows clearly the importance of leadership by the company president or plant manager in providing a climate and opportunities for co-operation. Because of their position in the industrial structure, such persons can give a major impetus to co-operation at lower levels. There is also an opportunity for industrial

relations people to play a most important staff role in the area of co-operation. While some significant contributions have been made in this area, there is some concern that the industrial relations function has not kept pace with developments in other functional areas of management. There is great scope, therefore, for expanded positive efforts by industrial relations personnel in the area of co-operation as well as in the industrial relations field in general, where so many new and complex problems are developing. Lastly, a number of experiments show the contribution which can be made by mutually respected third party neutrals in stimulating co-operative efforts, specifically, cases where such persons have been invited to present views on broader economic problems affecting the parties.

While some of the experiments examined demonstrate that successful co-operation is possible at the plant level, it will undoubtedly be a slow and difficult task to develop this on a broad scale throughout industry. In view of the potential results which are to be achieved by co-operation, however, it is surely not beyond the parties' scope of initiative to rise to this challenge.

Over-all Conclusion

The main conclusion to be drawn from this study is that the economic problems facing Canada today, together with the tenor of public opinion, point up in sharp focus the need for labour-management co-operation at each level of the economy. At the national and regional levels of the economy, co-operation is needed in order to reach a consensus on economic goals and problems and to provide a framework for improved public and private policies to achieve and solve these. At the level of the plant, firm, or industry, co-operation is needed to improve the effectiveness of private decisions so that these are not only in the best interests of the parties, but also consistent with broader goals. At this latter level -- the area of labour-management and collective bargaining relations -- Canadian labour and management will sooner or later be faced with alternative choices: either voluntary co-operation now, or the possibility of government enforced co-operation or government intervention later. Whatever the other differences in the views of management and labour, there will surely be agreement about which is the preferred alternative. Sufficient to say that it is better to have the State as a partner than as a dominating authority.

While there is clear need for greater co-operation between the parties, there is no magic formula or overall plan by which problems will be resolved once and forever. Like everything that is worthwhile, this will require effort, education, and patience--in the latter case, on the part of the public as well as on that of the parties themselves. We should not expect co-operation to produce results too quickly, therefore, nor should we expect it to produce answers to all of our problems. It must be recognized that, no matter how far we progress towards achieving greater labour-management co-operation, there will still be conflict situations between the parties. The fact that there is this inevitable conflict in some areas, however, should not blind us to the tangible benefits to be derived from co-operation in the many areas of mutual interest.

While this study has been concerned with co-operation in the organized sector of the economy, together with governments, and while co-operation in this area would contribute greatly to our economic goals, it should be emphasized that there is also need for co-operation in the non-union area of the economy. In addition, no matter what benefits may result from improved labour-management co-operation, there will still be need for efficient and far-seeing management, for highly qualified research and professional people, and for better government policies in all areas.

The achievement of greater labour-management co-operation will obviously involve a certain amount of trial and error. It will require a willingness to experiment as boldly in matters of industrial relations as in the physical sciences. In view of the number of mutual problems facing us, however, there will never be a time ripe for voluntary co-operation. While there is a difficult journey ahead if we are to achieve our goals and find solutions to these many complex problems, the stakes are too high for the parties to hold their ground. It would be a great achievement if the first tottering steps that are being taken now in this period of transition were to be lengthened into longer strides in the near future.

COMMENTARY

by

Donald Gordon
President
Canadian National Railways

"Current Status of Labour-Management Co-operation in Canada
and the Implications for the Canadian Economy"
November 9, 1964

I had just as well confess at the outset that I have been reluctant to take part in conferences of this nature. What stopped me was partly a feeling that the practical difficulties of co-operation were not adequately recognized and partly a feeling that much preparatory work had to be done if any conference was to be successful.

So I welcomed the approach adopted for this conference, for we now have before us a number of papers which define and refine many of the concepts that we have to discuss. Professor Wood has done an excellent job in describing ideas and practice in the field of labour-management co-operation in Canada. We must all feel grateful to him for presenting the issues so fully.

Yet I still have some feeling of uneasiness. We seem to be sitting here with a set of position papers before us, all of which argue the case for a particular strategy - the strategy of co-operation. We are, as Professor Wood says, discussing a means and not an end. I cannot help asking a fundamental question: what are the ends towards which co-operation is offered as the means? Are we all committed to those goals? Should we, in fact, be discussing a strategy before we have discussed our goals?

There are some economic goals that I believe we would all agree upon, but you and I know that the economic goals of a modern nation can never be considered in isolation from its social goals. The field of employment lies as squarely in the social domain as it does in the economic domain. Income distribution is a social question of

far-reaching economic implications. The Labour Standards Code incorporated in Bill 126 now before the House of Commons is an instrument of social policy - with the apparent aim of creating more jobs and raising living standards - but it cuts deep into the scope of collective bargaining and has significant effect upon the cost structure of labour-intensive industries. And I might add that it serves to reduce the possibilities of co-operation precisely because it places that part of industry which is under federal labour jurisdiction in a rigid mould shaped by government and not by the parties. This I believe to be wrong! Moreover, it appears to have lost the reality that co-operation makes possible: for Bill 126 in many ways seems to produce some utterly impractical situations between employees and management. No one would deny the right of government to make policy in the area of labour relations, but everyone has a right to expect that the implementation of policy will be realistic and take full account of its impact on the working facts of employee groups. Perhaps during our deliberations today and tomorrow we might learn from Dr. Deutsch as Chairman of the Economic Council his view on whether or not this kind of policy might well have been referred to the Council for a thorough going research into the detailed impact of the economic and social aspects of the proposed legislation as well as the widely differing labour and management aspects of it as it will affect business and industry under actual working conditions. Certainly it seems to me that this is the sort of thing that was contemplated by the formation of the Council.

But to return to my theme, I feel it is less than realistic to assume that if we can agree on a strategy then the goals of our

endeavour can look after themselves; for unless there is strong commitment to agreed goals, the will to co-operate will be feeble and the efforts to co-operate will be spasmodic and weak.

I would go further and say that there has to be a need for co-operation that is clearly felt by all the parties. Intellectual assent to a set of economic and social goals will not generate the energy needed to change attitudes and practices. The "crisis" to which Professor Wood refers, such as war or recession, is successful in fostering co-operation because it gives birth to the felt need. Even "information-sharing" is a vain exercise unless both sides have a real desire to understand each other and to share experience.

To me, the main issue raised by Professor Wood's paper concerns, the will to co-operate; for surely the lesson of our past experience is that little is achieved unless the motive be strong. How - without a costly crisis - do we generate the will to co-operate?

Conflict and Co-operation: Some Other Structures

Professor Wood writes as though the only two structures open to management and labour relations were conflict or co-operation, though, of course, he recognizes that each state is contaminated by the other. In international affairs, we recognize a much broader range of possible relations. The stages of conflict have well-known labels: hot war; cold war; peaceful co-existence. The stages of co-operation have more diverse and not such well-known labels: there is mutual assistance; the relationship of allies; and there is the broad field of social and economic co-operation represented by the European Common Market.

Somewhere too, there are the relationships which arise from memberships of world organizations such as U.N.

I mention these to make several points. First, there is a wide range of relationships that cannot be labelled simply as conflict or co-operation. There are many gradations of each. Secondly, the movement of the relationship from somewhere in the conflict zone to somewhere in the co-operation zone seems to be characterized by (a) less resort to raw power and more appeal to rationality; (b) by a broader common interest than, say, the usual limits of collective bargaining; and (c) by an abandonment of win-lose attitudes. Perhaps we need to know more about the characteristics and process of co-operation. Thirdly, adjustment of the relations between the two parties - whether by conflict or co-operation - is fundamentally based on the power that each party can mobilize. We should not forget that in a co-operative relationship, the threat of reduced co-operation can become just another power move.

To be reminded about the place of power in these relationships is very pertinent, for it seems that when one party or the other feels powerful enough to control the relationship then it seldom feels the need for co-operation. This may partly explain why co-operation can develop more readily at the federal or provincial level than it can in the industry, firm or plant.

Ground Rules for Co-operation

One of the easy mistakes we can make is to fall into the trap that the ground rules for co-operation are the same ground rules that

we use in collective bargaining. But joint problem-solving is not negotiation: it requires freedom to express tentative views, to explore without having the words you have used cast back at you at the next or a later meeting.

I am sure that there are lessons to be learned from the experience of others - such as the experience of the U.S. steel industry with its Human Relations Committee, described in Dr. J. T. Montague's paper. My sole purpose at this point is to give the warning that co-operation can only be successful when the parties lower some of their defences and they will not lower those defences if the other party takes advantage of their situation. A study of the ground rules for co-operation - at the various levels - seems to me an important topic for research.

Among the specific objects of co-operation must surely be the desire to know each other and each other's problems much better. Salesmen may make many contacts and few sales. Both sides of industry could well make many more contacts even though they do not do any larger volume of business. From such contacts we might at least avoid unintended wars and might the more rationally and intelligently conduct the battles that are unavoidable.

There will be some - both managers and union officers - who will see co-operation as described by Professor Wood as continuous bargaining. I myself take that view, although I would phrase it differently. It will demand some maturity on both sides if we are not to allow conflict in the formal bargaining situation to destroy an over-all framework of co-operation. Union demands that are perceived

as unreasonable will be interpreted as a signal of intent to destroy the co-operative framework.

To discuss common problems and perhaps to approve the mutual study or research and such problems free of the deadlines that a bargaining process imposes, is obviously common sense, and it may well lead to the changing attitudes that are so much to be desired. Where bargaining begins and where it ceases in such a situation I don't really know, save that I see very clearly that joint studies of common problems must never be allowed to become a justification for delay in handling current grievances.

The traditional separation of collective bargaining from the scope of labour-management co-operation seems to me to downgrade the importance of co-operation. Compared with the excitement and importance of the battle over wages, job security, fringe benefits and work rules, the areas embraced by Professor Wood's definition of co-operation inevitably seem like small beer to top union officers and senior managers. It is not until we enter the field of broad questions such as the effect of changing technology upon an industry that the issues become comparable in their importance. Any study of the ground rules of co-operation should look at that problem, tough though it clearly is.

Some Fundamental Differences in the Nature of Unions and Management

We must be frank and recognize that co-operation is a difficult posture for both unions and management. Management is action-oriented. It wants to get on with the job and not feel that it has to spend hours in endless discussions before it can act. And it has a genuine concern that the borderline between co-operation and

co-determination is a thin line that can easily and unwittingly be transgressed, as the scope of common interest extends to areas that touch upon the freedom of management to act promptly and decisively, when the interests of the business so require. But there is an increasing tendency in business to longer range planning and this seems to me likely to facilitate co-operation within the firm and to contribute to more meaningful co-operation in the area of public policy.

On the other hand, employers are not motivated by a common ideology or a common view of social and economic goals. And employers' associations do not constitute a "movement" as labour unions do. Certainly the walls of Jericho will never fall to a great shout - by employers - of "solidarity for ever". It is in practice very difficult for employers to set up an organization that will represent all their views, for basically those views lack cohesion. Moreover, one must admit that some employers are still fighting the concept of trade unionism and may not have in their companies the attitude or personnel that enables them to do business with organized labour.

Unions, too, have their problems. Labour is a combination of members united in an organization that is more or less democratic. That form of organization puts severe limits on the freedom of the leaders to pursue a course of action based on the rational analysis of data, some part of which may often be confidential. Conflict is news and exciting, but the press does not report happy marriages nor the rational behaviour of good friends. How do union leaders maintain their leadership and control of their members in a structure of co-operation? And how do union members participate in co-operation? I am sure union leaders will understand when I say that fundamentally

the role of unions is the protection of their members. And union leaders must be seen to be discharging that responsibility. It is no less pertinent to ask how, in a co-operative relationship, does management help a union to continue to discharge its basically defensive role?

Co-operation in Canadian National Railways

My hope was that I would have been able to reach the end of my comments without a single reference to Canadian National Railways. But Professor Wood has used some kind words to describe our long-established Union-Management Co-operative Movement and it would be ungracious of me not to acknowledge them. I might add that the Constitution of the Movement was revised in 1961 to include in its objectives the achievement of a high stability of employment as well as improvement of relations, improvement in efficiency and such matters as new methods and equipment, health, hygiene and training.

I might also mention that for the last two years we have held a two-day conference of over 100 General Chairmen of the 35 unions with whom we deal on Canadian National Railways. At these conferences I review the past year's activities and results and the key elements in our future plans. This is followed by a question and answer session. I believe that in this way we are achieving something of the "information-sharing" that Professor Wood has listed as a phase in co-operation.

Conclusion

The Canadian Economic Council is to be congratulated on holding this National Conference on Labour-Management Relations and

applauded for the strategy they have used. In effect, they have asked a neutral source - representatives of the universities - to put up a point of view. They have then asked representatives of management and labour to discuss that point of view. And that, I suppose, is as good a ploy as any to oblige the parties to study and discuss the papers before us.

We meet at a time when the rate of growth of the economy has been somewhat higher than in former years, but maintaining that growth is a challenge that confronts us all. We have a serious unemployment problem that is tied to the new world in which we live: the undereducated cannot get work. Over the horizon looms the serious possibility that many of our existing craft and trade skills will be rendered obsolete by new technology. The import-export balance remains precarious. In brief, the problems we face are serious and urgent. If co-operation between management and labour with government playing its proper role can solve those problems - then we have no alternative to co-operation.

Yet we must keep our feet on the ground and recognize that unless we have the will to co-operate, unless managers and union officers have different attitudes, unless there is some agreement on social as well as economic goals, in short, unless we feel the need to co-operate - lip-service to the concept of co-operation will take us nowhere. The failures of previous attempts and of large experiments in joint consultation are there to warn us that we need strong convictions and hard heads more than good feelings and kind hearts.

Success is possible. There are examples that point that way. But it is difficult to escape the conclusion that co-operation appears to be much easier, and perhaps more natural, at the federal and regional level. From Professor Wood's analysis, it seems that, with a patchwork of federal, provincial and regional machinery, we are off to some kind of a start. The promise of success is there to be seen, and with goodwill and hard work I am sure it can be realized. Co-operation between management and labour within industry, whether at the level of the plant, firm, or the industry as a whole, is a tougher problem precisely because it is concerned with the here and now resolution of conflict over wages, job security, hours of work, work rules and the like.

There are certain conditions for the development of co-operation of this type that I have already referred to. I fully agree with Professor Wood that co-operation will come only between parties that are free to co-operate - and this means that they have, on the one side, some control over their cost and price structure, and on the other, over their policy-making and their membership. It is all very well to postulate stability of the institution - one of Professor Wood's key factors in the development of co-operation - but we have to recognize that certain unions are composed of members whose trade is obsolete: what the diesel has done to firemen in the railway industry is one example and what the power saw and slash-mobile has done to the woods industry is another. So rigid is this part of our institutional structure that, in respect of firemen, it required a Royal Commission in Canada and a Presidential Board in the United States - and many years of debate and hearings - to bring about any change.

There is, apparently, no equivalent of bankruptcy for labour unions! I mention this point to underline what appears to me to be a major problem of the next twenty years: the possibility of many battles for the survival of established organizations that technology has outmoded. Such a situation can be an obstacle to co-operation - or it can be an added reason for co-operation.

I am in favour of co-operation in what I would call a partnership of interest, that assumes agreement is possible, but which recognizes that each party has its own responsibilities, including the responsibility to act. Professor Wood has, I think, reached that conclusion too, but I hope we shall have some constructive conflict here in our discussion on the excellent research paper that he has put together.

COMMENTARY

by

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President
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At a symposium organized by the now defunct Productivity Council, a Canadian union leader stated without turning a hair that in one of the factories he represented co-operation had reached a peak. That peak had been marked by a social gathering attended by the management and the workers at which the factory manager had danced with the union president's wife! Needless to say, before taking this to be a valid symptom I would have liked to have a look at a picture of the lady to see whether there was any possibility of some motivation other than the one so generously suggested by the speaker! Even if I am being unfair, it remains nevertheless that the co-operation to which that gentleman alluded is not the type of co-operation that can assist us in our common effort. It is merely one of the techniques developed to create good relations with the staff and is of no help at all when real problems arise. These techniques are only effective in the context of great prosperity which an intelligent management knows how to use to advantage.

Moreover, Dr. Wood rapidly dismissed this type of co-operation as he is concerned with other matters. It should not be forgotten, however, that a surprising number of Canadian employers still place too much faith in it.

A REVIEW OF LABOUR-MANAGEMENT CO-OPERATION IN CANADA

Dr. Wood's investigations show that, in general, the structures we have periodically attempted to set up in order to promote co-operation between labour and management have by no means given the results expected. The favourable results obtained here and there do not justify the effort that was made.

The Causes of Failure

The North American philosophy of labour relations

From the way things have turned out it would seem that at a given time in our history management and labour agreed that the unions would make demands while management would assume responsibility for keeping business and the economy in operation. Jealous of its authority and its prerogatives, management did not allow the unions to take part in economic decisions or to use the various sources of information that might have helped them to understand the problems that arose. Thus all the unions could do was resort to economic pressure. They organized accordingly.

Obviously, we are faced with the structures of dispute in this respect; each party pursues its own objectives as if it lived in a different world. The only time they really get together is when they sit down at the bargaining table, where divergent interests have to be reconciled. All other contacts are, in general, held in suspicion by the unions who very often look upon them as a manoeuvre to weaken their bargaining position.

In the social field, management almost systematically opposes labour demands. The statutory limitation of hours of work, the control of female and child labour, family allowances, old age pensions, etc., are all measures that have been adopted despite management's frequently bitter opposition. On the other hand management, as a group, has never made any constructive suggestions to settle the social security problems that arose for the population.

In such a context it is not surprising that the efforts made to institute machinery for co-operation failed to give satisfactory results.

As long as North America dominated the rest of the world in industrial production, the weakness of the structures was not apparent and did not give rise to any disastrous struggle. As productivity was increasing it was possible to grant salary increases and better working conditions at regular intervals. We have thus achieved the highest standard of living in the world.

The situation is changing, however. Canada, being weaker than the United States, is the first to feel the effects of the changes that are taking place. North America no longer has the monopoly of high industrial productivity and some sectors of our economy are seriously threatened by foreign competition. It would be a good thing if the unions could understand that the situation is not what it used to be. If the rules of the game are to be modified, it will be necessary to modify the status of all the parties. All attitudes must change. It is not fair to ask the unions to weaken their bargaining positions when management retains all the winning cards. I, for one, am quite convinced that a unionism which serves only to make demands is out-dated, but it will only be truly so when management realizes that the old concepts of economic liberalism are also out-dated, and behaves accordingly.

In my opinion, co-operation between management and labour within a structure of disputes is an illusion. History is eloquent on this point. When there was co-operation it was either accidental or deceitful.

The fragmentation of collective bargaining

Collective bargaining at the business (industrial unit) level alone, which is the practice in North America, does not favour co-operation. How, indeed, can the problems of an industry or the economy as a whole be realized in fragmented bargaining, when the union does not even have the essential information required to analyse the situation of the business for which it is negotiating?

Quite often in the course of such negotiations we are vaguely told about international competition -- the rate of pay of the Japanese or European workers, etc. How can one blame unionism for not having allowed itself to be lulled to sleep by such partial references that only present part of the problem? Is it necessary to be naive in order to co-operate?

On the other hand, what are we to think of the companies who only resort to co-operation and lay their cards on the table when things are going badly? We are tempted to ask them, "What were you doing when the weather was fine?"

In some industrial sectors the field of collective bargaining was intentionally expanded so that it would cover several production units and even an entire industry. This framework certainly favours a more rational study of the various problems and facilitates co-operation. Indeed, are these not precisely the sectors where co-operation committees have given the best results?

I am not prepared to suggest that we should give up our traditional method of bargaining before we know how to replace it, but it is of the utmost importance that we study it closely and correct its deficiencies.

The purpose of collective agreements

There was a time when workers could settle most of their problems by means of individual collective bargaining. This is becoming less and less the case. How can problems of automation, unemployment, stability and mobility of employment, vocational training, rehabilitation, etc., be settled with a single employer?

We no longer have a valid spokesman on the management side to settle problems extending beyond the framework of the business enterprise. We have to apply directly to the government.

Union structures

The structure of North American unions is moulded according to the objectives the labour movement wanted to achieve and the role it had to play. The movement equipped itself to make demands and participate in collective bargaining. It does a certain amount of research but almost exclusively in terms of its immediate objectives.

The national central bodies have limited their action to making legislative demands, to propaganda, representation and problems of internal control. The central bodies are relatively weak in relation to the unions that constitute them. If they are to co-operate efficiently with the government and management at the national level, providing such co-operation is desired, they will certainly have to be strengthened in authority, research and technical personnel.

Management structures

There is no need to insist here on the weakness of management organizations, none of which can claim in any way whatsoever to represent Canadian management as a whole. Some of the management organiza-

tions that are limited to one industry or to a determined area are making considerable efforts. But on the whole, employers have not provided themselves with the means whereby steady co-operation with the government and the union movement can be achieved.

The American influence

The American influence has not favoured co-operation between management and labour in Canada. As we said above, the United States economy is far more powerful than our own; the two sides there have not experienced the problems we have to face. Because a large part of management and even the labour leadership of this country follow the philosophy and the behaviour of our neighbours to the south, they resist change and do not see why "what is good for the United States is not necessarily good for Canada."

The French fact in Canada

Both from the union and the management standpoints it must not be forgotten that there are six million French-Canadians in Canada. Up to now the language used for industrial relations has been English. This is one of the difficulties which must be taken into consideration for any programme undertaken to improve labour relations.

Co-operation Outside Industry

As Dr. Wood has stated at length, a network of extra-industrial agencies has developed in Canada in the last few years. These agencies are calling for co-operation between management and labour, in most cases under the direction of the public authorities. They have greatly

helped to bring about a common awareness of our common problems. The value of these respective experiences varies considerably. The difficulty is establishing communication between the agencies, the people they comprise and the actual craftsmen of our economy.

Owing to the weakness of union and management structures to which we have just referred, these agencies are making no progress. The parties meet. They congratulate each other. Mutual exchanges take place. They are impressed by the objectivity of their respective intervention. They declare that co-operation is necessary. They promise to meet again, and then say good-bye and turn their attention to other matters. That is not always the case, let us add, but it happens all too often!

No doubt these numerous meetings and the reasons for which they are held have greatly helped to draw our attention to problems that have nothing to do with our daily activities (but which are nevertheless related to them) and to bring out common denominators which, as a whole, have generated a common awareness. If we are to be responsible representatives we must now make every effort to set up the framework and the processes whereby we can institute an efficient system of co-operation.

Conditions for Co-operation

I do not wish to go over Dr. Wood's paper again but I would like to offer the following thoughts.

There can be no real co-operation between management and labour in Canada until:

- (a) the unions, management and government at the various levels are firmly convinced that they are jointly responsible for maintaining full employment, achieving an adequate rate of economic growth, solving the problems posed by automation, improving the standard of living, fighting poverty and disease and unemployment, increasing industrial productivity, etc., and are ready to take definite steps to solve these problems;
- (b) the labour unions and management organizations have modified and adjusted their structures to meet new requirements;
- (c) management provides maximum information concerning its industrial and commercial activities so that discussions -- not merely heated exchanges or incomprehensible dialogues -- can take place with the trade unions (To stimulate the will it is necessary to convince the mind. When co-operation is only based on acts of faith it has no really solid foundation.);
- (d) trade unionism, in this new context, exerts greater effort to understand the problems of industry through research and by training specialists who will be able to hold a dialogue with the spokesmen for management and government;
- (e) governments, according to their jurisdiction, no longer fear to intervene with specific measures to encourage private interests, to a greater or lesser degree, to attune their activity to the essential requirements of the common good;

- (f) all the parties concerned recognize that Canada has her own problems which must be solved in a particular and even an original manner.

Conclusions

If our efforts at co-operation have failed, it is because they were fragmented and made in an over-all framework of dispute which rendered them sterile from the start. In this field, goodwill and good intentions are of little use without adequate machinery.

If the Swedish trade unionists are very sensitive to export problems and international competition, it is not because they believed what they were told. Rather, it is because they were convinced by their studies, and by the large amount of information placed at their disposal and by the guarantees offered, that there would be no deceit. Another reason is the amount of control the Swedish trade unionists have been allowed to exercise; it ensured that their members would not be fooled.

If trade unionism accepts certain economic responsibilities, management, to the same extent, must accept social responsibility.

We must not entertain any illusions, however. Even in ideal conditions there will always be some opposition between governments, management and the trade unions. This opposition, moreover, is the source that feeds social and economic vitality. Profound peace is no more an ideal than the artificial harmony of shaking hands or patting people on the back. The thing is to organize the opposition so that it does not degenerate into useless struggles but takes place in the light of the common good and not in the shadow of ignorance and irresponsibility.

Thus it will be possible a few years hence to add a chapter to Dr. Wood's study that will show us that labour relations in Canada have found their balance and serve as a steady instrument for co-operation.

EXPERIMENTS AND PROGRESS IN THE FIELD OF
LABOUR-MANAGEMENT RELATIONS IN EUROPE
INSTITUTIONAL, LEGAL AND POLITICAL ASPECTS

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FOREWORD

As the title indicates, we intend to deal in this study with recent experiments in the labour relations field in Western Europe and more specifically with the institutional, legal and political aspects of these relations.

For that reason, we have tried to make limited references only to purely economic implications and to avoid exhaustive discussions of those matters. This document will be mainly devoted to a study of the changes in the environment in which labour-management relations in Europe have been and are still being developed, to an analysis of the main forms of present labour-management relations and to a description of related problems.

This, of course, will imply a general synthesis covering various countries, with different historical background, different national temper and different institutions and problems.

It has been extremely difficult to maintain a proper balance in the relative importance to be given to each of these countries.

However, it was deemed more appropriate to deal with all these countries together in accordance with a logical plan than to present a detailed review of the developments in each individual country.

It was felt that this would enhance the comparative value of this paper and provide the reader, if not with a detailed knowledge of each case, at least with an over-all view of the principal phases of labour relations in Europe and of the government-management-labour co-operation problems involved.

Because of the specific purpose and specially of the limited scope of our study, we have restricted our considerations to the traditional or "private" sector and deliberately left out the "public" sector, that is, the relations between governments, including their agencies, in their capacity as employers, and their employees. As this latter sector is by itself sufficient to provide the subject matter of a separate study, we felt that under our terms of reference and because of our time limitations, we were quite justified in not dealing with it.

This study is divided into three parts.

Part I is devoted to a comparison of the traditional European labour-management concepts with those that have prevailed since World War II and are today shaping these relations in Europe. A knowledge of these past developments has appeared to us as essential to a good understanding of present institutions and their significance for labour-management co-operation in present-day Europe.

Part II will deal with the legal and institutional framework of labour relations in Europe. The three main phases of these relations, collective bargaining and agreements, the settlement of industrial disputes, and relations at the firm level, will be dealt with successively. An attempt has been made to emphasize by way of comparison the main features of these relations, together with the legal and institutional patterns likely to be of interest from the point of view of co-operation between the social partners.

Finally, in the last Part or Part III, we shall locate the various European industrial relations systems at the level of the national communities where they operate and show their significance for government policies requiring the participation of the social partners. Various structural and political problems will also be mentioned.

I. HISTORICAL BACKGROUND

A. DEVELOPMENTS PRIOR TO WORLD WAR II

Traditional Features

Each of the countries under review has followed its individual path to industrialization. For that reason it is difficult, not to say impossible, to consider these countries together without, to a certain extent, distorting the over-all analysis which may be undertaken of their respective development in the labour relations field.

Each of these countries has had its own individual experience in this field. Each one has undergone its own industrial revolution at a particular time and in a particular space. Conditions have therefore varied from one country to another in accordance with the period in which that industrialization took place, with the branches of economy that were then predominant and also with its own industrial structure and with its own degree of technical development and industrial integration.

However, from a historical point of view, all these countries present certain features which are common to all. While some of these, such as Sweden and Denmark have not been subjected to all the painful phases of industrialization which were experienced by Britain and even by France, it is nevertheless a fact that the frames of mind which developed in pioneering industrial countries and the various ideologies which they have fostered, spread abroad and served, so to speak, as a background for the tensions and conflicts which marked the general development of labour relations in the countries under review.

Environment

From a technological point of view, most of the countries covered by this study were, up to the last World War characterized by a relatively high level of industrial decentralization. This degree of decentralization appears to us as one of the main distinguishing features of European countries as opposed to the United States, for example, or even Canada.

Great Britain had already made remarkable progress in the way of industrial concentration but, following World War I, an obsolete industrial infrastructure in various vital branches of the economy, inadequate technology and serious competition problems on world markets led to considerable tensions in the labour-relations field.

On the other hand, up to the beginning of World War II, France was still a land of small workshops - it had large numbers of small-scale establishments with

limited staffs and archaic production and management methods and labour relations practices.

Germany and Italy were building up their technical and industrial machinery mainly with a view to military supremacy.

In addition, despite the development spurred by World War I in most of the countries under review, business activities in these countries were, up to the beginning of the last war, mainly concentrated in the industrial production (secondary) sector as opposed to the service (tertiary) sector, which was relatively much less important.

Briefly then, the situation was as follows: relatively few huge highly staffed business organizations with widely subscribed share capital such as were then found in the United States; relatively low development of technocratic management of business conducive to the establishment of an intermediate or executive class between the owners and the workers; and a wage-earning population largely composed of industrial workers with relatively few white collar workers.

All those factors exercised a rather significant influence in the shaping of management and union attitudes in Europe and contributed powerfully to the special features which characterized the labour relations in these countries until the post-war years.

From an economic point of view it must be noted that industrial relations systems were developed in Europe at a time when very strong competition at all levels of industry exerted a tremendous downward pressure on wages which, in conditions of individual employment contracts and in the absence of strong labour unions almost automatically kept the workers' revenues at mere sustenance levels.

Furthermore, the frequency of economic cycles and recurrent recessions, leading to acute unemployment situations at a time when social security measures were practically non-existent, were important contributing factors in the development in the European working classes of a feeling of frustration and insecurity which was later reflected in the ideologies of the labour movements which represented the workers in the course of those years.

Finally, at the "political" level, that is, in the power structures of the countries concerned, we shall point out certain trends which may serve to explain the

relative positions of the parties in those countries up to the beginning of the last World War.

In all the countries under review, the main characteristic of the relationships between opposing forces, not only in plants, enterprises or industries, but also in the political field, was an identification of the interests of the owning class with those of the persons who really exercised power under all forms and in all sectors.

In the economic as well as in the political fields, all power rested on ownership. In Europe, the exercise of political rights has long been associated with property.¹ In owning-class dominated countries, the government doctrine was that of economic *laissez-faire*. All rules governing social relationships in businesses were dictated by employers whose interests were identified with those of the community and of the government.

Until the economic depression of the thirties, government action in the social and economic fields was only fragmentary in most European countries and did not affect significantly the basic principles of the then existing capitalistic economy.

However, the situation was somewhat changed during the depression of the 1930's which led to a substantial loss of prestige by private enterprise and employers, to a considerable setback of the dominant values and a shift of government attitude towards a greater awareness of the social problems and of the government responsibilities to find solutions to those problems.

Nevertheless, the fact remains that in those countries industrial relations systems were largely influenced by the traditional political patterns in which they had historically developed.

Ideologies

What were, as a result of the conditions just outlined, the ideologies of the social partners involved in labour relations up to the beginning of the last World War? A brief review of those ideologies may be useful in assessing the present position of the social partners in the field of labour relations generally and more particularly in the field of labour-management co-operation in the countries under review.

1 In Great Britain it was in 1867 only, with the second Reform Act, that universal franchise was finally granted to the whole population; in France, universal franchise has existed only since 1848.

Management

The conditions just described led to a definitely conservative attitude among European employers in general. Politics being dominated by economics, the employers were not prepared to relinquish the power which they held in the community nor to share this power with the labouring classes which they considered as a symbol of revolution, disorder and anarchy.

They were determined to maintain at all costs their undisputed control over business and their influence over public bodies and over public-opinion-forming institutions.

During the years prior to World War II, they developed, in their joint refusal to be swayed by the pressures from public bodies, trade unions and public opinion, a new sense of solidarity which became a powerful instrument of social resistance and political action.

Thus, vast, powerful and well-organized associations were developed among employers for the purpose of opposing, with as united a front as possible, the organized claims of workers.

However, a special mention must be made here of the constructive nature of the reactions of Scandinavian employers. Fearing that their governments, more intervention-minded than those of certain other countries, might invade the labour-relations field and, through legislation and administrative practices, supplant them in their natural role in the management of industry, they adopted as early as the turn of the century a policy of dialogue with labour organizations.

Great Britain also appears to have followed a course rather different from that which prevailed in Continental Europe. British employers, though very conservative, recognized the necessity of some kind of dialogue with trade unions which already were industrially strong and politically influential.

Trade Unions

As for trade unions, faced with social and economic demands, with the desires of political emancipation of their members and of the working classes as a whole, and with what was called management-government collusion in a system dominated by the owning class and a liberal economy, they had no alternative but to turn to political agitation and far-reaching social struggle.

In Europe, trade unions were the representatives of the working class as a whole and the main channel for the expression of the over-all aspirations of industrial workers and of the economically underprivileged generally. That was in contrast with what was obtained in the United States where, at the same time, class distinctions were practically non-existent and where the population already enjoyed full political rights.

European trade unions, therefore, developed or rather reflected a very definite class attitude. They were not, as in the United States, mainly functional groups acting primarily on the labour market but rather the expression of a class working on the very structures of the community where they were operating.²

To that end, they adopted the socialist principle of class struggle. On the continent, marxist theories became their main inspiration and were reflected in an attitude of downright rejection of capitalistic frameworks and even of existing political structures. The movement took the form of anarchy-trade unionism in France³ and, in England, it became the labour movement which, though not marxist, is nevertheless dedicated to a social reconstruction involving the very foundations of the traditional economy.

Being economically weak for the reasons mentioned above, in the face of a most efficient solidarity of employers and with hardly any hopes except through a change of the political order, they soon became "politically minded" and, where they did not seek to overthrow the government, they concentrated on public authorities the bulk of their claims by acting on public opinion, in order to achieve thereby what they could not obtain by purely economic action. They sought to obtain through legislation and regulations what North American trade unions are achieving by direct action on the labour market.

2 "Wage earners" trade unions are economic agents; but, paradoxically, they have almost always been established not particularly to act upon the labour market, but rather to protest against the very existence of such a market." J.D. Reynaud "Les syndicats en France", U Collection, Librairie Armand Colin, Paris, 1963, p. 114

3 We mention here only the most historically significant feature. In fact, in most of the countries of what is now the Common Market, nonrevolutionary trade union confederations based on Christian principles developed from the turn of the century and became more and more influential during the period between the two world wars and after World War II. The C.F.T.C. in France, the Confédération des syndicats chrétiens in Belgium, The Protestant and Roman Catholic Confederations in the Netherlands, the CISL organized in Italy after the war, are all illustrations of this trend.

Therefore, they either organized their own political parties or, more or less, efficiently joined forces with already existing leftist political groups.

A further characteristic should be noted as concerns the traditional ideologies of European trade unions. While these unions essentially represented a social class, their political affiliations became, at least in certain countries, such as France, Italy, Belgium and the Netherlands, a source of division on the ideological level, either because of differences of opinions within the socialist groups themselves, or because of differences of religious beliefs among the various groups of workers which they represented. These diversities are most significant when we consider the post-war attitudes of the unions towards co-operation and inter-union solidarity in a system of concerted economy.

Structures and Functions

Employers

As already mentioned, one of the main features of management organizations in Europe was the existence in almost every branch of the industry, of employers' associations created for the purpose of negotiating with trade unions and of safeguarding their interests as employers with government authorities. These associations existed before World War I, and even several years prior to the beginning of that war in certain countries.

A further feature was the grouping of these branch or industry associations in large nation-wide management confederations⁴ designed in the majority of cases -- as we shall see in greater detail later -- not for the purpose of negotiation but to ensure a certain degree of consistence in management attitude towards union demands in the fields of wage policies, labour relations and negotiated or unilaterally granted social security measures.

Another major objective of those confederations was to safeguard, in government circles and in the public opinion, employers' interests generally as concerned

⁴ In Sweden, for example, the SAF (Swedish Management Confederation) was established in 1902; in Great Britain, the B.E.C. (British Employers Confederation) was established in 1919, but it only consolidated individual employers' associations some of which dated back to the middle of the nineteenth century; in France, the C.G.P.F. (Confédération générale de la production française) grouped in 1919 powerful employers' unions in existence well before it and in 1936, it became the "Confédération générale du Patronat français".

labour and industry legislation, national employment and wage policies, government-established social security measures or any other nation-wide decision likely to affect in some way their members.

Finally, in the countries under review, this impressive network of employers' associations was supplemented by regional and local multi- or single-industry associations.

Trade Unions

On the other hand, trade unions were influenced in their structural organization by the above-mentioned conditions and ideologies which led to their establishment.

A first striking feature was a highly centralized organization at the occupation or industry federations level, i.e., at the level of the branch or of the economic activity sector. Trade union power was mainly concentrated at that level.

At the company level, confederation representation was, as a rule, relatively limited and in some countries simply non-existent. In France, for example, the local trade union was in general organized outside of the company or plant and consisted of members of a common federation in a local or regional grouping.

In Great Britain, shop stewards officially came from the trade unions to which their principals belonged, but they were above all agents chosen by these members and almost completely independent from official national representatives.⁵

In Sweden, while the principle of multiple unions at the local level seems to have been generally accepted by both sides, there were a certain number of company sections which appear to have been officially recognized by the employers concerned and to have played an active part in ensuring the presence of confederations in the firms.⁶ This relative absence of trade union confederations at the plant level is quite easily explained when we consider, among other factors, the ideological diversity of the workers and the prevalent principle of multiple-union representatives at the local level

5 The situation was defined in a perhaps somewhat absolute but nevertheless realistic manner in a remark made by Professor B.C. Roberts during a recent interview in London, when he said: "They (the shop stewards) are responsible to nobody."

6 We shall deal later with the "works councils" established in Sweden after the war, when dealing with labour relations at the local level.

which was strictly safeguarded by European labour laws, as opposed to what existed in North America where exclusive bargaining rights at the local level were granted to the local union chosen by majority vote.

At the conference level (nation-wide organizations), the situation varies from one country to another⁷ but, as a rule, confederations had no bargaining power but were at best, vast ideological groups charged only with "co-ordinating" the activities of the affiliated bodies in matters relating to general organized-labour policies and with making representations to the government and to the general public.

In such circumstances, collective agreements were a process highly centralized at the industrial branch level, very often on a national or at least on a regional basis, and involved all or the great majority of the firms operating in the branch concerned.

This process was sanctioned by collective agreement legislation under which collective agreements merely set out the broad rules for individual labour contracts and provided for minimum working conditions and rates of pay and therefore dealt in a very inexplicit way with the various items which are generally spelled out in detail in our North American conventions.

Such were some of the main traditional features of European labour-relations systems, at least up to the last World War. We shall now attempt to indicate some of the changes which took place in those countries after the events of the 1939-1945 period.

B. POST-WAR YEAR DEVELOPMENTS

From the point of view of a foreign observer reviewing the experiments and the progress in European labour relations in order to find some worthwhile elements of, or at least certain formulas that might lead to, labour-management co-operation, the most striking feature is the tremendous progress made since the last World War by most of these countries towards greater co-operation between their economic agents.

This does not mean that the social peace has been universally achieved, that there are no longer any tensions, or that the desires of every social group have been

⁷ The Scandinavian countries reviewed, Sweden and Denmark, must also be differentiated here, in view of the important part played over a rather long period, by the confederations, in collective negotiations; these established at the national level guidelines for the negotiation of branch and individual agreements.

fully satisfied. On the contrary, as we shall see later, there still are a great number of problems, some of which are of long standing while others have recently developed.

Nevertheless, for quite a few years now, a new atmosphere which it is important to describe, has permeated labour relations and, at the institutional level at least, a new and sometimes most complicated but well-engineered machinery has been devised and developed for realistic co-operation in the solution of labour-relations problems.

The observer's attention is first attracted by the important changes which, in some countries at least, have taken place in the conditions and in the mental attitudes affecting labour relations. So great have been these changes that in many cases the very framework which, as we have seen, was erected for social conflict, has become the institutional basis of greater co-operation among the social partners and the natural channels for more efficient dialogue with the public authorities within a system of increasingly "concerted" economy.

For the North American observer, used to viewing European experiences in labour relations in the light of history, or in the light of the conditions defined above, this is unquestionably a most significant development, providing useful comparisons with what is going on in the same field in North America.

While clear-cut judgments are hard to make concerning the various countries covered by this study, it should be noted that this tendency towards greater co-operation among the economic agents has been most striking in those countries where, prior to the last war, industrial disputes were the most acute, such as France and Belgium and also Germany and Italy.

Strangely enough, it is Great Britain where systematic arrangements have prevailed in the industrial-relations field for a much longer period than in any other country that appears to be having the greatest problems in labour relations and labour-management-government co-operation. This may be explained by reasons which we shall attempt to give later on.

What new developments and what changes have brought about in Western Europe the relative degree of peace and participation now prevailing in labour relations?

It may be useful to mention briefly a few of them before passing on to a study of present institutions and related problems.

New Technology and "Prosperity" Economy

In the technological and economic fields, certain developments should be mentioned.

Since the end of the last World War, most of the Western European countries have been engaged in "a new industrial revolution".⁸

Industrial concentration is increasing, technical development is progressing rapidly, investments are increasing and becoming more and more diversified, markets are being expanded through the creation of large units or "communities" of which the Common Market is the most striking example.

Individual firms have been expanded to the point of gradually achieving the status of huge limited corporations with large and highly qualified staffs in the hands of technocrats who are gradually creating a new and most important "functional" class in modern Europe.

In this more and more integrated Europe, the difficulties of achieving a proper balance is leading to an increasing participation of government in economic affairs, through plans, price and revenue stabilization programmes, economic growth objectives and improved social security systems.

New salaried classes -- professionals, technicians and executives in general-- are appearing. The tertiary sector is being developed and is bringing about changes in the structure of employment and in the qualifications of the labour force.

Finally, sparked by American aid at the end of last war, a general economic and social improvement movement has spread to the point where in these countries pre-war "subsistence" economies are being changed into economies of relative "abundance". The standards of life have undoubtedly improved over the last 15 or 20 years and there has been an increase in income.⁹

8 André Philip "La Gauche: mythes et réalités" Aubier, Editions Montaigne, Paris, 1964, p. 68.

9 An excellent study of the effects of increased prosperity in Western Europe on European industrial relations systems is made in three articles written by Arthur Ross, of the University of California (Berkeley) on Great Britain, Western Germany, France and Italy: (a) The New Industrial Relations in Britain, I.R.R.A. Proceedings of the Spring Meeting, Philadelphia, Penn., May 8-9, 1962; (b) Prosperity and Labor Relations in Europe: Italy and France, Industrial and Labor Relations Review, Vol. XVI, Oct. 1962; (c) Prosperity and Industrial Relations: The Case of West Germany, Quarterly Journal of Economics, Vol. LXXVI, Aug. 1962.

New Power Structures

From the political point of view or as concerns power structures within European communities, as well as in ideologies, some most important changes should also be mentioned.

With regard to European employers, we have noted above that they had suffered a major setback during the great economic depression which marred the period between the two World Wars; except in Britain and in Sweden, what remained of their prestige was lost during the last war. Capitalistic values were disparaged because of the contemptible "co-operation" of certain firms to the "new order" established by the invader and because the conservative "bourgeois" powers became identified with the success of German and Italian fascism. The alliance with Russia in the common victory paved the way for spectacular advances by leftist groups which included influential communist elements.

On the other hand, though they had been dissolved in many countries during occupation, because of their participation in the "resistance", trade unions came out of the war greatly invigorated and enjoying a status which they had never achieved before. They had become the symbol of progressive forces and democratic values.

Their help was needed for reconstruction. More than ever before public opinion was favourable to what they represented.

For their part, public authorities were forced to play an increasingly important role and to become active partners in the economic and social fields. Labour legislation was revamped and new laws were passed which favoured popular demands and often meant a completely new direction for labour relations. In most countries, left and centre-left governments were substituted to pre-war conservative groups.

Shifts in Ideologies

Social partners' ideologies were changed accordingly.

One of the main reasons for this change of attitude among parties to industrial relations in the countries under review, and one which was pointed out by most people interviewed in those countries, was the experience of war itself. War provided, at least in occupied countries, an ideal testing ground for the will of the various parties to industrial relations to co-operate against a common foe.

An atmosphere of co-operation between trade unions and management and among trade unions themselves wrought during the Resistance years continued on. The parties

emerged from the war with new frames of mind and changed attitudes. The spirit of solidarity developed during those war years was partly maintained through the efforts exerted by the proper carrying-out of the reconstruction programme.

That was particularly evident in Belgium and the Netherlands, and, to a lesser extent, in France. In Germany, the desire of economic reconstruction, the fear of a recurrence of extreme theories in the event of an economic catastrophe allied to a constant fear of communism from Eastern European countries, prompted a same degree of national solidarity in democracy.

This factor, allied to advances in technology, to a favourable economic situation and to almost constant full employment and a better balance of power among the social classes, led to a gradual softening of extreme ideologies.

On the other hand, management having become as we have seen more impersonal more "technocratic", and with its prestige declining in public opinion, accepted discussions with governments and trade unions. Of course, their readiness to enter into discussions varied from one country to another. During our visit in Europe, we have had the impression that Belgian and Dutch employers were the most advanced in that direction both at the collective agreement level and at the level of national joint organizations.

As a general rule, European employers seem to become less conservative and more "scientific", more willing to enter into constructive dialogue with the other social partners. Also, government intervention is more readily accepted.

However, we feel that the new conditions which have prevailed in Western Europe during the past 15 years have had a still greater influence on trade unions.

As was mentioned by B.C. Roberts when we were in Great Britain, the terms "socialism" and "capitalism" are today mere slogans which, in the present conditions, are gradually losing all significance. Our impression was that the same thing applies in general to the various countries visited, even France and Italy, where in spite of official statements and stands by trade unions, these terms no longer correspond to the psychological attitude of the masses who are becoming increasingly middle class and "materialistic" in the American sense of the word. Class struggle, is still officially presented in France specially, as the main purpose of the labour movement, but there is increasing contradiction between official declarations and the actual union operations

at the negotiation table and in daily discussions with firms and government. Even the C.G.T. no longer is heard by the majority of its followers when it tries to boycott collective agreement negotiations or the participation in some national council.

Labour confederations appear to be progressively divorcing themselves from leftist parties as they become more diversified from the point of view of the social classes represented, more "business-like" and more "functional pressure groups" than defenders of a particular social class.

At this point, a more detailed study of the situation in individual countries would of course permit certain special qualifications which must be ignored in an overall judgment. However, the general trend already stressed by Arthur Ross¹⁰ and other foreign observers is worth mentioning here.

Our outline of the new trend in trade union attitudes would be incomplete if we did not mention the self-discipline exercised at least at the confederation level by European labour in general as concerns their stands and their recourse to open conflict and disputes generally. This is one of the most striking developments for the foreign observer familiar with the atmosphere which prevailed in most of these countries before the war. In our opinion, this "responsible" behaviour is due not only to a new "spirit" but also, and specially, to the union structure itself and to the very broad and high level where labour relations problems are being discussed in Europe.

This, of course, cannot be achieved without difficulty and without rather important inconveniences at the lower levels in periods of full employment, specially in Great Britain, Germany and Holland, but we have there a condition which must be noted if we wish to present a fair report of the situation in those countries.

As regards the structures and functions of union and management institutions since the war, it must be said that while the ideological and political environments in which they operate have changed as noted above, the changes in their legal and formal status have not been very significant. However, new legislation has been passed and new or modified organizations have been established in the last 20 years or so in Europe. These will be the subject matter of the second part of this study, which will be devoted to the present situation of labour-relations institutions in Europe.

10 Arthur Ross, Prosperity and Labor Relations in Western Europe; Italy and France
Industrial and Labor Relations Review, Vol. 16, no. 1, Oct. 1962, p. 64 et seq.

II. LEGAL AND INSTITUTIONAL LABOUR-RELATIONS FRAMEWORKS IN WESTERN EUROPE

In this Part, we shall not undertake to give a detailed description of all the institutions and legal structures which in all countries under review are involved at the various stages of labour relations. Such an analysis would be too long and would become tedious in a document of this nature and would simply amount to a repetition of what can already be found in excellent, readily available publications, well known to all those concerned with these matters.

Instead, in accordance with our terms of reference, we shall try to stress for each stage of labour-management relations in the countries under review the most significant feature of industrial-relations systems, the formulas likely to be the most interesting for Canada, and the de jure and de facto institution providing the most useful comparison with Canadian institutions.

It should not be forgotten that in this field no genuine co-operation can exist unless it is carried out in proper institutional and legal frameworks at the very labour-market level where the parties are competing.

Of course, no institutional or legal frameworks will alone provide the will to co-operate. However, it is also a fact that a proper set of formulas for the reconciliation of diverging interests on the labour market during the bargaining for collective agreements or the settlement of disputes is a necessary starting point for broader co-operation in the labour-relations field. It is at this level that "competitive co-operation" to use the expression of the American economist Frank Knight, must begin.

A. COLLECTIVE BARGAINING AND AGREEMENTS

It should be noted that in the field of collective bargaining and of labour relations in general, a preliminary distinction must be made. While certain countries, like Great Britain, Sweden and Denmark, have maintained almost intact their pre-war legislative and institutional frameworks, in European Economic Community countries -- France, Belgium, Holland, West Germany and Italy -- changes, rather drastic sometimes, have taken place since 1945, through new or renewed constitutional provisions or amended or entirely different legislation.

As a very general rule, the new legislation reflects a broader acceptance of the existence of trade unions and provide a better defined and more liberal status for collective agreements. During the intensive "reconstruction" period of 1945 to about

1950, the freedom of both parties in the bargaining for rates of pay was more or less suspended through restrictive legislation.¹¹ However, except during that short period of severe "control", the trend has generally been in the direction mentioned above. Even in the Netherlands, where a relatively severe control is maintained by reason of the general economic situation, a certain degree of relaxation has recently been apparent. An indication of this new trend is found in the substitution of the Labour Foundation for the Government Mediators College as the organization charged with approving collective agreements.

Also -- a fact which may seem strange at first sight but becomes very logical upon proper examination -- it was during that 1945-1950 period that the new formulas which have now become familiar were tried out and put through their first practical tests. We shall not go systematically into the details of these legislative measures, but we shall refer to them occasionally in dealing with the formulas to which they have led in the various countries under review.

Status of Collective Agreements

As concerns collective agreements, it should be noted that, from the point of view with which we are concerned, they are in European countries as a whole, in Great Britain and Scandinavia as well as in the European Economic Community Countries, considered specially and primarily as broad sets of regulations covering individual labour contracts. They are not, like in Canada, "organic laws" of the firm itself providing for and regulating every detail of the day-to-day working relations at the plant level. They are relatively "void" of substantive provisions governing working conditions in the various industrial units to which they apply.

We have felt that no valid comparison may be made with what obtains on this side of the Atlantic unless that difference is taken into consideration. However, it should be added that during the last 15 years or so, in the European Economic Community countries, and since an even earlier date in Scandinavian countries, substantial progress has been made in the way of more definite agreements either through the

11 As illustrations, we may mention in France, the 1946 Law limiting the liberty of the parties in the fixing of wage scales and, in the Netherlands, a provision passed in 1945 requiring that collective agreements be approved by the Government Conciliator Office as a condition of their enforcement.

provisions of the general agreements themselves or through the development of "company agreements" which have become more important than they were before the war.

These general agreements are "primarily binding minimum standards for individual contracts passed between each employer and his employees".¹² This is mainly the result of the conditions outlined in Part I concerning industrial relations systems in Europe, but it also reflects the still powerful influence of common law over labour relations in Europe as a whole, notwithstanding what might be expected at first sight. While "sociologically", various countries, such as Great Britain and the Scandinavian countries as well as Belgium have, in practice, outgrown pure legal formalism, at law the day-to-day working relations between each worker and the management are still governed by the individual contract. This is very apparent, for example, in the settlement of disputes concerning working conditions in general.

In many countries, specially Britain, Belgium¹³ and Italy, collective agreement has no legal status as such. However, in actual practice they often are more effective than in countries where they have such legal status. Nevertheless, because they are considered as mere minimum standards, without, in many cases, any substantive content and because sometimes the actual determination of working conditions is made too dependent upon the goodwill of management alone, they do not contribute significantly to sound co-operation in industrial relations at the local level.¹⁴

Parties to Agreements

It is not the intention here to deal at length with the legal status of the parties to an agreement, i.e., to go into a discussion as to which countries provide for the legal entity of the contracting parties and which countries consider these parties merely as "de facto" voluntary associations. From a "sociological" point of

12 Gerard Dehove, "Le droit et la pratique des conventions collectives dans les pays de la C.E.E." social policy series No. 6, Collection Etudes, European Economic Community, Brussels, 1963, p. 14.

13 In Belgium, for example, and also in Britain, collective agreements cannot legally apply to individual labour contracts even by way of minimum standards. They have a mere "supplementing" value unless enforced, under certain conditions, by royal decree.

14 It must be noted, however, that in Britain tradition often provides a complement to formal agreements and "defines" sociologically numerous items concerning working conditions. The same applies to Scandinavian countries, where trade unionism is prevalent at the local level and where there are plant contracts as provided for by Agreements. Also, in Germany, "works councils" actually negotiate many things at the local level which are of interest to the employees. Finally, in France, following the 1950 Act, general collective agreements were improved and plant contracts have spread, especially since the 1955 Reynaud agreement. Nevertheless, we feel that our statement remains generally true.

view, such legal distinctions are not very important. It is therefore sufficient to say that only France and the Netherlands require that a "union" have a legal entity in order to sign a collective agreement as defined in their labour legislation. On the other hand, certain other countries, such as Sweden and Germany, impose upon the parties to an agreement the obligation to maintain "peaceful relations" while an agreement is in force and provides penalties for any breach of that obligation.

This is very important from the point of view of industrial peace. In Britain where trade unions are not legal entities but are by statute protected from legal proceedings for any action undertaken in the promotion of their economic interests in the labour-relations field, it has recently been argued that in the interest of a better labour-relations atmosphere and in order to curb wildcat or nonofficial strikes so numerous in recent years, trade unions should become legal entities, agreement should be made enforceable as contracts and therefore trade unions should, like their counterparts in Sweden and West Germany, be held legally responsible for the conduct of their agents, particularly their shop stewards, for example, when strikes are declared or any other action is taken in violation of a duly negotiated agreement.¹⁵

But what, for the purpose of a study of this nature, appears as specially important as concerns the parties to an agreement is the fact that in Western Europe -- and this applies to every country under review -- collective bargaining is still in the vast majority of cases carried out, not by labour units at the local or individual employers' level, but between large groups of employers and organized labour, generally at the level of the whole branch of industry, and, in certain countries such as Sweden and Denmark, at the over-all economy level.¹⁶

As a general rule, the legislation examined shows a distinct trend in that direction, to such an extent that it can be safely assumed that in those countries legislators intended to base labour-relations negotiations on vast units (labour and management confederations or federations) so that resulting agreements might be more readily integrated in the general economic and social policies of the countries concerned, so that such agreements might have a more direct "community" character and that the

15 B.C. Roberts, Edit., *Industrial Relations, Contemporary Problems and Perspectives* Methuen and Co. Ltd, London, 1962, p. 15.

16 We shall consider at a later point in this work the recent de jure and de facto trend towards bargaining on a much narrower basis.

parties to negotiations might be more conscious of the implications of their decisions in the field of working conditions for the economy as a whole.

Under the terms of the various legislations, collective agreements may be negotiated by individual employers and labour organizations. The laws themselves make no further provision but a whole series of requirements definitely tend to favour negotiations at a broader level than the local level, and specially at the level of the whole industrial branch.

For example, in West Germany, an agreement to be valid must have been negotiated "at the inter-enterprise level" which means that "an individual employer may sign a collective agreement, but never a group consisting only of employees of his firm".¹⁷ When an employer is a member of an employers' association, he may never be forced to conclude a particular agreement outside the framework of his association.¹⁸

In France, while the Act of February 11, 1950, is far more liberal than that of 1946 as concerns collective bargaining, since it specifically provides for regional and local agreements and company agreements without the necessity of a national agreement, all such agreements may only "adapt" the provisions of agreements, if any, existing at a higher level.

In addition, in France as in Germany, no local union may enter into an agreement unless it is affiliated to an organized federation. The purpose is to avoid the establishment of shop unions.

Those examples have been given merely to illustrate the general statement made above. Under different forms perhaps, but with even more emphasis, the laws or the practice of other countries merely confirm that statement, as we shall see when dealing with the extension of agreements and with the organizations changed in certain countries with negotiating collective agreements.

Extension of Agreements

Another matter closely related to the parties and to the application of agreements concerns the possibility provided almost everywhere in Europe of legally extending, subject to certain conditions, labour collective agreements. Such a practice is

17 Gerard Dehove, op. cit. p. 16

18 A recent case in point was the refusal by Ford of West Germany to negotiate alone because it belonged to an employers' association. The court upheld that decision.

virtually unknown in North America, except in the province of Quebec where an act to that effect, of European inspiration, was passed in 1934.¹⁹

A further study of that question might prove interesting since in Europe this principle of legal extension fits perfectly in the general systems of collective bargaining. It is to a certain extent the logical outcome of those systems in countries where the determination of working conditions is mainly considered as the result of broad regulations, largely negotiated of course, but always designed as standards for large sectors of the economy and therefore likely to be more readily integrated in an over-all wage and working conditions policy. Admittedly such a principle is quite at variance with the ones prevailing in North American industrial relations systems.

Through this process of extension, governments have succeeded in almost all countries under review in obtaining full participation of labour and management associations in the drawing-up of working conditions, even in sectors where such associations are not fully represented, while laying down certain conditions to ensure that standards set by private parties be truly representative of the areas to which they apply and do not disrupt the industrial sectors concerned.

We have no intention of making here an assessment of the results of such a system. On the contrary, our only purpose is to state what appears to be the logical basis of the system and to stress the precautions that are taken in those countries before granting extension and which should also be taken in Canada if we ever decided to move along the same line.

What are, briefly stated, those precautions? In France, under the law of February 1950, only those associations that are "representative" of management and employees may conclude "extensible" agreements. The management group must be a "union" as defined by law, i.e., it must be a legal entity. The same applies of course on the labour side. De facto groups may conclude "ordinary" agreements but not an "extensible" agreement. Still less, of course, may a single employer negotiate such an extensible agreement, as may be done under the Quebec Collective Agreement Act.

Also, on both sides the groups must be "representative" of the local, regional or national occupation or sector covered, as the case may be. The word "representative" is not defined in the legislation, but legal interpretation and administrative practice

19 Q.R.S. 1941, Ch. 163. The Superior Labour Council of Quebec is now working on an extensive study of that act.

have established criteria which it would be beyond the scope of this study to give in detail.

Furthermore, such agreements must include a certain number of clauses the terms of which are, of course, freely negotiated. As a rule, the extension may be made to a whole of a predetermined branch of the industry; in some cases, such as the national interoccupational agreement on supplementary pensions, an agreement may also be extended to all branches at the national level.

In Germany, it is provided, among other conditions, that no agreement may be extended unless at least 50 per cent of the workers involved be already covered by such agreement.

In Italy, no explicit legal provision is made for the extension of agreements but, in fact, the government has actually extended some agreements, or at least their wage provisions, by virtue of the Constitution and of certain powers conferred by a law of 1959.

In Belgium, an agreement may only be applied to noncontracting parties if it has been reached with a joint parity commission where, again, the parties to the negotiations must be "representative".

In Holland, the extension of agreements is not even considered as something of an extraordinary nature; as all agreements must receive the approval of the Labour Foundation, a consultative parity or joint organization at the national level with which we shall deal later, their extension is automatic.

As for Great Britain, we are familiar with their "wages councils" which have the power to extend the wage standards established for a recognized sector to a whole branch or area. In Sweden and Denmark, no legal provisions are made for the extension of agreements, but trade unionism is so strong and the authority of negotiation parties is so effective that, in practice, the few employees not covered by agreements get the same benefits as the others. Also, in Sweden, under a clause of the 1928 Labour Collective Agreement Law it is expressly provided that the terms of an agreement may to a certain extent be "imposed" through pressures, during bargaining disputes between an employer who is not covered and his employees, by those already covered (sympathetic strikes or other actions).

It must be noted that the extension of agreements is by no means a recent development. In Germany, for example, it dates back to 1919. For some 15 years, because of a period of well-sustained economic prosperity, it has lost some of the limelight even in such countries as France, where this special system is set out with great details in social legislation. However, it still is practised and it is still embodied in the legislation of most European countries. That is why it was deemed proper to make mention of it here, without, however, speculating on its chances of disappearance or survival in the course of the next few years.

Joint Bargaining Organizations

In Western Europe, one of the formulas most commonly used in collective bargaining and in various other aspects of labour relations (the settlement of disputes, for example) is what is called in French-speaking countries "paritarisme". It consists in the parties meeting together to discuss, negotiate and settle, generally without the help of a third party and without resorting to open dispute, their own relationships concerning every aspect of labour relations and various other problems.

The term "parity" implies a certain balance between opposing forces, a mutual recognition by each partner of the diversing interests of the other, a determination to reach a compromise wherever a compromise is possible, a certain consensus of opinion as to the long-term objectives of each party, and, finally, a certain degree of maturity leading the partners to make the decisions required for their own interests, with a minimum of recourse to arbitration and to compulsory government decisions.

In our opinion, this has been the most spectacular post-war development as concerns institutionalized "co-operation" in certain countries of continental Europe.

It must be added that, as early as 1917, Great Britain started the movement in that direction with its joint industrial councils in the private sector and its Whitley councils in the public sector. In Scandinavian countries, the formula dates back to the turn of the century and it has been later developed to the point where these countries have become an outstanding example for the whole industrialized world. The system has been in effect since the 1908 Agreement and especially since the 1938 Basic Agreement in Sweden and since 1899 in Denmark where the agreement of September of that year remained unchanged until 1960, when it was revised after 60 years of continuous application.²⁰

²⁰ We will deal with these countries at length when discussing dispute settlements.

Coming back to European Economic Community countries, where advances along those lines are more strikingly apparent in the light of the conditions in which labour relations have developed until the last World War, it must be said that only two of these countries -- Germany and Italy -- have no joint organization for collective bargaining.

France is in a class by itself though the situation is more closely similar to that prevailing in the two first countries. Its only joint bargaining agency is the Joint Commission established by a law of February, 1950, to assist disagreeing parties, at their request or upon the initiative of the Department of Labour, in arriving at an "extensible" agreement. The Commission is therefore a nonpermanent "ad hoc" organization, whose only role is to help reach collective agreements of major importance. Therefore, the title "parity" as applied to it is only partly justified.

In our opinion, Belgium is, in the European Economic Community, the leading country as far as joint bargaining is concerned. Under Section 10 of an Order-in-Council of June 9, 1945, joint commissions were established in the various branches of activity and no "extensible" agreement (that is agreements which may be made binding upon third parties as well as upon the persons represented) may be enforced by royal decree unless it has been reached in one of those commissions.

These commissions which theoretically exist at the national level for each branch, are permanent; they are created by royal decree at the request of, or failing such request, after consultation with the organizations concerned. They comprise the most representative organizations, together with a chairman and various independent individuals in an advisory capacity only. They are charged with negotiating wage rates and working conditions and also have certain powers as concerns the settlement of disputes and consultations with government bodies. We shall deal later with these two last aspects of their task.

For the sake of comparison, it may be said that in the European Economic Community, Belgium is the country where the system concerning labour relations and specially the status of the parties and of the agreements, as well as labour negotiations, is the most closely akin to that of Great Britain.

Theoretically, all agreements, enforced or not by royal decree, are reached in those joint bodies. In actual practice, however, a rather substantial number is reached outside this institutional framework, especially in the case of vast corporations with a high degree of economic concentration.

The Netherlands' system is rather peculiar. We find in the country "branch occupational committees" (bedrijfschappen) which legally are joint or "parity" organizations; strictly speaking, however, they are not bargaining agencies, but have certain regulatory powers of contractual origin and may in certain cases request and obtain an extension of their regulations.

In Holland, negotiations are carried out by direct and voluntary contacts between the parties, but the real parity organization, which plays a most important part in collective agreements, is the Labour Foundation.

This Foundation is mentioned here only from an institutional point of view. The real reason why it was established in 1945 was the urgent need for the country to launch a stringent economic and wage-control policy because of the economic reconstruction work to be carried out and the vulnerable position of the balance of payments. The Foundation is, therefore, essentially an instrument of domestic economic policy. However, from an institutional and political point of view, the Netherlands Labour Foundation is an example, perhaps rather "extreme" of labour-management-government co-operation in labour relations. Until January, 1963, the agency responsible for the approval of collective labour agreements was the Government Mediators College, a public law organization established in October, 1945, and composed of seven members appointed by and subject to the instructions of the Minister for Social Affairs. Therefore, up to 1963, there was no system of free collective bargaining in the Netherlands, but only a government-controlled system.

The Labour Foundation, an advisory body to the Government, in actual practice offered advice to the Mediators College. It is a parity or joint organization composed of representatives of labour and employer confederations deemed representative of the industrial sector.

However, in 1950, at the request of labour confederations themselves, anxious to play a greater role in the study of the over-all economic policy, the government formed the Economic and Social Council which took over part of the former duties of the Labour Foundation.

With the developments of 1963, when salary controls in the Netherlands "burst" so to speak under the pressure of the existing situation, the Labour Foundation was substituted for the Mediators College as the approving agency for collective agreements.

group dispute before the expiration of an agreement, unless such action has been waived by the parties under the terms of the agreement.

In all those countries, there are no compulsory arbitration procedures concerning disputes of interests, at least in the case of private services. All suggestions along that line have also been firmly opposed by employer as well as by employee associations for whom this would amount to wage-fixing by the government, such as exists to some extent in New Zealand and Australia. During the recent study of a draft bill to organize collective social relations between workers and employers, management and labour representatives on the Belgian National Labour Council strongly objected to a clause to that effect on the ground that "as concerns arbitration the power of enforcement resides in the arbitration arrangement"²¹ agreed to by the parties when they deem it advisable to make such arrangement.

Conciliation

In most European countries, conciliation procedures are merely of a voluntary nature and rest solely on the goodwill of the parties. Of course, in most of those countries, conciliation and mediation services are -- and in many cases have been for a long time -- available to the parties and these have often been developed by the social partners themselves either through ad hoc agreements or through ordinary collective agreements. However, it is interesting to note the extent to which our Canadian labour laws are stringent as compared to those of these West European countries. In England, Germany, Belgium, Italy, the Netherlands, Sweden and Denmark, there is no legal obligation whatsoever to go through conciliation procedures. France is the only country where, despite substantial liberalization of the legislation in this field since 1936 ²² conciliation (as a procedure) is still compulsory in the case of industrial disputes. Under Section 5 of the law of February, 1950, all labour disputes must be referred to conciliation. However, that does not rule out strikes, and conciliation procedures may be taken while a strike is on. Also, no penalty is provided

21 National Labour Council, Notice No. 196, April 1964.

22 The law of December 31, 1936, which was amended on March 4, 1938, established compulsory conciliation and arbitration. Conciliation necessarily preceded arbitration and recourse was open to the Superior Arbitration Court. The conciliation agreement and arbitration decisions were binding. The formal recognition of the right to strike in the Constitution of 1946 prevented, in the state of mind following liberation, a return to the principle of compulsory arbitration.

for failure to abide by this obligation except that a fine may be imposed for non-appearance before the Conciliation Commission. In addition, collective agreements must contain a clause concerning conciliation procedure (law of February, 1950).

While, as we have just seen, there is in European countries very little legislation and no compulsion concerning conciliation or mediation procedures, it should not be inferred that conciliation and mediation are non-existent in labour relations. On the contrary, in most countries, voluntary conciliation is common practice.

Because in some countries, such as Germany and Sweden, there is an obligation to maintain "social peace" while an agreement is in force, when disputes do arise, the parties must find a way to overcome them. We will see later how the social partners have resolved the problem in Sweden.

In Germany, conciliation procedures may be established under the terms of collective agreements²³ and the parties may also resort to the mediation services of the "landers" (provinces). In certain cases, the Minister of Labour may also intervene, but "ad hoc" mediation is preferred.

In 1954, labour and management confederations reached a standard agreement on proposals to be made to their respective affiliated bodies concerning conciliation and arbitration procedures (where, however, decisions would not be binding). But, according to German representatives interviewed, no very great success was achieved.

A similar development occurred in Belgium where the parties, in the National Labour Council, recently reiterated their opposition to too rigid institutional formulas and favoured private conciliation methods set out in the agreements with the approval of both parties.

So, the general conclusion is that, in Europe, the social partners prefer to rely on their own initiative in this field, rather than have the government step in.

23 In Germany, in the case of disputes arising between works councils and management, where the principle of joint decision is recognized and where company agreements are in force, conciliation Committees make decisions which are binding upon both parties. In addition, where voluntary conciliation procedure has been accepted by a trade union and an employer's organization, it must be observed or else a strike declared before the conclusion of such arbitration renders the union liable to legal procedures and damages.

However, it may be said that already at the time of the creation in 1902 of the Swedish Management Confederation (S.A.F.) Swedish trade unions were de facto recognized by management. With the very serious dispute of 1906, trade union acceptance was definitely granted and that year marked the end of autocratic rule by Swedish management and its replacement by mutual recognition of the partners and their organizations.

In our opinion, that change has been the basis on which the co-operation structure was later developed and finally led to the 1938 Basic Agreement which is, in effect, the charter of labour-management co-operation in Sweden.

It should be noted that as early as the turn of the century, the S.A.F. and the L.O. (Swedish General Labour Confederation) were in agreement to keep government regulations at a minimum, to condemn the resort to force in order to settle a dispute while an agreement was in force and to work together at determining the nature of disputes and at finding proper solutions. This last point had, in fact, been the subject matter of a summit agreement in 1908.

The 1938 Basic Agreement was primarily intended at industrial peace. It covers practically all phases of relations between the parties from negotiation procedures to the protection of neutral third parties in case of disputes and of economic sanctions, and including the voluntary and final settlement of disputes arising out of collective labour agreements, and the establishment of regulations designed to solve working condition problems: employment methods, discharges and lay-offs, and all matters relating to personnel management. Finally, procedures were set up for the settlement of disputes likely to affect the proper operation of essential public services.

The highlight of the 1938 agreement was the establishment of the Labour Market Commission, a joint commission whose many duties and functions include bargaining and, in certain circumstances, conciliation and arbitration.

The main concern of the Commission is the settlement of disputes endangering essential public services and of problems relating to job security. It is used as a private arbitration tribunal, in cases of disputes likely to affect neutral third parties.

Finally, the Labour Market "Committee", established in 1936 to negotiate the Basic Agreement, is now a permanent agency providing a forum for the study and the

settlement of all major problems involving the two confederations (S.A.F. and L.O.).

It should be added that other basic agreements, in too large a number to be listed here, have been reached in Sweden, covering other sectors of working relations.

They form an unparalleled "private" network in the field of labour-management co-operation.

Our reason for emphasizing the Swedish experience concerning co-operation in industrial matters and for social peace is that this co-operation appears to us as essentially based on three main factors: (a) the fact that since the 1930's the "direction" of labour relations has been mainly concentrated at the confederation level (S.A.F. and L.O.); (b) the possibility for the confederations to have the vast majority of their affiliated bodies accept the basic agreement signed at the summit, which calls for a great disciplinary power and control by the confederations over their membership; (c) finally, a favourable political climate in which a proper balance of powers between the social partners and the government has been achieved and maintained for over 30 years.

The special characteristic feature of Swedish and Danish systems,²⁶ as opposed to those of other countries of Western Europe, lies in the fact that in such countries as Germany and the Netherlands, industrial peace, while also very prevalent, is due to a greater extent perhaps to legislation, government established institutional structures or simply to a strong public opinion which serves as a check on trade union power in periods of full employment and economic prosperity. By contrast, in Sweden, this peace is mainly due to the quasi-public status of the social partners and to the fact that for all practical purposes these partners are substituted for the government in the drawing-up and the application of the procedures designed to safeguard industrial peace.

In France, the relative absence of economic disputes is mainly attributable to the weakness of unions and to the fact that, at the company level, decisions concerning a great number of problems are still taken unilaterally by the management.²⁷

26 The Danish system is quite similar to that of Sweden and could as properly, perhaps, have been used as an illustration. Lack of space has compelled the author to use one example only.

27 J.D. Reynaud, *Op. cit.* p. 165.

Of course, our collective agreement system provides for the settlement of various problems which, in Europe, come under the jurisdiction of works councils, established during the course of the last twenty years or so. However, many questions, which are not dealt with under our collective agreements or otherwise are, in Europe, subject to discussions and, in some cases, to joint decisions, within these councils.

While they were established primarily as a means to fill a gap, labour representation organizations at the company level have now become useful means of labour-management co-operation and could be used as models for Canada.

Personnel representation at the company level varies considerably from one country to another in its objectives, structures, forms and results.

Personnel Delegates

In France there are two types of institutions: personnel delegates on the one hand, and works committees on the other. Each is charged with special functions. Personnel delegates, first recognized in 1936 and reinstated by a law of April 16, 1946, are elected representatives of wage-earners, irrespective of their labour affiliation, in plants employing more than 10 workers. While these delegates are not, in a legal sense, labour representatives and while they are independent from labour organizations, these organizations naturally exert a strong influence on their election and their behaviour, as very often they are active supporters of these organizations and, in any event, they may only be elected from lists submitted by labour organizations on the first ballot.

"One of the duties of the delegates consists in transmitting to the employer all individual and collective demands which cannot be dealt with directly, concerning rates of pay, occupational classification or the application of the provisions of the labour code or other statutes and regulations relating to labour protection, health, job security and social assistance. In the absence of works councils, they may also propose the introduction in the company of technical improvements suggested by the personnel."²⁹

29 Gerhard, Boldt, "La représentation des travailleurs sur le plan de l'entreprise dans le droit des pays membres de la C.E.C.A." by G. Boldt, P. Durand et al: Droit du Travail. Vol. III, Coal and Steel European Community, Luxembourg, 1959, p. 62.

Belgium offers similarities with France in that it has a legal institution, distinct from works councils, for the representation of the personnel.³⁰ These are union personnel delegations which date back to the Labour Conference of June 1947. However, in Belgium, these union delegations may be formed only by a decision of branch joint commissions. They are found specially in the mining and steel and in the metal construction industries.

While in France, trade unions have a priority right as concerns the lists of nominees for the election of the personnel delegation, in Belgium only lists originating from the unions may be accepted and these must be established on a pro-rata of the membership of each organization in the company. In addition, union delegations represent only wage-earners, which is not, in law, the case for French personnel delegates.

The main function of personnel delegates in France and of union delegations in Belgium is to vent "grievances" at the local level; it is distinct from that of the works councils which are specially charged with joint determination in social matters and of consultations in economic, financial and technical matters.

In Great Britain, Sweden and Denmark, local-level "grievances" come under the shop stewards whose status is generally defined by labour collective agreements rather than by statute.

In Europe, the functions of personnel delegates, shop stewards or union delegations are classed "social", meaning that they imply no responsibility in economic, financial or technical matters; these are the sole jurisdiction of works councils.

In the other countries -- Italy, Germany and the Netherlands -- personnel delegates have no legal status; in general, their would-be functions are discharged by works councils which have a joint and, often very broad, jurisdiction.

Joint consultation in Great Britain

As we have stated above, work councils have been in existence at least since 1945, in all countries covered by this study.

³⁰ Italy has "external commissions" but when a business is not big enough to warrant such a commission, one person is appointed to represent the personnel.

These councils are joint or "parity" organizations in that sense that the management may appoint up to seven representatives and has the "de facto" right to appoint the chairman.

In Denmark, councils consist of an equal number of representatives of the employer and of the various categories of union labour, on the one hand, and of non-union workers, on the other hand (technical and commercial staff not belonging to any trade union).

In all Common Market countries under review, trade unions, while granted either extensive privileges in some cases, do not have exclusive employee representation rights in works councils. In France, for instance, representative trade unions have the exclusive privilege of presenting lists of nominees, but for the first ballot only. In Belgium, the right of representative trade unions to nominate candidates is even stronger than in France since it applies along the line. In the Netherlands, representative trade unions have in actual practice the same privilege, but, theoretically speaking, the right to elect and to be elected is not dependent upon union affiliation.³³

In Germany, these nomination rights rest not with trade unions, but with individual workers and employees. However, in actual practice, German trade unions have a large degree of control over works councils -- as was repeatedly mentioned to us during our visit in that country.

Still from the point of view of "composition", it should be mentioned that in Sweden, Denmark, France, Belgium and the Netherlands, management is represented on these councils and the chairman is always chosen among their representatives.

Two countries -- Italy and Germany -- admit workers only as members of works councils (internal commissions in Italy); management is not represented and, therefore, these councils are not joint organizations. They are more of the nature of labour "representation" or "grievances" groups than in countries with joint representation.

Powers

Concerning the powers of works councils, it may be said, without here again

33 G. Boldt, op. cit. p. 42

going into details, that vis-à-vis the management these councils are in most of the countries under review mere advisory bodies. This is particularly the case in Sweden and Denmark, where councils have no power of decision. They are primarily organizations charged with co-operating on various problems or channels of information, advice and discussion in economic, technical and financial matters, job security, working conditions, discipline, personnel training, etc. Union representatives may also, of course, make suggestions to employer representatives concerning the above matters.

In France, works committees and plant committees partake in decision and have responsibilities in "social" matters (for example, the social services provided by the company) but act only in an advisory capacity in economic and technical matters (organization problems, economic and financial aspects of the business). Their situation is the same in Belgium.

In the Netherlands, works councils have no part in decisions.

In Italy, internal commissions more or less cumulate advisory power in technical matters with joint decision rights in the management of social matters, but have no influence on economic and financial matters. Their role is more akin to that of personnel delegates in France and, therefore, their advisory functions are allied with the "grievance" powers in matters of personnel.

As regards works councils, the most interesting case perhaps is that of Germany, where related legislation is the most elaborate.

In Germany, works councils have been given distinct "joint determination" and "joint management" rights. The basic statute in this respect is the Law of October 14, 1952, on the status of businesses, and specially Section 49 thereof, wherein the official government policy on co-operation between the social partners and on industrial peace is specifically stated: "Employers and workers councils shall co-operate in good faith within the framework of existing legislation and collective agreements. They shall promote the interests of the business and of the workers by co-operating with the trade unions represented in the business and with employer associations, in the light of the general interest."³⁴

34 Law on the status of businesses, October 14, 1952, (BGBl. I. p. 681); Section 49 (extract).

It would appear that the proper operation of these councils is enhanced by the degree and organization of co-operation, "at the summit", between the social partners at the national level.

In France, up to now in Italy and up to the immediate post-war years in Germany, attempts have been made by some confederations such as the C.G.T. in France and the C.G.I.L. in Italy to make political instruments of these councils. For instance, after 1947, when it came under the domination of the Communist Party, the French C.G.T. attempted to use works councils as "instruments of class struggle"³⁶ and that was an easy task because, in many cases, it had a majority representation.

In general, French and Italian trade unions, while they tried to make the most of works councils to boost their own interests, very soon became critical of these organizations which, in their opinion, were preventing a more direct action by unions at the plant level. A lack of proper training on the part of labour representatives, a negative, obstructive and paternalistic attitude towards works committees or internal commissions on the part of management, who saw in those councils a sly means of encroaching upon their traditional rights, prevented, in these countries at least, the formula from achieving in actual practice the results that legislators had expected.

It is, therefore, not surprising that in France and Italy labour organizations have been and are still requesting a "union section" at the company level in order to play a direct role in the promotion of the interests of their members at the local level. "Company union sections are now being sought in pressing terms from the government in France by the C.F.T.C. and F.O. As might be expected, French management is vigorously opposing such requests, at least so long as the C.G.T. will be what it is and so long as it will continue to predominate by its membership and by the 'favour' it enjoys with large sectors of the labour force."

In Germany, from what we have heard, the D.G.B. (Confederation of German Trade Unions) claims to be "most interested" in the establishment of joint management and works councils which, they say, they could use to considerable advantage. It should be noted that while only 40 per cent of German wage-earners belong to trade unions, these unions have a strong control over works councils whose members are union men to the extent of 83 per cent.

³⁶ J.D. Reynaud, op.cit. p. 212.

This is not surprising in the light of the practical monopoly exercised by the D.G.B. in union organizations and of the joint decision powers granted by collective agreements to works councils. Therefore, it would appear that less pressure is exercised by the unions in Germany than in France for the establishment of local union sections.

III. LABOUR RELATIONS IN WESTERN EUROPE AND THEIR SIGNIFICANCE AT THE NATIONAL LEVEL

After having seen the new labour relations "atmosphere" existing in Western Europe, as described in the first part of this document, and the institutional and legal framework in which these relations are carried out, it may be interesting to examine how these industrial relations systems fit into the over-all economy and the political life of the countries under review.

Some preliminary remarks are required to locate these systems in the dynamics of the national contexts where they operate at the present time.

A. INCREASING GOVERNMENT PARTICIPATION IN THE ECONOMIC AND SOCIAL FIELDS

One of the main characteristics of most European countries, as compared with the United States and Canada, is the much greater role played by public authorities in economic and social matters, especially since the end of the last World War.

In the course of the last few years, European governments have initiated economic and social policies and economic development and stabilization programmes which have led the social partners to co-operate with them in various nation-wide organizations.

It is not our intention to examine here in detail these organizations whose main purpose is to help solve the economic problems in their respective countries.

Now this shift by governments away from liberalism, while it increased their role in labour relations, also extended the social partners' activities from the industrial field where they were confined to the national field where meetings take place in vast "co-operation" or at least "dialogue" organizations: The Central Economic Council and the National Labour Council, in Belgium; the Labour Foundation and the Economic and Social Council in the Netherlands; the Economic and Social Council, and the Superior Commission for Collective Agreements and the Plan in France; the National Economic Development Council (N.E.D.C. or Neddy) in England, etc.

In our opinion, Great Britain is perhaps the country where co-operation at the national level has made the least progress. Government attempts, such as the establishment of the National Incomes Commission, have met up to now with practically complete failure. British management is opposed to government intrusion in income and labour relations. On the other hand, up to the present time labour has rejected the concept of a national incomes policy and while the T.U.C. has adopted a slightly more conciliatory attitude towards the National Economic Development Council, it has not obtained the complete backing of its members.

British feelings are not yet ready for a full endorsement of concerted economy policy. Both management and labour have deep-rooted traditions of self-help which are not conducive of a spirit of co-operation with public authorities within the framework of government economic and social policies. It is still, in the words of Professor Kahn-Freund, the era of "collective laissez-faire".⁴¹

We believe that, structurally, the social partners are not at this time as well equipped for co-operation at the national level as those of the other European countries. Even though from the point of view of their membership and of their power as a grievance organization on the labour market, trade unions are stronger than their counterparts in other countries, because of the obsolete structures of its frameworks, of its multiplicity of organizations, a lack of cohesion in leadership and a relative absence of control of the T.U.C. over its affiliated bodies, the British labour movement is trying to find its way and cannot, at the national level, present to the other classes of society, to public opinion and to the government a sound and unified picture of itself.

The situation is very much the same as concerns management. The powers of British Employers' Confederation, for example, over their affiliated members are not in any way comparable to those of their counterparts in other European countries.

For that reason and because they have not yet developed the truly representative structure that would be required for a dialogue at the summit, they are less inclined to accept unreservedly increased government intervention. In our opinion, until such time as British management and trade unions have achieved greater representation

⁴¹ "The belief in the value of collective bargaining is held with almost religious fervour" quoted by W.F. Frank, The Drift Towards a British National Wages Policy in Current Law and Social Problems, Vol. III, Toronto, 1963, p. 73.

at the summit, through serious internal changes in structures and powers (which is not foreseeable at this time)⁴² it is unlikely that there can be as effective union-management-government co-operation in Britain as there is in most of the other European countries.

B. SOCIAL PARTNERS AND POLITICS

It should be noted that, in Europe, trade unions seem to show a greater willingness to co-operate in countries where they are politically stronger. That willingness is noticeable in Sweden and Denmark, for example, where trade unions have with social-democratic parties very strong ties which give them a quasi-public status. It is also the case in Belgium and the Netherlands, where the various trade unions confederations have close relationships with political parties of like ideology and where those parties are the political arm of the confederations concerned within the government.

In those countries, trade unionism is politically "in a position of power" to such an extent that hardly anything may be decided without them. With the prominent role achieved by centre-left parties following the last World War, some of their top leaders are also key political figures.

In Germany and, to a greater extent, in France and Italy there has been some tendency for labour confederations to shift gradually away from political parties, with the development of an economic situation allowing them more effective direct economic action on the labour market, with the cooling-down of popular ideologies under the effect of an improvement in living standards, with the tendency of government of whatever political affiliation to interfere increasingly in the economic and labour-relations field and with the opening of new opportunities for efficient participation and dialogue within councils and commissions of all kinds, by which grievance procedures were, so to speak, "institutionalized" at the national level.

This development is particularly apparent in France. Since its establishment in 1895 and the Charter of Amiens in 1906, the C.G.T. had always kept away from politics. Likewise the C.F.T.C. has, since its establishment in 1919 and again in 1946, consistently held that the confederation's duties were incompatible with political responsibilities. In contrast with what has been the case in other countries, trade unions in France were never organically linked with political parties.

42 B.C. Roberts, op. cit. pp. 20 and seq.

Another major problem confronting British labour movements at the present time is the fact that, because of technological advances and changes in employment structures, the T.U.C. is faced with a real dilemma concerning its affiliation to the labour party. Actually, British labour unions have in their ranks relatively few white collars,⁴⁷ as compared to Swedish and Danish unions for example, and many potential members or affiliates are reluctant to be identified with the labour party. To improve its position as a representative national institution, the T.U.C. will have to win over these white-collar groups. The alternatives are to break its political ties and then it will get into difficulty with its present left wing, or to maintain its traditional positions and face a gradual decline of its importance in the country as a whole through a further rejection by public opinion, which already, in the economic and social environment, is none too favourable.

C. MANAGEMENT ORGANIZATION

As was stated at the beginning, one of the main traditional features of European labour relations is the high degree of organization in the management group. This is a feature which needs to be stressed when comparing the organizational situation of European and Canadian management in the face of increasing government intervention in the economic field.

In certain countries, such as Sweden and Denmark, sound and consistent management organization was achieved long ago i.e., around the turn of the century.

As early as 1919, employer organizations extending beyond industry lines were taking shape in countries like Great Britain and France. However, due to the establishment of the British Employers' Confederation (B.E.C.) in 1919, an integrated structure was achieved much sooner in Great Britain than in France. Here we do not take into account the various organizations at various levels (local, regional, industrial, commercial, etc.) dedicated to the defence and promotion of the interests of the business world and constituting a very extensive network of representative organizations providing to their members professional, educational and technical services.

From our point of view, the most significant development of the post-war years was the gradual rise of European management to positions of prestige and power within

47 We use this expression in its widest sense including all who are not manual workers such as "employees", technicians, professionals, administrators, teachers, hospital employees, etc.

their respective national communities, after a definite loss of prestige during the depression of the 1930's, the rule of fascist regimes in Italy and Germany and the "revenge" of leftist democratic forces following the Allied victory over the Axis powers in 1945.

In Germany, management confederations were forbidden by the occupation forces until 1948, but from that year on they began to reorganize, in spite of the restraints that were still imposed upon them, and in 1950, they formed under the provisions of the basic law of 1949, which was to a certain extent a continuation of the law of 1919, the "Federal Union of Employers' Associations", commonly known as the German Employers' Associations Confederation (B.D.A.). There are also boards of trade, industrial associations grouped in the German Industries Federation. This federation has jurisdiction over economic matters, while the German Employer Associations Confederation is limited to social matters, which include however all labour-relations problems, particularly rates of pay.

Management organization in Germany is extremely strong and influential. In the countries under review, Germany is probably the country where management has the greatest power on government and public opinion. This is of course due to a great extent to the fact that the declared policy of the Bonn government in the economic and social fields is based on free enterprise of "new capitalism".

German management is, therefore, at the very heart of the German post-war "miracle", and this is reflected in all sectors of the German economy. For example, according to the management representatives that we have met, the legislature must receive representations from management and labour organizations when considering a proposed legislative measure in which they are concerned. Since in the existing economic system, the implementation of government proposals depends primarily on management's co-operation the influence of the business world is obvious.

Until now, German management has succeeded in keeping trade unions out of plants and in preventing too great a dispersion of collective agreement procedures, in spite of the pressures exerted by full employment on wages, and of labour demands to obtain company union sections and company agreements.

In contrast with its Scandinavian counterparts, the German Employers' Associations Confederation has no power to impose its will upon its members, but the sense of

According to observers, French management is in the process of completely changing its image in social quarters and even in the eyes of labour, which is no small achievement.

This sense of achievement found in German and French management is what seems to be lacking in Great Britain. It is quite possible that government-established institutions such as the N.E.D.C. will, if the experience is successful as we feel it will be, give similar results on this side of the Channel.

It might be added, though we cannot insist on this point, that the situation seems about the same in Belgium where the Belgian Industries Federation (F.I.B.) appears to be very influential even though it is not as representative of economic life as the C.N.P.F. in France, being limited to industry.⁴⁹

It should be added that management is very influential also in the Netherlands. In all phases of labour relations, as well as in all legislation on the subject, for example, on collective bargaining, joint representation at the industry and company levels, joint decision is non-existent and safeguards are always provided concerning management's rights in the operation of industry.

D. STRUCTURAL PROBLEMS

One of the most obvious consequences of management solidarity in Europe is that, in spite of the centrifugal forces of today's economic situation (full employment, increased productivity, local pressures for individual negotiations, real salaries in excess and often greatly in excess of statutory minimums negotiated at the confederation level, etc.) bargaining is still mainly centralized. With company agreements of the Reynaud type in France and the general "break-through" of the official ceilings at the local level in all these countries, one would be led to believe that the "national" agreement which is gradually becoming void of any substance, would also lose all its significance. In fact, in the eyes of a North American, this process is already at an advanced stage.

However, up to now management resistance has been successful in maintaining the traditional method of bargaining and without going into the details of the economic

⁴⁹ This is also the case for the British B.E.C., the German B.D.A. and the Italian Confindustria.

and social reasons advanced for this, we may say that there seems to be no prospect of any significant trend towards bargaining decentralization such as is now current in North America.⁵⁰

It should be added in this connection that the national representatives of labour confederations, in all of the countries covered by this report, are in favour of the continuation of the current practice and would frown on any disruption of their present powers.

For their part, governments, now engaged in delicate programmes of balance and development, apparently have no great desire to start wholesale dismantlement of existing institutions.

In our opinion, however, the present system leads to two serious problems.

First, the absence of official trade union representatives at the company level (at least in certain countries) allied to present prosperity and to the benefits nevertheless obtained or unilaterally granted at the local level, has tended to undermine labour prestige in general and with the wage-earning classes in particular so that in certain countries like France, Italy, Germany and Great Britain, membership has been decreasing and the difficulties of recruiting additional working classes have gradually increased.⁵¹

Furthermore, in Europe serious communications problems appear within unions, between the rank and file and the leaders at the national level. These problems are particularly serious in France, the Netherlands, Germany and Great Britain. All decisions are taken at a very high level, where complexities are such that they could not be understood by ordinary members at the plant level. There is no contact between the ordinary membership and the headquarters. The headquarters, which operate in official spheres, are sometimes surprised at the spontaneous reactions by the local members.⁵²

50 It seems that in Denmark the tendency is towards greater centralization. In 1962 both sides agreed to negotiate first at the confederation level and then at the level of the various sectors to adapt the master agreement while, therefore, negotiations were carried out at lower levels before agreement was reached at the summit.

51 On this subject, see Arthur Ross, Prosperity and Labor Relations in Europe: The Case of West Germany, the Quarterly Journal of Economics, Vol. LXXVI, August 1962, pp. 338 and seq.

52 A recent example was in the Netherlands where tension which led to an increase of the salaries set by the Labour Foundation last year, through a certain "rebellion" of a few big employers, surprised even national labour leaders.

A solution to these problems was suggested by B.C. Roberts for Great Britain but, in our opinion, it might apply also to other European countries. It would consist in making labour organizations officially present at the company level, in giving to collective agreements at that level a certain status and a great significance while maintaining or providing in some countries a stronger and more definite hierarchy from top to bottom, in order to ensure better control at the top and greater flexibility at the industry level.⁵³

CONCLUSION

Despite the many limitations that were unavoidable in the study of so broad a subject, we feel that one dominant fact emerges clearly from our consideration, from the point of view of the potential contribution to labour-management-government co-operation, of the labour-relations systems of the various countries covered by this report. That fact is that, notwithstanding certain shortcomings, rather serious in some countries, concerning the structural requirements in conditions of prosperity or concerning union democracy in the ideal sense of the expression, most of the European industrial relations systems considered can be more readily integrated in over-all government social and political policies than, it would seem, our own North American systems.

Of course, everything is not perfect -- far from it. In certain cases major adjustments should be made. But the basic institutions already exist and are operating with a surprising degree of effectiveness; mentalities, as a rule, are adapting themselves to the new contexts and an almost universal desire, or we might say, a joint will, to understand the problems and find proper solutions are some of the many factors which strike the foreign observer.

In our opinion, there are two basic reasons -- many others might also be mentioned -- for that situation.

First, because of the very nature of the systems considered, social partners in Europe have developed a keen sense and a real concern for the "community" implications of their respective decisions and behaviour in the pursuit of collective relations and in the promotion of their groups' interests.

⁵³ B.C. Roberts, op. cit. pp. 8-13.

One is impressed by the broadness of views of each partner in assessing his own interests and his particular problems. These are always considered from the broader angle of general economic balance and growth problems on which, it is readily admitted, is hinged the long-term fate of the various partners.

This does not prevent labour unions from claiming a better distribution of power and income for themselves and their members, but they always do so within these over-all "limitations".

The attitude of most European labour movements seems to be characterized by a sense of self-discipline, which may be considered as a surrender or a weakness by old-style leaders but which, in our opinion, is essential in a period of advanced and increasingly interdependent economy.

Problems being considered from a broader point of view and in the longer term, unions have a growing tendency to be more realistic in their own demands through the use of statistical and scientific research instruments.

In this connection, it is interesting to note the great role played by governmental agencies established over the last ten to fifteen years in the various European countries to deal with economic and social problems: economic and social councils, expert groups, national accounting services, plans, labour market offices, etc.

On the other hand, the social partners themselves, stimulated by such government measures, have developed, sometimes to a degree found very impressive by Canadian observers, their own technical study and research services, as well as services for the training of junior executive personnel.

The movement along these lines started long ago in Great Britain and is most advanced in countries like Sweden and Denmark where economic, statistical, legal and social research services are available to employers and employees. There are also labour colleges and institutes for the training of management staff.

Joint bodies have also been established by the social partners themselves. An example of these is found in the Joint Labour Study Councils in Sweden, operating under the aegis of the Labour Study Bureau, an organization constituted following an agreement between the partners. In Denmark, in joint consultation we find information and education programmes established by the 1947 agreement between the Danish Employers' Confederation and the Danish L.O. These are only examples chosen at random.

In Germany, the Netherlands and Belgium, a similar intellectual equipment movement is already very advanced.

In France, while they have as yet seldom called upon university professors and graduates to staff their research and training services, trade unions have developed within their own ranks teams of specialists for the purpose of participating more intensively at the local, federation and confederation levels, in works committee consultations, in studies related to collective agreements and in the various activities of national councils, particularly those of the Plan.

In recent years, study bureaus have been established by the various confederations; these are composed of university people and specialists and embrace practically all aspects of the problems facing the labour movement and include such organizations as The Economic and Social Study Bureau of the F.O. and the Research and Economic Action Bureau of the C.F.T.C. (B.R.A.E.C.). Finally, in some sectors, inter-union organizations have also been developed with the assistance of the government, such as the Inter-Union Study Bureau of the Textile Industry, operating on behalf of the F.O., C.F.T.C., and C.G.C. On the management side, an illustration is the Study and Research Centre for Business Operators established in 1953 by the French National Management Council in order to further the training of business managers through series of studies, discussions, meetings and seminars.

Finally, in the European Economic Community, market integration is an important factor in forcing the social partners in member countries to broaden their horizons and develop among themselves an atmosphere of discussion and adjustment in anticipation of the problems which they will have to face in gradually more and more integrated yet competitive economies.

The economic prosperity which has been furthered by the various European "communities" -- C.S.E.C., E.E.C., etc., -- has developed in the partners a certain optimism which promotes arrangements and compromise. It would seem that, in these countries, there is between the social partners and between member countries no antagonism or difficulty which cannot be resolved by reasoned compromise and the pooling of imaginative resources.

The European Economic Community has not yet considerably affected the components of the various national labour-relations systems. However, the common institutions it helped to establish, the basic agreements on various questions made possible

by the Rome Treaty, the other agreements signed by member countries of other communities, the far-reaching studies undertaken on many problems of primary interest to the social partners, all this new "sociology of European social law", to use the expression of Professor Arthur Doucy,⁵⁴ seem to point to a yet unsuspected evolution of European labour-relations institutional and legal frameworks in the direction of greater cohesion and an increasing awareness of the larger groups and their requirements.

54 Arthur Doucy in "Eléments de droit social européen" by Leon-Eli Troclet, Institute of Sociology of the Free University of Brussels, Preliminary Edition, Brussels, 1963, Foreword, p. X.

EXPERIMENTS AND PROGRESS IN THE FIELD OF
LABOUR-MANAGEMENT RELATIONS IN EUROPE

ECONOMIC ASPECTS

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FOREWORD

In the Spring of 1964, I was requested by the Economic Council of Canada to make a study of the economic aspects of labour-management co-operation in certain countries of Europe.

That study was carried out in two stages. The first consisted in a series of interviews with government, management and union officials in Britain, France, Belgium, Germany, Italy and the Netherlands. I also had conversations with experts in labour matters of the Economic Co-operation and Development Organization and of the International Labour Office. All these interviews, organized by the services of the Canadian Department of External Affairs, were held during the month of June and in the early part of July, 1964. I wish to express my appreciation to all those who granted interviews and to the Department of External Affairs' officers for their many services during my visit in the countries mentioned.

The second stage consisted in an analysis of documents and of various studies. That was done during the months of July and August. In this latter part of the work, I received valuable help from many persons. Mr. Claude Rondeau prepared an extensive bibliography. Mr. François Lacasse and Mr. Normand Cinq-Mars also gave a good deal of their time to that list. To them my sincere thanks. I wish to thank also Miss Francyne Beaudoin for her active co-operation throughout the preparation of this paper. Any error that may have been made is, of course, the responsibility of the author.

INTRODUCTION

In Europe, post-war industrial relations have developed in a context of rapid economic growth which continued even during the period 1958-63, which was a period of difficulties for American and Canadian economies. Leaders in Europe are confident that this growth will be maintained at a high level in the future, that productivity will continue to improve, that labour will remain in short supply, that real wages will increase constantly and that a proper balance of payments will be achieved at least for the European Community countries as a whole.

When economic conditions are favourable, real salaries and wages tend to increase and, when such conditions are maintained for a number of years, a steady improvement in workers' income has the effect of easing economic conflicts between management and unions and of making labour-management co-operation in long-term economic and social growth possible. When, in addition, such a happy situation appears to result from a well-considered policy rather than merely from a naturally favourable economic environment, governments are likely to make concerted efforts to provide for the continuity of economic growth in an atmosphere of confidence and co-operation. Without such an economic and social environment, the progress made in labour relations in Europe during the last two decades could not be explained.

An increase in industrial production has been the main dynamic force in the economic growth of European countries. Because of this predominant role of industrial progress and because of the relationships between wages, prices, investments and competitive capacity in foreign markets, attention was inevitably focused on industrial-relations problems, and specially on their economic aspects. This concern of the social partners and of the general public for labour-management relations is maintained and even increased by present pressures on the labour market. However, during the first decade of the post-war period, European trade unions' industrial-relations problems were not confined, as they were in North America, to claims for higher wages in a context of buoyant economic conditions. These problems were part and parcel of broader debates sparked by a desire to pursue the conversion of European societies and to perpetuate the happy post-war growth which everyone refused to consider as a brilliant interlude in an otherwise long and dull historical development. The place of trade unions in a dynamic society, business reform, joint management, concerted economy, programming, income policies and supranational institutions' influence were considered in discussions, meetings, workshops and various publications, the contents of which will be briefly dealt with in this report.

LABOUR-MANAGEMENT CO-OPERATION

This Conference of the Economic Council has been dedicated to labour-management co-operation. The object of this report is not to present the results of an exhaustive analysis of industrial-relations development in Europe, but rather to consider this development from the specific angle of employer-trade union co-operation. It is necessary, as a preliminary step, to consider the central concept of "co-operation" in order to determine whether or not it is adequate for an analysis of the European situation, or whether it should be broadened and associated with other concepts. Our purpose here will be, not to engage in a semantic study, but merely to arrive at some fairly accurate definitions of some of the instruments to be used for analytical purposes.

Co-operation is used to denote the joint efforts of independent persons or institutions to settle peacefully certain problems without constant recourse to instruments of conflict.

Co-operation excludes the authority of any party to affect the conduct of the others by its power to impose penalties. It applies to relationships among persons or institutions with direct and not merely delegated powers who, in the exercise of their functions, are entitled to take their own independent stands. Therefore, serious doubts may be expressed as to the existence of co-operation in cases of constant interaction and of functional relationships.

Because they involve both contractual obligations and continuous autonomous interactions, labour-management relations are a field where the existence of conflict or co-operation is particularly significant. Of course, co-operation is not essential to the stability of industrial relations at the company or economy level. However, an atmosphere of co-operation and industrial peace based on mutual respect and confidence between the parties is conducive to a progressive and dynamic approach to the social and economic problems of a modern society.

The concept of co-operation between employers and unions may seem adequate for a study of North American industrial relations. As generally used, the word "co-operation" implies no institutionalized relations between the parties. For that reason, the term would appear as too restricted for a proper study of the conditions prevailing in Europe where such relations are in fact institutionalized. For a proper understanding of the conditions as they exist in Europe, the use of other concepts, such as "parity", industrial democracy, tripartism, economic concertation and co-ordination, is required. However, in each of those concepts, co-operation appears as a basic element. Social partners' decisions cannot be co-ordinated in the absence of co-operation. No

institution where representatives from both parties must jointly express opinions or work for the solution of problems may be expected to operate properly in an atmosphere of constant opposition between management and union groups. But parties cannot co-operate and cannot co-ordinate their decisions in the absence of at least partial acceptance of the existing social and economic structures, of continued communications between management and labour groups, of a preference for the peaceful settlement of disputes, of a catalytic and not merely arbitration action by the government and of a thorough knowledge of the problems and of the implications of economic, social and political decisions.¹

In the economic field, labour-management co-operation and co-ordination of decisions are very hard to achieve. In matters of wages and other economic conditions of work, opposed immediate interests suggest conflicting rather than co-operative approaches. However, at the company level, various problems may offer certain grounds for labour-management co-operation. At the industry, regional and general economy levels, common objectives are more readily apparent. Both employers and employees benefit from an expanding economy, a high level of demand and employment, increasing exports and from a general improvement in the technical conditions of the country. For that reason, they can co-operate in policies concerning labour, education, social security, regional development, efficiency in public administration and the development of scientific research. Conflicting interests continue to exist in the distribution of income and the pattern of economic development.

In this study, we shall deal with the main features of labour-management co-operation and the co-ordination of social partners' decisions in six European countries, namely, the Netherlands, France, Sweden, Belgium, Germany and Britain, without, however, trying to assess the role and the results of supranational institutions. We shall not aim at an exact factual description of industrial relations but rather we shall try to bring out their most significant elements. We shall deal with certain factors which may explain the existence of various economic problems rather than with the analytical aspects of those problems.

The role of labour-management co-operation in economic decision-making will be studied at the different levels: at the plant or company level, at the branch or

1 The concept of concertation has been the subject of recent publications: F. Bloch - Laine, A la recherche d'une "économie concertée", Paris: Les éditions de l'épargne, 1961, 23 p.; J. G. Merigot, "Une forme déconcertante: l'économie concertée", Revue de défense nationale, April, 1961, p. 703-719 and Swedish General Labour Confederation, Pour une économie concertée, Stockholm, 1963, 13 p.

industry level, and at the general economy level. However, as an introduction to that study, it might be useful to mention certain aspects of the post-war ideological and socio-political changes which have had an important bearing on labour relations in Europe.

NEW LABOUR RELATIONS - AFTER THE WAR

Of the six countries covered by this study, France is the only one where the Marxist concept of class struggle has had any serious impact on industrial relations after 1945. After having played an important part in the resistance movement and gained control over the CGT, Communists tried to use the unions to achieve their revolutionary objective of labour-managed economy. The reformist wing refused to accept this new orientation and after the strikes of 1947 divorced itself from the CGT to form the CGT-FO known as the Labour Force (*Force ouvrière*). During that time the CFTC (French Confederation of Catholic Workers) began to increase its membership and its influence.

From the beginning of the 1950's, radicalism gradually disappeared from the French labour scene. Improved living conditions, full employment, together with the economic difficulties of socialist countries and the efficiency of free trade unions in their demands in a context of buoyant economy, had a significant influence on the positions of the trade unions. The CGT remained numerically the most important labour organization but its membership fell and initiative passed into the hands of the FO and, to an even greater degree, to the CFTC. It was these last two organizations that started the trend towards collective agreements, a large number of which were signed after 1955.

French management attitude also was significantly changed during the post-war years. While it has been traditionally protectionist, French management accepted an outward-looking trade attitude and the integration of the European economy into the Common Market. It joined in the French economic expansion policy and while, before 1955, it had been reluctant to follow the trend towards collective agreements, after that year, it promoted the extension of collective bargaining.

As concerns economic objectives, trade unions recognized the importance of economic growth, as evidenced by their participation in planning. They were very much concerned with an improvement in workers' living standards, a proper distribution of productivity gains and the maintenance of full employment. Management promoted growth, a high level of investment, a gradual improvement in living conditions, price stability

and a proper balance of payments. As a means of achieving the main economic objectives, they showed a preference for the regular market forces rather than for control regulations.

During the post-war period, contacts increased between management and labour organizations. Employers and union representatives sat together on consultation or management organizations and, together with government officers, participated in economic planning. The FO leaders officially approved the principle of "parity". "Parity" or joint management of social security or housing organizations should tend to promote management-trade union co-operation and consultation.

In Sweden, ideological changes have had little effect on social and economic developments since the war. Swedes have continued to apply and develop their welfare state policy. Trade unions have maintained their policy of wage solidarity; and co-operation between management and labour has made a further step through the establishment of negotiations between the two main central bodies -- the SAF on behalf of management and the LO on behalf of labour.

The main factor in that development in Sweden lies in the fact that the major economic and political choices were made during the 1930's. With the coming to power of the social-democrat government, a real effort was made to implement a policy of full employment. At that time, management and labour confederations had to make a basic choice concerning labour relations. In 1935, labour-management relations had deteriorated to a point where a government commission recommended legislation designed to restrict the powers of management and labour unions and to provide a greater control over labour relations. Faced with such a possibility, confederations on both sides reacted by setting up in 1936 a Labour Market Committee, composed of members of the LO and SAF. The work of that committee led to an agreement concerning methods for bargaining and for the settlement of labour disputes -- the Basic Agreement of Saltsjöbaden which was signed in 1938.² It was the first of a series of interoccupational agreements and amendments signed by both confederations during the two following decades.³

² J. Cooper, Industrial Relations: Sweden Shows the Way, Fabian Research Series, 235, May, 1963, p. 3-5 and T.L. Johnston, Collective Bargaining in Sweden, Cambridge, Mass.: Harvard University Press, 1962, p. 35.

³ These Agreements included: Agreement on general regulations concerning the organization of local protection against accidents (1942); Agreement on vocational training (1944); Agreement on the work councils (1946); Agreement on the study of time and movements (1948); and Report on employment of women (1951).

Since 1940, Swedish trade unions have been trying to make constructive contribution to social and economic thinking with regard to labour relations. On three occasions -- in 1941, 1951 and 1961 -- the LO published important reports on union stands concerning the major problems facing the social partners.⁴ These reports dealt respectively with the place of trade unions in the economy as a whole and in industry, trade unions and full employment, and structural change and economic growth. They did not consist in mere expressions of good intentions, but suggested specific new economic policies.

Both Swedish trade unions and management have stated their approval of a systematic effort to achieve the major economic objectives which are becoming increasingly recognized by Western democracies, namely, rapid economic growth, sustained improvement in living standards, fair distribution of income, domestic economic stability, and proper balance of international trade. Unions have also taken the stand that provisions should be made for the development of a strong trade union movement which, together with management, would work towards the achievement of those objectives.⁵

On various points, general industrial-relations development has followed about the same pattern in the Netherlands and in Belgium. Before the war, conservative management and powerful trade unions were bitterly opposed. This resulted in a deadlock which was broken with the war. Before the end of the war, Belgian leaders entered into a social solidarity pact, while Dutch leaders prepared the Labour Foundation which was established three days after liberation.

In both countries, bipartite and tripartite consultation organizations were established in the immediate post-war years. In the Netherlands, the labour economic policy was developed on a tripartite basis, whereas in Belgium the parity principle played a more important role. In the Netherlands, however, the union movement was more independent from politics than in Belgium. In neither country did radical thinking have a place in the trade union movement; socialist unions adopted a Scandinavian type of reformist socialism.

4 The report of 1941, published by the LO, was entitled: "The Trade Union Movement and Industry". However, there is no English version - LO, The Swedish Confederation of Trade Unions, Trade Unions and Full Employment, Stockholm, 1953, 109 p. - LO, The Swedish Confederation of Trade Unions, Economic Expansion and Structural Change. A Trade Union Manifesto, edited and translated by T. L. Johnston, London; George Allen & Unwin Ltd., 1963, 175 p.

5 LO, The Swedish Confederation of Trade Unions, Economic Expansion and Structural Change.

In the Netherlands, unionists and employers officially endorsed the pursuit of the objectives of economic growth, fair distribution of income, full employment, price stability and proper balance of payments.⁶ In addition, it is recognized that unions, management and government must act in a responsible manner in order to achieve those objectives. In Belgium, social partners have only in recent years become seriously concerned with national economic objectives. Since the end of the last world war, wages have been higher than in most other European countries, despite a lower rate of economic growth and a higher rate of unemployment. Trade unions were content with their participation in politics and the workers were happy to enjoy a high standard of living. It was only when faced with a relative deterioration of Belgium's situation that the social partners began to change their attitude regarding the essential requirements of economic growth.

In Germany, the post-war socio-political development has been inspired by the re-establishment of a democratic system. Germans had experienced difficult times not only under Hitler's totalitarianism but also during the 1920's. That probably explains Germans' strong determination to lay the basis of a prosperous democracy. German thinking associated political democracy with a market economy ensuring independence for the individual and freedom of decisions for businessmen, workers and consumers. However, it did not advocate a return to the type of capitalism that prevailed during the nineteenth century industrial revolution. On the contrary, a preponderant place is made to a democratic trade union movement, which is given an important role in the determination of working conditions and in joint decisions. Joint management allows workers to play a positive role in decision-making at the company level. The machinery for income redistribution is expected to provide a certain degree of equality of income and to reduce the gaps between social classes.

At the end of the war, under the influence of the American and British occupation forces, the German trade union movement was unified but with the understanding that it would limit its action to the pursuit of economic objectives and would not become affiliated to the Socialist Party. In 1953, the DGB (Trade Union Confederation) of Germany issued a manifesto calling for a policy of full employment, housing, higher standards of living, progressive social insurance and democratization of the economic

6 J. G. Ravinck, "An Industrialist's Viewpoint", in: Incomes Policies, Papers read at the Business Economists' Conference at New College, Oxford, April 18-21, 1963, p. 22.

life. The nationalization of the basic industries, economic planning and joint management still appear on the DGB's programme, but labour efforts are directed towards greater welfare for the worker rather than towards structural changes.⁷ On the other hand, German management is stressing particularly the importance of economic growth, continued full employment, price stability and proper balance of payments.

In Britain, as in other European countries, radicalism no longer has any place in social and political thought and action. Since the beginning of the twentieth century, orthodox Marxist theories have had little influence, since most of the social changes have been brought about mainly by reformist socialism and nonrevolutionary trade-unionism. During the post-war period, there have been no significant ideological changes in Britain, but rather a certain degree of stagnation in social, economic and political thinking. British economic performance has been very poor as compared to that of other industrialized countries of Europe. These economic difficulties led in recent years to a renewal of economic and political thinking.

All decisions concerning labour-management-government relations have been guided by the countervailing power theory.⁸ Up to the early 1960's, British leaders had an almost religious faith in the effectiveness of government-free collective bargaining. Some writers claimed "collective laissez-faire" had been substituted for the "individual laissez-faire" of the nineteenth century. Of course, since the war, British management and trade unions have had very good reasons to prefer a minimum of government intervention. Trade unions are powerful and, in a situation of full employment, they have succeeded in obtaining substantial wage increases, which employers financed by simply raising their prices. Such a balance has avoided any real confrontation and has not called for the development of systematic labour-management consultations.⁹

Since the end of the war, with the decentralized and composite structure of trade unionism remaining practically unchanged, collective bargaining has become increasingly complex. Industrial federations and craft unions continued to exist side by side but their field of jurisdiction was gradually invaded by the emergence of general

7 Cf. N. Reich, "The Political Dilemma of German Trade Unionism", The American Journal of Economics and Sociology, July, 1961, p. 411-425.

8 This theory has been developed by the American economist J.K. Gailbraith in his book: American Capitalism: A Theory of Countervailing Power, New York: Houghton Mifflin & Co. 1956, 115 p.

9 Cf. W.F. Frank, "The Drift Towards a British National Wages Policy", in: E.E. Palmer (ed), Current Law and Social Problems, Vol. III, Toronto. University of Toronto Press, 1963, p. 61-100.

federations.¹⁰ While government intervention has increased in various fields, management and labour remained opposed to legislative action in industrial relations. However, because of the absence of joint or parity efforts to improve these relations, increasing pressure is exercised by public opinion on government to obtain legislation in this field.

The post-war development of labour relations in Europe presents certain general features which perhaps might be usefully pointed out. They may be described as follows:

- European trade unions no longer consider the full socialization of all means of production as a major objective. They have discovered other ways of making their demands heard under a highly developed system of mixed capitalism;
- unions are giving increasing importance to the attainment of the workers' economic objectives. Instead of limiting their efforts at obtaining for the workers a larger share of total revenue, they are now concentrating their attention on the efficiency of the economy as a whole;
- management and trade unions are becoming increasingly interested in collective bargaining as an instrument for the apportionment of income. They no longer consider appeals to the government as the only means to that end;
- employers and unions no longer consider conflicts as the main instrument for the settlement of disputes. Consultations and negotiations are increasingly recognized as means of arriving at agreements;
- when making decisions, management and labour are becoming increasingly aware of their responsibility to act in the general interest;
- European trade unions tend to show greater independence from political parties in the development of their own policies;
- trade unions are not completely rejecting the idea of statutory control and of participation in decisions as a partial substitute for strength-supported grievances.

10 B. C. Roberts (ed). Industrial Relations: Contemporary Problems and Perspectives, London: Methuen & Co. Ltd., 1962, p. 5.

It may appear at first sight that the European trade movement is being "Americanized". Except in Britain, European trade unions, while they may not be as radical as they used to be concerning structural changes, are more demanding as regards general economic production and efficiency. They have a constant concern for increased welfare, social progress and equalization of income. Despite a strong tendency towards a greater action at the company level, union energies will not be completely applied to decentralized action but will remain focused on the main point of economic decision-making. A clear awareness of the fundamental interest of workers promotes co-operation and reduces competition among unions. Finally, labour and management are prepared to consider their decisions in the light of broader contexts and not only of individual units, and from the point of view of their implications for the public interest.

LABOUR RELATIONS AT THE COMPANY LEVEL

Except in Sweden and Britain, as unions have no legal charter and no actual status as local units, labour relations are in the hands of work councils. In most cases, these councils are merely of an advisory nature and cannot deal with matters reserved for collective bargaining.

In France, the main function of the company council is to provide co-operation and consultation between employees and management. It must be consulted as regards any changes in the hours of work and the establishment of leave schedules. It must be kept informed of the progress of the business, and its consent must be obtained by the management for any staff dismissal. It is responsible for the management of social work. The functions and duties of work councils are about the same in the Netherlands, and also in Belgium except that, in this last country, their powers are somewhat broader.

In Germany, company councils play a much greater economic role. Councils must at all times be kept posted on the economic situation of the business, and they have the authority to sign company agreements concerning working conditions, including work speed and rate of pay for piece-work. They play an important part in company policies regarding employment, safety, health and social security.¹¹

11 See A. M. Ross, "Prosperity and Labor Relations in Europe: The Case of West Germany" The Quarterly Journal of Economics, Vol. 73, No. 3, August, 1962, p. 344-352 and E. J. Forsythe, "Collective Bargaining in Western Europe" Labour Law Journal, Vol. 14, No. 11, November, 1963, p. 930-933. The reader can also consult profitably the thesis written by R. Dahrendorf on the meaning of work councils: "Politique syndicale et structure des entreprises en Allemagne" Sociologie du Travail, Vol. 4, No. 2, April-June, 1962, p. 159-174.

It may be asked whether or not there are in those countries, apart from the relations between work councils and management, real company agreements between management and unions. In Germany, as stated above, there are no such agreements. However, councils' agreements regarding rates of pay for piece-work cause a wage-drift¹² at the company level in relation to the rates provided in collective agreements. In the Netherlands, there are no official agreements at the company level but the work councils are controlled by the general union movement. There, the wage-drift is not as great because in negotiations at higher levels, efforts are made to define specific operating margins leaving no room for any considerable differential increases at the company level.¹³

In France and Belgium, union federations may negotiate company agreements and in France there are also plant agreements.¹⁴ Quite frequently, these agreements deal with fringe benefits rather than with actual rates, which tends to favour wage-drifts. In France and Germany, unions are trying to play a more important part at the company level and particularly to acquire greater economic influence than they have had in the past.

With the signing of Renault agreements in 1955, it could have been expected that negotiations at the company level would spread to the large sectors of the French economy. In fact, these agreements were used as a model by some 50 large French firms. The Renault agreements, which are applicable to the various plants of the nationalized firm, provide for the maintenance of real wages by the application of an index clause, for an automatic wage increase of 4% based on productivity, and substantial increases in fringe benefits. These agreements signed by the CFTC and the FO on the one hand, and La Régie Renault on the other hand, implied union co-operation to the improvement of productivity. The Renault agreements were renewed in 1957 with additional clauses. However, even by 1956 there was less enthusiasm for that type of negotiation. Large

12 "Wage drifts" means an increase in real wages larger than that of negotiated rates.

13 B. Haas, "Wage Policy in Holland", Manchester School of Economic and Social Studies, May, 1960, p. 182.

14 A salary agreement differs from a collective agreement in that it is limited to wages and does not affect working conditions.

oil, textile and automobile firms did not follow the example and, as labour confederations had been rather reluctant to engage in that venture, no great pressure was exercised by unions. Management did not get the degree of co-operation that it had expected and the annual rate of wage increases became the object of competition between the unions. The Centre National du Patronat Français, anxious to avoid comparisons among firms in order to safeguard management solidarity encouraged agreements along the lines generally accepted by management.¹⁵

In Sweden, trade unions are well organized at the local level and there are a great number of local units affiliated to the 41 national federations, but their role is largely limited to the education of their members and to the administration of collective agreements.¹⁶ The only economic arrangements that may be made at the local level concern the rates of pay for piece-work and even are controlled as much as possible by the national federations.

Of all the countries covered by this report, Britain is the one where local bargaining has the greatest economic role. Of course, bargaining has been going on at the national level for many decades. However, for various reasons, shop-stewards play an important part in collective bargaining. Because of this multiplicity of bargaining agencies, which results from the structure of British trade unions, there are cases where several collective agreements are applicable to the same company. As these are likely to provide for varying rates of wages, efforts must be made to ensure a certain degree of consistency at the plant level. This is one of the tasks of committees of shop-stewards. Depending upon the financial condition of the business, they aim at the highest wage scale mentioned in the most favourable national agreement, which they quite readily obtain in cases where labour is in strong demand and the business concerned is prosperous. In the present condition of full employment, it is easy to exercise pressure on large enterprises and secure sizeable increases. Federations having at least a few members in those firms use such wage increases as a basis for further demands which spread throughout the economy. As negotiations at the local level are independent from those at a national level, their results are in no way bound to be consistent with the policy objectives of the federations or confederations; this causes a dynamic

15 A. M. Ross, "Prosperity and Labor Relations in Western Europe: Italy and France", Industrial and Labor Relations Review, October, 1962, Vol. 16, No. 1, p. 63-85.

16 J. Cooper, op. cit. p. 8-12

instability of wages which is the source of serious problems for business firms.¹⁷

In conclusion, it may be said that, except in Britain, labour-management co-operation is carried out in the countries under review through work councils rather than through company unions. Another report will deal with the results of company councils and joint management in Germany.

As, in Europe, wage negotiation is a union responsibility, there is little to be said with regard to the economic aspects of labour-management co-operation at the company level. At this level, relationships between employers and trade unions are mostly based on the respective strength of the parties. However, their general effects on labour-management relations can only be assessed in the general context of collective bargaining which will be the subject matter of the following section.

COLLECTIVE BARGAINING IN INDUSTRY

As a general rule, trade unions in Europe are grouped in industry unions. Collective bargaining is generally carried on an industry basis and covers a group or all of the firms in an industry, in a region or the country. A labour dispute is therefore a serious matter as it may affect a whole industry.

As mentioned above, collective bargaining in France has developed by stages; following the end of World War I and during the 1930's, there was a movement in favour of bargaining. There has been a re-emergence of that movement after 1955, and today, bargaining has progressed to the point where most industries are covered by national agreements. The system of extension of collective agreements¹⁸ continued to have a wide application during the post-war period.

The main problem as concerns collective bargaining in the private sector is caused by the gap between negotiated and real wages. Agreements are designed for a whole group of firms with widely different financial means and different standings on the labour market. As a result the negotiated rates tend to be based on marginal firms. Company wage agreements or increases granted unilaterally by employers produce such disparities that eventually the wages provided apply only to a portion, and sometimes to a small portion, of the firms comprising the industry.

17 Several studies have been made on the wage determination mechanism in companies, for instance: B. C. Roberts (ed), op. cit. Introduction, Chap. 4 and 9; W. E. J. McCarthy, "The Challenge Facing British Unions", The Annals of the American Academy of Political and Social Science, November, 1963, p. 129-138 and A. M. Ross, "Prosperity and British Industrial Relations", Industrial Relations, Vol. 2, No. 2, February, 1963, p. 63-194.

18 The extension of collective bargaining is a legal procedure by which the terms of a collective agreement are binding for all firms or branches of industry concerned.

Another factor, i.e., wage-drifts, contributes to an increase in the gap between negotiated and real wages. In many industries, rather flexible rates for piece-work, bonuses and substantial overtime work produce this phenomenon of wage-drifts, that is, increases in actual wages exceeding the negotiated raise. In such circumstances, it is no wonder that collective bargaining is not considered as important by French workers as it is by workers in Canada. However, noncommunist trade unions are backed by all workers, including the members of the CGT in their efforts to extend collective bargaining.

In France, the public sector represents an important part of the economic activity. Together with nationalized enterprises, it is held to account for close to one third of total employment. Except in certain more or less autonomous organizations, such as Renault, little progress was made in that sector as concerns collective bargaining up to the late 1950's; on the contrary, with respect to wage policy, it would seem that the government had a greater tendency to grant nonnegotiated concessions, following a reduction of the powers of such large corporations as Electricité de France, la Société Nationale des Chemins de Fer, etc. The Minister of Finance emerged as the most powerful employer in the public sector, at least until the miners' strike of 1962. That strike led to a major showdown between trade unions and the government as employer. With the almost complete success of unions, the French Government was led to seek more flexible and more considerate forms of collective bargaining. After using the public sector as a check on wage increases, the government is trying to find other means of stabilizing the economy.

Collective bargaining in France shows some serious deficiencies. It hardly affects individual firms. Renegotiations are long delayed and too often they lag behind changes in the actual conditions. Trade unionism still has to contend with the government's influence as an employer which strengthens the power of employers in the private sector. Agreements are given very little consideration by workers in the dynamic sectors of the economy and this tends to weaken the trade union movement, even though unions still have the power to undertake efficient strikes. Nevertheless, collective bargaining is progressing. The CFIC, which has an active bargaining program, is the most rapidly developing confederation and its influence is growing fast. Employers' organizations are also promoting bargaining, if only to avoid a government control which they find embarrassing. It appears that, despite various tensions, collective bargaining will remain confined to the federation level and under the definite influence of management and union confederations.

In Belgium, trade union movement is much more powerful than in France and union recognition is now an undisputed fact. A very large proportion of the active population is unionized. From a structural point of view, collective bargaining is quite similar to that of France, although much more formal. Wages and working conditions are determined within parity or joint commissions established on an industry basis and covering nearly all sectors of the country's economic activities. In a great number of cases, agreements negotiated in joint commissions are extended by royal decree.¹⁹ As the public sector is almost completely limited to the public services, unilateral government decisions at the collective bargaining level do not have the same impact as they have in France, although the government's conservative policy has in recent years increased the difficulties of recruiting personnel.

In Belgium, as negotiations are carried out on an industry or branch basis, wage rates are very often related to the means of marginal businesses. Negotiated rates are therefore minimums which are not applied by all firms, but are raised through regional or company agreements or through increases granted unilaterally by employers. As collective agreements are regularly reviewed by parity or joint commissions, there is no time-lag between agreements and the actual situation. For that reason, and because the manpower shortage is less acute there than in most other European countries, there is less wage-drift. Finally, while collective bargaining is concentrated at the labour and employer federations level, confederations are little concerned with the co-ordination of federations' wage policies.

In Germany also, collective bargaining is made on an industry basis, but it has a more definite and more rigid structure. Union organization, both vertically and horizontally, is along the same lines as employers' organization. Company unions are affiliated to the regional association of the industry or branch concerned and to the local union council and these local councils are in turn affiliated to the regional council. Regional industry associations compose the member associations of the national confederation known as the German Confederation of Trade Unions (DGB). The employers' confederation is called the Federal Union of Employers' Associations (BDA). Therefore, all bargaining is done between employer and labour industry federations, either at the regional or at the national level. The DGB, or rather its affiliated industry federations have brought heavy pressures to bear to obtain bargaining at the company level.²⁰

19 A. Delperee, "De quelques aspects des commissions paritaires en Belgique", Revue internationale du travail, March, 1960, p. 213.

20 A. M. Ross, "Prosperity and Labor Relations in Europe: The Case of West Germany", The Quarterly Journal of Economics, Vol. 73, No. 3, August, 1962, p. 346-7.

but as yet they have failed to overcome employers' solidarity. The extension of collective agreements is less current than in France or in Belgium.

In Germany, collective bargaining plays an important part in the basic organization of economic relations. The principle of free bargaining is embodied in the constitution of the country. Full power is given to the parties to determine wages and working conditions. In the public sector, the system is applied, as in the private sector, on a regional basis. Government is to interfere as little as possible, the parties being expected to develop the required machinery for the settlement of their conflicts of interests.²¹

In Germany, difficulties have developed in collective bargaining over the last decade because of diverging decentralization policies on the part of the labour's DGB and the employers' BDA. On the union side, the DGB passed on its responsibilities for co-ordinating union policies to industry federations. These federations, and specially the mechanical engineering industry federation, which is unquestionably a leader in that field, are not as interested as a confederation might be in a policy of trade union solidarity and are trying to develop negotiation at the company level.²² On the other hand, the BDA formed in 1955 a wage policy co-ordinating committee which, in 1959, strongly recommended the pursuit of a policy of employer solidarity.²³

Labour shortages and bargaining at the industry level are causing wage-drifts in Germany. These drifts lie more in fringe elements than in wage rates proper since, with present labour shortages and industry-level bargaining, equal increases in wage rates have to be granted in all sectors of the economy. However, negotiated rates differ from one region to another and additional increases may result from rates of pay for piece-work, bonuses and overtime.²⁴ Pressure on wages is causing trouble for the German Government in its task to reconcile its official neutrality in the collective bargaining field with its obligation to control inflation.

In the Netherlands and in Sweden, collective bargaining is carried on within the framework of a general system of negotiation for the economy as a whole. The

21 M. Ithurbide, "Conflits de salaires et pouvoir économique dans la grande industrie allemande", *Revue économique*, May, 1962, p. 495.

22 W. Fellner et al., *The Problem of Rising Prices*, OECD, May, 1961, p. 317

23 A. M. Ross, "Prosperity and Labor Relations in Europe: The Case of West Germany", *The Quarterly Journal of Economics*, Vol. 73, No. 3, August, 1962, p. 356.

24 W. Fellner et al., *op. cit.* p. 327-33.

essential features of this system and the degree of labour-management-government co-operation required in such a system will be described in a subsequent section. In both of these countries, trade unionism is organized on an industry basis and all collective bargaining is done at the industry or branch level. Employers' organization is also on an industry basis and follows the same lines as the trade union organization.

In both countries, bargaining is highly centralized in the case of both employers and unions. Unions' official policy is one of solidarity in Sweden and of wage co-ordination in Belgium. In both cases, great pressures have been exercised since the late 1950's for a decentralization of collective bargaining. The Swedish trade union movement is trying to ease those pressures through an increased participation of local units and of federations in the process of collective bargaining. In the Netherlands, in 1959, the government and the confederations partially yielded to the pressures by allowing bargaining at the industry level; these negotiations may take into account the productivity increases in the industries concerned. As differences in wages tend to increase, union confederations are trying to revert to a policy of co-ordination. Wage-drifts exist in both countries, because of earnings over and above wage rates and the fact that general increases are only minimum increases. However, the influence of this latter factor is considerably limited in the Netherlands by the system of collective bargaining.

In Britain, collective bargaining is still pursued at the industry level, in accordance with the British tradition of the first half of the twentieth century. Faced with downward pressures on wages, trade unions attempted to obtain bargaining by industry or branch at the national or regional level. The Whitley Report, at the end of World War I, recommended the establishment of joint industry councils to negotiate and fix working conditions at the national or regional level. There was a certain decline in the importance of those councils during the 1930's, but following the end of the last war, their number increased to such a point that, in 1960, it had reached two hundred.²⁵

As noted above, the presence of joint councils in collective bargaining at the industry level does not imply the absence of bargaining at the local level. On the contrary, local bargaining is very important in Britain, due to two main factors. First, the basic element of British trade unionism is the local unit. Of course, industry committees do exist in Britain, but they have no defined powers and duties and their

25 C. Chivers, "The Pattern of Collective Bargaining", in: B. C. Roberts (ed). op. cit. p. 110.

influence is negligible. Secondly, the British trade union movement is highly decentralized. A total of 184 national unions are affiliated to the TUC (Trade Union Congress), much more than the number affiliated to other European confederations. Then, an equal number of national federations are not affiliated to the TUC. Finally, British trade unionism is not exclusively an industry-based movement; it includes industry federations, craft unions and general federations which have greatly expanded during the last two decades.²⁶ The TUC has little control over the bargaining policies of federations and local unions.

The structure of the employers' organization being also both complex and decentralized, it is no wonder that, where local labour market conditions are favourable to trade union action, national agreements are renegotiated at the local level rather than applied in their original form. Even at the industry or branch level, bargaining is not a single but a multiple process due to the presence of members of various trade union groups in the same industry or the same economic sector. The result is a bargaining instability which calls for conciliation or arbitrary intervention by government and is aggravated by the absence of any legal status and of termination dates for British collective agreements. The net effect has been very well described by Professor B. Roberts: "The present situation is far from satisfactory since it encourages guerilla warfare instead of an orderly system of negotiations. It produces agreements that are shaped by tactics designed to secure concessions, to take advantage of a temporary situation, rather than to develop a comprehensive long-term strategy of collective bargaining that would result in a more organic pattern of industrial relations. The sheer anarchy and the lack of constructive purpose which pervades so much of collective bargaining today, and the outrageous contempt which both sides of industry so frequently display towards the public interest, must eventually provide a reaction that will compel the adoption of a more orderly system of industrial relations."²⁷

In the field of collective bargaining the ability to reach collective agreements without resorting to strikes is not necessarily an indication of co-operation, but it may also stem from the fact that the parties are of equal strength and that therefore disputes would be of little benefit or too expensive. However, in any country where the trade union movement is unhampered and well organized, a relative absence of strikes

26 C. Chivers, "The Pattern of Collective Bargaining", in B. C. Roberts (ed). op. cit. p. 112.

27 B. C. Roberts (ed), op. cit. p. 11

does indicate a certain degree of co-operation between the parties. What we have just said about collective bargaining seems to be corroborated by statistics concerning labour disputes in Europe. In those countries, the number of workdays lost on account of work stoppages from 1950 to 1960 was very small -- about 1.2 million in the Netherlands, 1.5 million in Sweden and 10 million in Germany. As a proportion of total active manpower, that represents less than half a day lost per person during that period. In addition, in the same three countries there was during that period a distinct trend towards a substantial reduction in the number of work stoppages.

In France, Britain and Belgium, the number of work stoppages was greater. In France, more than two days per person were lost due to work stoppages during the period 1950-60. However, there also, there appears to have been a definite decreasing trend. In Britain, days lost amounted to an average of 1-1/2 per person, but there, on the contrary, the number was increasing towards the end of the period. In Belgium, strikes were many and costly; they involved the loss of more than three workdays per person. Although the Belgian situation was no worse than the Canadian experience during that period, it was very bad as compared to that of the other countries under review, even as compared to that in Britain where strikes have continued during the last few years.²⁸

Belgian experience is rather hard to explain when we consider that this is one of the countries where joint or "parity" organizations are the most highly developed and where both management and union leaders continually boast of a high degree of co-operation. Several of those strikes were of a political nature, which was seldom the case in the other countries. A high degree of industrial peace is to be expected in Sweden and the Netherlands, because in these countries there is active co-operation between both labour and management organizations where collective bargaining is carried out and within labour and management associations themselves. In Germany, the bargaining structures provide for constant relations between labour and management representatives and, in a prosperous economy, this tends to reduce tension between the parties. However, industrial peace is to some extent imposed by public opinion and government pressures which make unions hesitate before resorting to a strike. In France, co-operation between the parties in the collective bargaining field is still far from satisfactory. Renegotiation of agreements is a very lengthy process and the content of the new agreements is often at variance with actual labour market conditions. However, co-operation between management and labour seems to be gradually improving. Finally, in Britain, while the

28 International Labour Office, Labour Statistics Year-Book - Employment and Labour Disputes Sections - Geneva, year-books for 1951-52 to 1961.

parties are satisfied with present industrial-relations systems, the instability of labour relationships, which has been prevalent in recent years, is not conducive to an improvement in labour-management co-operation. That co-operation is existing at the joint commission level, but certainly not at the local or company level.

LABOUR-MANAGEMENT RELATIONS AT THE MACRO-ECONOMIC LEVEL

In every country covered by this report, except Britain, trade unionism is playing a significant role and a good part of its activities is carried on at the general economy or country level. Such a development is due to various factors. Traditionally, trade unionism's objective has been to change a capitalistic society through political action. In order to carry out that action, it has provided itself with highly centralized institutions. Because of the extent of government action in the economic field in the course of the last few decades, both management and labour organizations have been prompted to exert pressures on government bodies. Management associations have always exerted such pressures through lobbying, but they have had to change their methods as relations between government and pressure groups have become institutionalized. Because of the existence of powerful centralized management associations, trade unions cannot concentrate their efforts and pressures at the company or local level. It is rather striking that in Britain, the country where management confederation has the least influence over management policies, the trade union movement is the most highly decentralized.

In this section of our study, we shall deal briefly with the central institutions involved in management-labour relations. We shall then examine the policies of these institutions, with particular reference to wages and income.

The basic approach of institutions providing for functional relationships between trade unions, management and government varies from one country to another. In some cases, the institutional structure is essentially tripartite while, in others, institutional relationships are mainly on a joint labour-management basis. In France and the Netherlands, the most significant bodies are tripartite. In Sweden and Belgium, the joint or "parity" system seems to have the preference of management and labour organizations, although unofficial relations are maintained with the government bodies. In Germany and Britain, institutional relationships are relatively undeveloped, but in Germany, intensive consultation machinery exists and views are exchanged between the government and the management and labour organizations.

FRENCH AND DUTCH INSTITUTIONS

In France, the national organization of labour is represented by four main confederations - the CGT, the CFTC, the FO and the CGC (Confédération Générale des Cadres). The CGT is of all confederations the most representative of manual workers while the CFTC is the second largest industrial labour organization. Competition is quite strong among the various confederations, especially between the CGT on the one hand, and the CFTC and the FO, on the other hand. Competition, however, does not prevent unity of action in the case of major disputes. In 1962 for example, the government having assumed that the CGT would default, thought that it could break up very quickly the miners' strike. The opposite happened and the result was a union victory.²⁹

On the management side, on the contrary, a very great unity exists. The Centre National du Patronat Français is an outstanding example of management organization. It comprises management representatives from every sector of the economy -- industry, trade, banking, insurance and transportation -- as well as representatives from nationalized industries. The CNPF also includes industry federations and regional associations. Representatives of other management associations including the Centre des Jeunes Patrons and the Centre Chrétien des Patrons et Dirigeants d'Entreprises also sit on its steering committee. Organization policies are drawn up by fifty commissions grouped according to their particular fields of interest. Of these fields, the major ones are social affairs, general economic problems and international economic relations. Officially, the CNPF pursues a program of economic development, but it also devotes some of its energies to the defence of free enterprise, claiming that freedom of enterprise is essential to common interest.³⁰

During the post-war years, the main bodies involved in management and labour relations were of the joint or "parity" type. The limited role of these bodies as advisers to the government may be explained by the requirements of the economic reconstruction and the government control over wages. However, the French institutions whose influence has increased the most in recent years are, without any doubt, the Conseil Economique et Social and the Commissariat au Plan.

29 See F. Sellier and A. Tiano, Economie du Travail, Paris: Presses Universitaires de France, 1962, Chap. 7.

30 See F. Sellier and A. Tiano, op. cit. Chap. 8 and Entreprise, Le CNPF: son organisation, sa philosophie, son rôle, February 18, 1961, p. 24-31.

The duties and functions of the Conseil Economique et Social, which was established under the Constitution of the Fifth Republic in 1958, are to advise the government on legislative matters and its object is to ensure co-operation on the part of the various social groups and the participation of these groups to the government's social and economic policy. The Conseil may also be consulted on any social or economic problem and it may, on its own initiative, bring to the attention of the government any problem of general interest. It is comprised of representatives from all social groups together with a few experts, but the majority of its members come from labour, management or agricultural organizations. The Conseil has several sections charged with specific responsibilities. Some of the matters dealt with by these sections include economic development, taxation, regional development, investments, industrial production, foreign trade, etc. The Conseil may also secure the services of qualified personnel, as and when needed, and may call on the co-operation of civil servants. The Conseil has tackled a large number of problems. In the recent past, it has been concerned with such questions as hours of work, the role and efficiency of conciliation boards and, particularly, problems arising from the stabilization plan. In 1962, the Conseil paid special attention to problems of mobility and social promotion of the masses through culture and education. Indications are that, in association with planning bodies, it will play an increasingly important role in the French community.³¹

Responsibility for French planning rests with the Commissariat général au Plan, a government body made up of civil servants. However, there is also a tripartite body, the Conseil supérieur du Plan, whose membership includes representatives from large management and union organizations and which is charged with approving the Plan's general direction. The planning structure rests mainly on tripartite modernization boards; labour unions and management associations take part in the activities of these boards.³² At the time of the first plan, French management, anxious to make a positive contribution to, and to participate in, France's recovery, helped in the drafting and implementation activities. Planning presents several advantages for management. It gives them access to very valuable economic information; it specifies their economic interdependence relationships and strengthens their trade organization. Up to the fourth

31 See P. Durand, La participation des travailleurs à l'organisation de la vie économique et sociale en France, Paris: Dalloz and Sirey, 1962, p. 23-27 and H. Seligson, The Economic and Social Council of France: A Report, presented to the Faculty, College of Business Administration, University of Denver, October 31, 1962, p. 18-49.

32 P. Durand, op. cit. p. 28.

plan, the CFTC and the FO were the only large union organizations to participate but, for the last two, the CGT has joined forces with the rest of the union movement. The part and responsibility of management and of trade unions in the planning field present various problems which will be discussed in a later section of this study.

In the Netherlands, the labour movement is well organized and plays an important social and economic role. There are three main union organizations: the Dutch Federation of Labour Unions (NVV), the Catholic Workers Movement (KAB) and the National Christian Federation of Unions (CNV). Each of these groups includes 20 to 25 industry federations. They are provided with adequate services and are highly centralized; their very significant role at the government level has certainly contributed to centralization. As workers' affiliation to these organizations is on a denominational basis, there is among these confederations no competition but, on the contrary, a high degree of co-operation.³³ There are also three management organizations, one Catholic, one Protestant and, the largest, the Fédération Sociale Centrale des Employeurs, which is nondenominational. Organized management also plays an important part in drafting the country's social and economic policies.³⁴

The first large body to include both the labour-union and management organizations, the Labour Foundation, was of the "parity" type. It was set up at the end of the war to promote systematic co-operation and consultation between labour and management. Leaders of both groups had the firm conviction that many tensions and difficulties could be avoided through institutionalized relationships between labour and management confederations. The Labour Foundation soon became a general advisory body to the government concerning the social and economic problems of the country. However, since its main object was to protect management and labour interests in government wage policy, it was deemed appropriate to set up a new body, an economic and social council, whose field of responsibility would cover the whole range of social and economic problems. Throughout the post-war period, the Labour Foundation played an important part in the development of a wage policy and the study of problems concerning both management and labour, such as job classification, working conditions, vocational training, social insurance, etc.³⁵

33 W. Olthof, "A New Wages Policy for the Netherlands", Free Labour World, July-August, 1963, p. 24.

34 Cf. W. Fellner et al. "Wage Determination in the Netherlands", in The Problem of Rising Prices, p. 359-361.

35 Digest of the Kingdom of the Netherlands, Social Aspects, p. 52-3 and W. Fellner et al. "Wage Determination in the Netherlands" in: The Problem of Rising Prices, p. 363-4.

To their duties in collective bargaining and the development of the wage policy, labour organizations add representation in many social, economic and political bodies acting in an advisory capacity to the government, some of which are even responsible for the preparation and implementation of certain statutes. However, it is within the Economic and Social Council that both the trade union movement and the management organization have the greatest national influence. The Council, established in 1950, has a membership of 45 persons appointed, one third by management organizations, another third by labour organizations and the others by the government; these last 15 must be experts on social and economic matters. After their appointment, all members of the Council vote as they see fit; representatives of various government departments participate in the Council's work but without voting rights. They act as liaison officers between the government and the Council.

Ministers must consult the Council with regard to any legislation or important decision in the social and economic fields. When the Council's recommendations are unanimous, they have considerable influence. In fact, the Council's influence is being felt over the whole range of social and economic policy. The Council is also responsible for the application of the legislation concerning work councils.

The Council carries on its work through various standing and special committees. It is giving constant attention to certain problems and, since its inception, has presented various technical reports on such subjects as the adoption of unemployment insurance legislation, employment problems, wage policy, the country's economic situation, regulation of leave with pay, labour agreements with other European countries, the training of manpower faced with automation, etc.

In contrast with the Plan Commission in France, the Council has no civil servants among its full members. Government representatives may take part in the Council's discussions but without the right to vote. In addition, the Board is in constant functional relations with a government body, the Central Planning Bureau. Finally, as regards wage policy, close liaison exists between the Planning Bureau, the Social and Economic Council, the Labour Foundation and the government.³⁶

"PARITARISM" IN BELGIUM AND SWEDEN

Both the labour movement and the management organization are very strong pressure groups in Belgium. Union membership is exceptionally high, representing about two

36 John Meyer, "The Netherlands Social Economic Council, a short report at The Netherlands Social Economic Council", 1962.

thirds of the total labour force. There are two large organizations: the Belgian General Workers Federation (FGTB) and the Christian Confederation of Trade Unions (CSC). The first body is ideologically and politically socialist, but of the reformist rather than of the marxist type. The second has certain connections with the Christian Democrat Party but is more independent from that party than the FGTB is from the socialist party. As the CSC represents mainly Flemish workers, its membership has been increasing with the advances of industry in the Flemish part of the country. While in 1922, the CSC had only some 160,000 members and the FGTB almost 600,000, in 1960, each had a membership of about 700,000.³⁷ Both are very well organized and have adequate technical services. The CSC has 1,200 permanent employees. During the post-war period, co-operation between the two bodies has been fair despite a number of serious disputes. The Royalty question, the strikes of 1960 and race tensions are some of the issues on which the groups have taken opposite stands. In the last few years, the seriousness of economic problems has led to greater unity of action on the part of the two groups.

On the management side, there are also two very powerful organizations -- the Belgian Industries Federation (FIB) and the Belgian Nonindustrial Businesses Federation (FENIB). The first, made up of 40 industrial federations, is concerned with the economic problems of management and matters relating to labour; the second group consists of some 12 federations in the fields of finance, banking, insurance and trade. These two groups take common stands on various issues and unquestionably are representative of the powerful Belgian management.

Belgian "paritarism", which during the 1950's was the main channel of labour-management co-operation, led to the signing of various general interoccupational agreements between unions and business firms throughout the country. In 1947, agreement was reached on the status of union delegates in business firms. In 1954, a protocol on productivity was jointly accepted and, in 1955, a "parity" control committee was set up for the electricity and gas industry, which is not nationalized in Belgium. In 1958, there was an agreement on work councils and, in 1960, an important agreement on social programming which will be dealt with in a later part of this study.

There are many other examples of "parity" on joint activities in Belgium, including participation by both management and labour organizations in the work of official bodies. One of these is the National Labour Council, which is charged with

37 E. Mandel, "Les grèves belges: essai d'explication socio-économique", Les Temps Modernes, April, 1961, p. 1297-1302.

systematically advising the government concerning social legislation. It is composed of 22 union and management representatives, under an independent chairman. Its terms of reference include such questions as wages, fringe benefits and working conditions. Its recommendations to the government -- in many cases they are lengthy reports -- have dealt with the status of collective agreements, wage criteria, hours of work, occupational diseases, etc. On the whole, consultation has led to worthwhile results and Council's recommendations -- particularly those presented with the unanimous approval of the membership -- have been implemented by the government. However, the Council has not had as much influence and has not been as effective as the Social and Economic Council of the Netherlands.

The same applies to the Central Economic Council established in 1948 and composed almost exclusively of representatives from labour and management organizations. The duty of this Council was to advise on all economic problems of the country. Its recommendations have had some influence: a taxation reform recommended in 1962 is to be implemented this year. However, in actual practice, certain difficulties have appeared. Because of the technical nature of economic problems, a split has developed between experts on the one hand and management and labour representatives on the other hand. This latter group continued to settle various problems by personal relations without acting through the Council. Because of the technical requirements of the economic policy, new organizations have been set up along tripartite lines in recent years. Before dealing with these organizations, we should mention another major development based on the "parity" principle, i.e., joint management of social security services by management and labour. At the present time there are about 100 such joint-management boards.

In 1959, an Economic Planning Bureau was established in the Ministry for Economic Affairs. This bureau reports directly to Cabinet. At the time of its establishment, its main duty was to work out a plan for Belgium, including systematic economic forecasts and growth objectives. In 1960, a new body was formed to provide liaison between management and labour organizations. That was a tripartite body including four ministers and ten senior labour management officers. It was to deal with the various alternatives of the plan but soon found out that the task was too much for it. So it had to establish contacts with the committees of the Central Economic Council. Hence, the development and the implementation of the plan involve problems of liaison with two national "parity" councils, a tripartite committee, the government and another tripartite body, the Belgian Productivity Promotion Board which was set up in 1951. This multiplicity of relations and an absence of clear-cut responsibilities for each body

have been the source of serious difficulties. An effort is being made to improve consultation structures between the social partners.³⁸

Sweden is the country whose "paritarism" has been the most extensively and the most systematically developed in labour-management relations at the national level. There are, in that country, two labour confederations -- the LO and the TCO. The first represents manual workers almost exclusively while the second groups white-collar workers and supervising staffs. Unquestionably, it is the LO which historically has set the pattern for the Swedish labour movement. It controls 41 industry federations. Its executive committee has very broad powers. It is responsible for the development of the labour movement's policy and its bargaining strategy, for national negotiations with the general management organization and also for the approval of any strike involving over 3 per cent of a union's membership. The LO has also disciplinary power over its affiliated unions. Since 1951, the Wages Council, a subcommittee of the executive committee, has been responsible for co-ordinating union policy on wages.

The management confederation -- SAF -- consists of 44 affiliated associations. It is also a highly centralized organization and its co-ordination policy was developed many decades ago. In the early part of the century, organized management used the lock-out formula to win the strike of 1909 which meant a severe setback for the Swedish trade union movement. Vast powers are exercised by the confederation and specially by its executive director. The confederation has control over management decisions in labour disputes; it may authorize or even, in certain cases, order lock-outs. Since 1948, it has the authority to order or refuse the insertion of certain clauses in collective agreements, and it may also impose penalties on employers refusing to abide by such instructions.³⁹

It is through collective bargaining at the national level and through general agreements that "paritarism" has shaped labour-management relations in Sweden. In 1936 the LO and SAF set up a joint committee on the labour market. The work of that committee led to the 1938 Basic Agreement on bargaining and procedures and to the institution of the Labour Market Board, a permanent body of conciliators and arbitrators. Since

38 A description of Belgium institutions can be found in The Labour-Management-Government Mission to Europe Report to the National Productivity Council, 1962, p. 21-3 and E. Defossez, "Belgium" in: International Trade Union Seminar on Economic and Social Programming, OECD, Paris, October 22-25, 1963, p. 77-80.

39 Excellent descriptions of trade union organizations in Sweden can be found in T. L. Johnston, op. cit. Chap. 1-2-3 and J. Cooper, op. cit. p. 12-16.

1938, various agreements have been reached between the LO and SAF:⁴⁰ one signed on workmen's compensation in 1942, which was renewed in 1951; one on vocational training in 1944, which was renewed in 1957; and one on labour boards in 1948, which was renegotiated in 1958. In 1948 and 1951, respectively, agreements were reached on time and motion studies and on female labour.

Relations between the management and labour confederations and government are maintained by consultations rather than through tripartite institutions. This is not due to a mere coincidence; Swedish trade unions and employers hold that wages and working conditions are their own responsibility and leave to the government the other elements of the economic policy.⁴¹ This is one of the reasons why the government has recently formed an Economic Planning Board with responsibilities for research rather than implementation. Various royal commissions, based on serious research efforts, have afforded opportunities for co-operation between corporations and government experts, but that did not amount to an institutionalized joint responsibility. However, there is systematic and almost institutionalized co-operation in the case of the Labour Market Bureau. This is a semi-independent government body with management and labour representatives on its board of directors and responsible for Sweden's labour market policy. This policy is aimed at securing efficient labour markets by promoting geographic, occupational and industrial mobility, by anticipating labour needs and surpluses, not only in the over-all economy, but in specific labour markets, and by directing the location of industries according to the labour supply. The Swedish Labour Market Bureau has a large staff and is very efficient in the allocation of labour resources.⁴²

RELATIVELY LOW DEGREE OF INSTITUTIONALIZATION IN GERMANY AND GREAT BRITAIN

In Germany the situation is unique. There are, in this country, no large institutions bringing together the representatives of labour and management or the representatives of these two groups with representatives of the government. "Parity" action is limited to joint management and to infrequent discussions between management and labour leaders on wage policies and on the reduction of working hours. Tripartism is as

40 See Note No. 30 for a list of these agreements.

41 P. Holmberg, "A Trade Union View on Income Policy", in: Incomes Policies, Papers read at the Business Economists' Conference at New College, Oxford, April 18-21, 1963, p. 20.

42 J. Cooper, op. cit., p. 5-7.

yet quite undeveloped on an institutionalized basis in Germany. Liaison between the government and confederations takes the form of consultations and these are not confined to the advisory committees on unemployment insurance, the employment office and the labour courts, but also take place on the occasion of new legislation, drafts of which are submitted to representatives of the main pressure groups before being introduced in Parliament. So, the government obtains the opinion of these groups before the legislation is drafted in its final form and introduced for political discussion. By this process, important changes may be made before the legislation reaches the statute books. Nevertheless, management and labour organizations reserve the right to oppose publicly certain pieces of legislature when they disagree with their provisions as finally drafted. German trade unions have long been requesting the establishment of an economic and social council. The only recent development along that line has been the establishment of a committee of five experts to advise as to the growth of the economy and the problems that might arise.

In Britain, "paritarism" is characterized by an effort not to interfere in labour-management relations at the industry or company level. According to many British industrial-relations experts, this position may be explained by the decentralization of labour and management organizations. The membership of the Trade Union Congress (TUC) includes 184 affiliated federations. There are also over 200 national trade unions outside the TUC. The TUC's General Council has very little official authority. Its decisions are not binding upon its affiliated unions. Due to the relative incapacity of national federations to control the decisions of their local unions, the British trade union movement is not in a position to develop any national policies. It seems strange that this trade union movement which was as advanced as the Scandinavian movement in the 1920's has failed to strengthen its top organization and to develop a capacity to define union policies to the same extent as did the Scandinavian organizations. In contrast with what obtains in several other countries, any attempt to increase the central body's authority meets with strong opposition within the TUC. At the Blackpool convention of 1962, the matter of revamping the structure of the trade union movement was brought to the attention of labour delegates. Despite the fact that many serious problems were mentioned, very little changes have been made.⁴³

43 See the following documents on the role of TUC in the development of trade union policies: B. C. Roberts (ed), op. cit. Introduction, Chap. 3 and 9. W. E. J. McCarthy, "The Challenge Facing British Unions", The Annals of the American Academy of Political and Social Science, November, 1963, p. 129-138 and G. Cyriax, "How to Make Trade Unions More Responsible", The Political Quarterly, October-December, 1961, Vol. 32, No. 4, p. 319-327.

The British Employers' Confederation, which represents management in matters of labour relations, is also a decentralized body with little influence over the decisions of management. The BEC concentrates its efforts mainly on limiting government action to collective bargaining.

Because of the structure and the stands of the parties there is no co-operation or consultation between management and labour leaders. Present attitudes are still those that prevailed 20 or 30 years ago, although social, economic and technical changes now call for a more positive approach by labour and management organizations. In the post-war years, government action has, to a certain extent, been aimed at maintaining the status quo in labour relations. By systematically trying to have all disputes settled through strictly neutral arbitration or conciliation bodies, the Department of Labour has not provided the parties with the incentive to change their basic attitude and to face jointly the new problems confronting British industry. It is only in recent years that, faced with serious economic problems, the government has inaugurated an active policy in the field of labour relations.⁴⁴

British efforts to promote positive relations between management and labour confederations and the government have not met with much more success than the efforts to develop "parity". Two important advisory boards of the Department of Labour, one dealing with industrial-relations problems and the other with productivity, have had little influence and have not succeeded in bringing the national bodies face to face with the serious problems of British industry.⁴⁵ Since 1955, the TUC has had no influence on the social or economic policies of the government. On the contrary, the government is moving away from consultations with the labour movement. In 1960, when tax concessions were made to people in the higher income brackets, the government froze wages and salaries in the public sector and even quashed an arbitration board's decision granting **salary** increases to school teachers.⁴⁶ Subsequently, the government established the National Income Commission in spite of outright and manifest opposition by the trade union movement. The only major decision designed to promote a study of economic problems and to favour a dialogue between the main social groups has been the

44 Cf. M. Shanks, "Public Policy and the Ministry of Labour", in: B. C. Roberts (ed), op. cit., Chap. 9.

45 W. E. J. McCarthy, "The Challenge Facing British Unions", The Annals of the American Academy of Political and Social Science, November, 1963, p. 135.

46 G. Cyriax, "How to Make Trade Unions More Responsible", The Political Quarterly, October-December, 1961, Vol. 32, No. 4, p. 324-5.

institution of the National Economic Development Council. The TUC agreed to participate, along with employers and with ministers representing the government, in the work of the Council, provided the Council would not make any recommendations for the development of a wage policy. The role of the Council has consisted in studying the obstacles in the way of economic development and in recommending ways and means of increasing the rate of growth of the British economy. Its work has been limited mainly to research into the problems under its jurisdiction and has been more or less of a theoretical character for a lack of sufficient support from the government and of any worthwhile effort of public education.⁴⁷

THE ECONOMIC ROLE OF SOCIAL PARTNERS

The main problems of participation in economic policy arise in connection with the development of growth policies, and of wage and income policies. The present stabilization policy, both in the European Community countries and in Britain, is forcing the trade union movement to take stands.

French Planning

In France, the problem of social groups' participation in economic decisions was raised specially in connection with the planning efforts. The income policy presents new conceptual problems for the social partners and especially for trade union movement. France now has considerable experience in indicative planning, its first plan having been put into operation immediately after the last war.

Management took part in planning in order to prove its patriotism, to contribute to France's economic revival and, within the new economic system, to protect free enterprise. Management has systematically pursued the last of these objectives since the inception of the plans. Employers derive considerable advantages from French planning. They acquire increased knowledge of the present, and particularly, the future economic situation. They are thus in a better position to plan their long-term investments. Business firms also provide the Plan with information concerning their own investment projects, although it seems the willingness to supply such information is restricted by the respect for business secrets. Of course, credit is more readily available when investment projects are in line with the objectives of the Plan, and that is very important in France where the money market is largely controlled by the government.

47 M. Shanks, "What Future for 'Neddy'", The Political Quarterly, October-December, 1962, Vol. XXXIII, No. 4, p. 348-359.

Many problems arise in connection with the participation of employers in planning activities. The sectors working in close liaison with the Plan are, as a rule, the concentrated economic sectors. The majority of medium- and small-size establishments have no part in the planning machinery. As government forecasts are of a longer term than those of business firms, specially the smaller establishments, many of the small-size firms have little concern for long-term decisions. The social objectives of planning differ considerably from those of business operators, who are very jealous of their liberties as such. The CNPF has always maintained a very cautious attitude towards planning and tried to limit government intervention as much as possible. In many cases, the CNPF's attitudes are lagging behind the more positive attitude taken by large employers under the influence of experts who are playing an increasingly important role in large enterprises.⁴⁸

The CFTC was really the only trade union confederation to join in the planning experience at the initial stages. The FO's participation has greatly increased over the years, while the CGT has been participating since the inception of the Fifth Plan (1961-65) without, however, departing from its traditional stand that the lot of the labour force cannot be fundamentally improved by indicative planning. Organized labour's support for the Fourth Plan is represented by the participation of 160 active members of the CFTC, about 50 FO members, 40 CGC members and 30 CGT members, in the activities of the Plan's own commissions, of the Economic and Social Council and of the Conseil supérieur du Plan.

Organized labour's main contribution has been in the field of employment and retraining policies, improvement of income in the lower brackets and regional development, and in the great efforts that are required for a better satisfaction of collective needs, specially of housing, schools and hospitals. Noncommunist unions recognize that planning has promoted economic growth, improved the efficiency of the system and established a framework for more enlightened economic decisions. Through their participation in the Plan, trade unions acquire a valuable knowledge of economic matters on which to base their claims.

However, various problems arise out of planning for trade unions in France. It would seem that the planning process is not as democratic as it should be. Workers

48 See X. Bilbault, "Entreprises et planification", Economie et Humanisme, November-December, 1961, p. 53-62; Economie et Humanisme, Le patronat dans l'économie et la société française, March-April, 1961, No. 31, p. 29-48 and Jeune Patron, Table Ronde "Planification", April, 1962, p. 17-33.

have the impression of not being given the same consideration as management and specially the government which, before the development of a plan, makes its own choice of political alternatives without prior open consultations. Because of the secret nature of business data, employers have more economic information than union representatives. Trade union representatives also criticize the inadequacy of trade union representation and an over-centralization of planning activities, which often places them before an accomplished fact without any real powers to disagree. They also maintain that certain measures such as manpower, education, regional development and foreign-trade policies are kept totally or partially outside the purview of the Plan. They point out to differences between the original content and the actual results of the Plan, both in the public and in the private sectors. Finally, they question the adequacy of the incentives to ensure a long-term dynamic economic growth, particularly in view of the fact that such incentives have little effect for medium- or small-size businesses.⁴⁹

During the last two years, France, like all other European Community countries, has been under strong inflationary pressures. That led to the application of a stabilization policy. In the opinion of trade union leaders those measures, while they were essential on a short-term basis, were bound to cause a certain check on wage increases, to curb public investment for social purposes, to delay social security measures in favour of low-income families and to reduce investments in general.

Planning experts are afraid of the possible effects of such stabilization measures on the economic growth and are opposed to the traditional anti-cyclical policy approach, this approach being effective only in the case of economies that are content with a slow rate of long-term growth. In their opinion, the solution rests in a combination of closely related growth policy, anti-cyclical measures and income policy. Such a comprehensive policy alone could ensure a sustained rapid long-term growth. They consider that the present monetary and fiscal policy is not sufficiently selective, that it tends to act after the fact instead of preventing inflation and that it can have no effect on inflationary wage agreements which originate between trade unions and high

49 See P. Belleville, "Les syndicats sous la Ve République", *Esprit*, March, 1962, p. 381-395; E. Descamps, "Réflexions d'un syndicaliste sur les plans français", *Cahiers du Centre d'Études Socialistes*, No. 18-19, July 1-15, 1962, p. 3-17; A. Darricau and W. Flandin, "La participation syndicale au IVe Plan", *Revue de l'Action Populaire*, No. 164, January, 1963, p. 59-67; R. Jacques, "Pour une approche syndicale du Plan", *Esprit* 29 (7-8), July-August, 1961, p. 16-39 and M. McLennan, *French Planning: Some Lessons for Britain*, Political and Economic Planning, Vol. XXIX, No. 475, September 9, 1963, p. 347-355.

productivity firms, little concerned about demand control policies, and then spread throughout the economy. At the end of 1963, the Commissariat au Plan held a conference on economic policy for a study of all those issues. Nine meetings were held between October 24, 1963, and January 14, 1964; they were attended by representatives of the main socio-economic groups.

Several warnings were voiced by management and labour leaders against an income policy. Such a policy, it was stressed, could lead the country to a system of controlled economy under which the freedom of decision of the economic agents would be severely restricted. Faith in collective bargaining as a means of determining wages and working conditions was confirmed. Trade union representatives were fearful that an income policy might be limited to a policy concerning wages. However, subject to those qualifications, the representatives of the large social organizations expressed little basic opposition to the concept of an income policy, with the exception, of course, of the CGT. Labour leaders went so far as to accept that such policy might affect not only the general income level but the level of the various economic sectors. According to the social leaders, the criterion of increased national productivity would create many problems. Labour leaders were not particularly in favour of price increases in the low productivity sectors and expressed doubt as to the prospects of decreases in prices in the highly productive industries. An income policy seemed acceptable to the CNPF, provided it were a flexible long-term policy.

In the opinion of all participants, a better statistical and economic knowledge of income distribution was a prerequisite for the development of an income policy. Labour representatives also pointed out that such a policy might be established -- but only if all accessory forms of remuneration were gradually integrated with wages, and if decisions concerning salaries and wages in the public sector, minimum wages and social transfers ceased to be taken unilaterally by the government. Following those discussions, the Commissioner General for the Plan, Mr. P. Massé, felt justified to recommend the introduction of an indicative income policy with the inauguration of the Fifth Plan in 1966, and the formation of an independent body to assess incomes.⁵⁰

The Dutch Wage Policy

In the Netherlands, the main contribution of labour and management organizations was to the development of the wage policy, one of the key elements of the

⁵⁰ La Documentation Française, Rapport sur la politique des revenus établi à la conférence des revenus, October, 1963, January, 1964, presented by Mr. Pierre Massé, Recueils et Monographies, No. 47, 1964, 29 pages.

country's economic policy. The Dutch wage policy is part of a series of policies designed to ensure rapid economic development, to maintain the price level so as to avoid strains on the balance of payments and to ensure full employment. The wage policy was also designed to promote a proper distribution of incomes. It gave excellent results during the post-war period and from 1955 to 1960 unemployment figures were very low; prices did not rise to any greater extent than in other European countries even though they had been relatively low at the beginning of that period, and there was a constant improvement in the balance of payments situation. The net results were inflationary pressures and labour shortages which have gone unabated since the latter part of the 1950's. That economic situation was one of the main factors leading to a review of the government's wage policy which had been in effect from 1945 to 1959.

The essential factor in that policy was government control over wages.⁵¹ All amendments to collective agreements were required to be approved by a branch of the Ministry of Social Affairs known as the Government Bureau of Conciliators. Furthermore, that organization was empowered to order or forbid the parties to apply certain clauses embodied in one or more collective agreements. The wage policy was applied in continuous consultation with the Labour Foundation, in conjunction with a government price and subsidy policy designed to avoid extreme pressures on wages. The government's wage policy, which was accepted by all parties, appeared increasingly rigid as the economic situation improved and as the export sectors made more use of their comparative advantages to increase their sales abroad and their profits. In 1959, the wage policy was revised and differential wage increases based on the degree of productivity of each sector were authorized. The results seemed unsatisfactory to management and also to labour organizations which feared that increased inequalities might endanger their wage co-ordination policy. Consequently, the method of determining wages was changed in 1962, when the responsibility for approving collective agreements was transferred to the Labour Foundation. On the basis of surveys made by the Planning Bureau, the Social and Economic Committee suggested to the government the broad lines of an economic policy and of a wage policy. The Labour Foundation must approve collective agreements consistent with the economic policy. However, the final decision still rests with the government which, in the case of incompatibility with the Foundation's policy, may declare a temporary freeze of wages or restore the powers of the Board of Conciliators.⁵²

51 W. Fellner et al. "Wage Determination in the Netherlands", in: The Problem of Rising Prices, p. 362-364 and Digest of the Kingdom of the Netherlands, Social Aspects, p. 43.

52 W. Olthof, "A New Wages Policy for the Netherlands", Free Labour World, July-August, 1963, p. 23-24.

Dutch leaders are following closely the results of this new system because of the difficult situation created for the Labour Foundation. It is, of course, embarrassing for an organization composed of representatives of both management and labour to oppose vigorously agreements sought by an important segment of the management or labour organizations. However, the dangers in that connection are not too great because of the powers of the confederations, of the labour's policy of wage co-ordination, and also because of the government's residual controls.

In addition, the change-over to the new wage policy was made in favourable economic conditions. The government's policy was revised; during the years 1963 and 1964, it was used to equalize prices and wages with those of other European countries instead of ensuring absolute price stability. That resulted in a rapid increase in real and nominal wages, and thus limited the recourse to the controlling powers of the Foundation. Also, labour organizations strived to maintain and to improve their wage co-ordination policy, which is designed to limit to a minimum the intersectoral discrepancies in wages. That policy is accepted by both management organizations and the government, even if the high productivity sectors have a tendency to offer higher wages in order to attract manpower. It is true that wage-drifts tend to produce certain wage discrepancies, but labour confederations constantly strive to remedy such differences.

Finally, this co-ordination policy is further facilitated by the Netherlands' active labour policy. Efforts in vocational guidance, the matching of labour demand and supply, the retraining of workers and increased labour mobility, all tend to reduce pressures on specific labour markets.

Belgian Problems

During the post-war years, economic conditions were not as buoyant in Belgium as in the other Common Market countries. During the 1950's, the growth rate was low, while the unemployment rate was much higher than in the other continental countries. On the other hand, in the immediate post-war years, wages were higher than in the other countries of continental Europe and remained at a high level throughout the 1950's. Those trends led to efforts at programming and at controlling wage pressures, around 1958 and 1959, at a time when conditions appeared especially bad.⁵³ So the Planning Bureau, established in 1959, was charged with the development of an economic plan. That

53 E. Mandel, "Les grèves belges: essai d'explication socio-économique", Les Temps Modernes, April, 1963, p. 1301.

plan, which aimed at an annual growth rate of 4 per cent for the period 1962-65, was accepted.⁵⁴

Independent of government action, management and labour organizations undertook nation-wide negotiations in order to curb the increases in wages and other labour costs. As social security charges are high in Belgium and as wages are set by joint or "parity" boards, efforts were concentrated on agreements concerning the various forms of remuneration which are added to wages. An agreement was signed by management and labour confederations in 1960. In 1962, that agreement was renegotiated and, at that time, the parties had the benefit of an economic plan developed by the Planning Bureau recommending increases in real incomes of 3.5 per cent a year. However, as statutory increases in social security charges were to reach 2.2 per cent of wages in 1963, there was very little room left for the negotiation of wage increases. Yet, negotiations in joint boards gave indications of salary increases ranging between 5 and 6 per cent; for the first time since the war, there was real pressure on the labour market and indications of a possible labour shortage. For these various reasons, in 1963 wages were increased by 10 per cent instead of by the contemplated 3.5 per cent. Labour leaders maintained that the 3.5 per cent was only indicative. As the suggested increase in income had not been either discussed with or accepted by them, the management and labour organizations felt no obligation to abide by it. The consequences of that increase in wage costs were mitigated by an increase in Belgian production and specially by wage increases in the other European countries. Those increases were greater in the Netherlands and in Italy, and nearly as high in Germany and in France.

The Swedish Experience

For over two decades, Sweden's whole economic policy has been hinged on full employment. All efforts made by labour and government to develop an efficient economic policy have been guided by that objective. That objective of full employment and welfare dates back to the late 1930's, when already the trade union movement had overcome its problems of union recognition and had rationalized its structures on an industry basis and settled its problems of conflicting jurisdictions.⁵⁵

In Sweden, employers and labour have very definite views concerning the content of the economic policy and, especially, the respective responsibilities of the

54 E. Defossez, "Belgium", in: International Trade Union Seminar on Economic and Social Programming, OECD, Paris, 22-25, October, 1963, p. 78-9.

55 J. Cooper, op. cit. p. 5

government and the parties in the implementation of that policy. Social partners are agreed on common objectives for economic activity, i.e., increase of real income, full employment, economic stability and a fair distribution of income. The division of responsibilities is to be based on the implementation of the policies required to reach those objectives.

Until the mid-1950's, the fundamental criterion for the sharing of responsibilities seemed very clear for the Swedish trade union movement. The government was responsible for economic stability. Government policies were expected to wipe out excessive demand through monetary and fiscal measures, promote the efficiency of the economic system through the maintenance of competitive conditions on the commodity and labour markets, and develop a fiscal and social policy likely to improve the distribution of income.⁵⁶ In such a context, employers and unions would look after the proper operation of the economic system and, specially, after the settlement of questions concerning wages. Over the past ten years, union thinking has changed in two definite respects. The trade union movement has become increasingly aware of the importance of economic growth as a condition for full employment which, over the long term, can be maintained only by rapid economic growth. On the other hand, economic growth requires a constant watch over the efficiency of the economic system and the structural changes which the economic policy should promote. In its 1961 manifesto, the LO suggested a series of measures aimed at accelerating these changes. The trade union movement clearly came out in favour of a liberalization of trade, a more flexible credit and interest rate policy designed to promote capital formation, tax changes providing for the taxation of high production costs rather than big profits and a more dynamic labour-market policy. Trade unions as a whole were definitely in favour of increased economic planning.⁵⁷

A second point on which there was a change of philosophy on the part of trade unions concerned salary inflation. Until recent years, trade union leaders had always refused to recognize salaries as a source of inflation and had insisted that all inflation stemmed from surplus demand. For Swedish trade union leaders, remedies against inflationary wages must not be provided by increased government intervention, but are the sole responsibility of management and trade unions. The instruments for the implementation of a noninflationary wage policy might be negotiations at the national level

56 W. Fellner et al., op. cit. p. 413-4.

57 .P. Holmberg, op. cit. p. 13.

between the SAF and the LO, the control of indirect form of remuneration and the carrying out of a wage-solidarity policy. As these instruments have not been very effective during the post-war period, efforts should now be concentrated on improving their efficiency. Wage solidarity has been, for many years, a part of the trade union movement programme; and, historically, it has given tangible results. During the post-war period however, this solidarity has been to a great extent frustrated by the wage-drifts brought about by labour shortages. Employers have considered indirect wage increases as essential, if not to attract new workers, at least to retain their employees. Wage-drifts have not been prevented by the SAF's control over management because greater latitude was granted concerning wages than any other point of management policy. Since 1956, both confederations have been trying to improve their control over indirect forms of remuneration, but this task has been complicated by persistent and increasing labour shortages. Negotiations at the national level have not been very successful in enforcing that control or in relating increases in wages to increases in national productivity. Success has been hampered by two main difficulties. First, in negotiation at the national level an effort is made to recommend general wage raises based on the increase in productivity, but account must also be taken of the need to grant larger increases in the case of the lower wages in order to reduce disparities. So, it may well happen that confederations' recommendations are out of line with the actual increases in productivity. In the second place, the proper operation of this system of recommendations by confederations is affected by wage-drifts. In industries where such drifts prevail, wage increases have already been incorporated in the total remuneration by the time a new agreement is reached providing for wage raises based on advances in productivity. So, in certain industries, actual raises in wages may exceed the rate of growth of national productivity. Finally, after an agreement has been reached, wage-drifts may again, in some cases, have the effect of adding to the income of workers. That is the process known as the spiralling of wages. During the last few years, wage increases have not had the effects anticipated by economists because wages have been increasing at a rapid rate also in other European countries. However, labour, management and government leaders are keeping very close watch over this development and are trying to control that wage inflation, which may have very serious implications as and when stabilization is achieved in Europe. Nevertheless, union leaders are still opposed to a government income policy and insist that this is a task for a mature and socially and

The German Policy

In Germany, while no institutionalized machinery existed, an efficient income policy has been applied. In fact, it has perhaps gone beyond the objectives for, while it probably prevented wage inflation, it may have increased inflationary pressures which are very seriously affecting the German economy. The income policy was the outcome of moderation in union demands and pressures exerted by the government to maintain such moderation despite very serious shortages of labour.

Up to 1957, labour supply conditions in Germany were such that unions could not embark on a very aggressive policy. The flow of refugees was constantly adding to labour resources and making strikes less and less effective. German public opinion was not particularly favourable to strikes which were often considered as communist methods. Conditions changed to some extent after 1957 when labour shortages began to be seriously felt. However, the government openly insisted on a policy of moderation on the part of unions, on the ground that union demands might lead to wage inflation. In 1963, the metalworkers' strike became very serious because of the possibility of leading to a general strike. Chancellor Erhard acted as mediator in that dispute and prevailed on the union to sign a collective agreement providing for a 5 per cent wage increase instead of the 8 per cent originally claimed. Because of the influence of the metalworkers' union over wage trends in Germany, the general wage increase in 1963 was 7.5 per cent, or less than in any of the major countries of continental Europe. The result of this lower increase in wages soon became apparent in the form of a substantial trade surplus and of an increased labour shortage.

British Problems

Among the many problems encountered in Britain, two are of particular importance as concerns union and management participation in the economic policy of the country. The first is the low rate of growth of the British economy. Throughout the

58 Several documents deal with the economic problems of the wages policy in Sweden. See: W. Fellner et al., "Wage Determination in Sweden", in: The Problem of Rising Prices, p. 391-418; K. O. Faxen, "The Collective Agreements System and Wage Determination", Quarterly Review of the Skandinaviska Banken, January, 1961, p. 1-7; T. L. Johnston, op. cit. Chap. 17; Documentation Française, La politique des salaires en Suède, Notes et études documentaires; No. 2976, March 26, 1963, 24 pages and P. Holmberg, op. cit. p. 11-21.

post-war period, economic growth has been slower in Britain than in any of the other major countries of Europe and, for the time being, there is no prospect of any closing of the gap. The second problem, which cannot be divorced from the first is that in recent years Britain has been subjected to two types of inflationary pressures: a wage-price spiral and a wage-wage spiral.

During the period 1955-60, price increases have been sharper in Britain than in any other country of Europe, except France and Sweden, although prices were relatively high during the first post-war years. These price increases, which have not been offset by any devaluation of the pound, have created a difficult balance of payments situation and forced the government, on various occasions, to take steps in order to check substantially the economic growth. As full employment has been maintained throughout that period, it has been easy for British workers to obtain wage increases and for employers to pass on their increased labour costs to the consumer. On the other hand, wage changes were rapidly spread throughout the economy. With decentralized effective bargaining, increases obtained at the local level could spread without any hindrance on the part of the union federations or the TUC.⁵⁹

To overcome the problem of growth, the government appealed to the National Economic Development Committee. The actual influence of this body is far from adequate; apart from university students and young civil servants,⁶⁰ the British population seems little concerned about the growth problem. To ease the pressure on wages, the government attempted to apply an over-all wage policy. From 1957 to 1961, the public sector was used to try to slow down wage increases. Results were not very satisfactory, however, and soon the public sector, and particularly the nationalized companies, were faced with recruitment problems, and unions became much more aggressive in those sectors. As the wage-freeze also extended to white-collar workers, the conservative⁶¹ government was affecting the standard of living of the middle classes that supported it. Such a policy was becoming dangerous, as was shown by the 1960 disputes involving teachers and nurses. In 1961, the government issued an order for a general wage halt which

59 B. Donoghue, Trade Unions in a Changing Society, Political and Economic Planning, Vol. 29, No. 472, June 10, 1963, p. 189-96 and B. C. Roberts (ed), op. cit. Foreword, Introduction, Chap. 8.

60 B. C. Roberts, "The Social Background to a British Income Policy", in: Income Policies, Papers read at the Business Economists' Conference at New College, Oxford, April 18-21, 1963, p. 28-30.

61 B. C. Roberts, "The Social Background to a British Income Policy", in: Income Policies, p. 30.

arrested increases while it was in force. When the government attempted to extend the order beyond six months, unions renewed their demands and wages rose substantially. The net result seems to have been merely a delay, and not a reduction, in wage increases.

In the opinion of industrial-relations experts, wage instability is one of the most serious problems in the British economy, and one for which they can see no immediate solution. The National Income Commission experience seems to have been an almost total failure. The BEC and TUC do not have the necessary powers to define and apply a wage policy, nor do they seem particularly concerned about the problem. Management and union leaders certainly believe that it would be useful to have an income policy, but such a policy would have to be acceptable to the management and labour organizations and to the government. In any event, these are still more or less rhetorical attitudes. It would seem that government action might provide some solution. A number of specialists are of the opinion that the development of indicative policies and the legal recognition of work contracts might contribute to an improvement of labour relations in Britain.⁶²

CONCLUSION

Economic and social changes have influenced the post-war development of Europe. Industrial relations have not escaped the impact of new economic policies and new institutional structures. On the contrary, a number of countries have tried -- and are still trying -- to reorganize and introduce new methods in this field. The part that the trade union movement should play in business and in society, as a whole, in economic planning and in income policies is attracting considerable attention, and thinkers, politicians, management and union leaders are deeply concerned with this matter.

There have been great efforts and valuable achievements made in Europe. Our assessment of those efforts and achievements will be limited to their impact on co-operation between the various social groups to the extent that such co-operation may contribute to economic efficiency and to the promotion of industrial peace.

62 All recent studies on industrial relations problems in Britain examine in a critical manner the system and suggest innovations. See for example the documents of: B. C. Roberts, E. H. Phelps-Brown, C. Chivers, M. D. Steuer, M. Shanks, W. F. Frank, W. E. J. McCarthy and G. Cyriax. See also: H. A. Clegg, "A Policy for Incomes", *Lloyds Bank Review*, April, 1963, p. 1-16 and A. M. Ross, "Prosperity and British Industrial Relations", *Industrial Relations*, Vol. 2, No. 2, February, 1963, p. 63-94.

Considered from that angle, basic ideological and institutional changes which have taken place in the five countries of continental Europe covered by this report appear as very positive. One of the fundamental aspects of those changes is the importance given to the pursuit of such economic objectives as economic growth, improved real income for the population as a whole, and continued full employment. In several countries these objectives, having been formally endorsed by government, management and union leaders, their promotion is one of the guiding principles of economic policy. The fact that negotiation and consultation have replaced the open struggle between the parties is in itself substantial progress. Because of the centralization of their structures and their continued devotion to a philosophy of equal opportunities, union organizations are in a position to develop policies designed at improving the welfare of the working classes and at promoting the social progress of the whole population. With the effective divorce of trade union movements from party politics, the participation of management and labour in joint institutions and the acceptance by the two parties of their responsibility towards the general interest, the way is open to the development and the implementation of an efficient economic policy. Ideological and social changes in Europe have led to a greater sense of social solidarity, to the breaking down of class barriers and to an effort to achieve a democratic society anxious to provide for the welfare of all its members.

Collective bargaining is the source of major problems in the way of labour-management co-operation. As, at the bargaining table, the interests of the parties are in conflict, unions must, through education and union action, stress this conflicting feature in order to preserve the determination and support of their members and to be in a position to oppose a strong front to the stands taken by management. When unions are strong, the employer must not only recognize them as such, but also co-operate with them in order that his own business may operate efficiently. Bargaining at the company level is often based on the profits of the company concerned and does not provide for exchange of objective general views as there is no accurate criterion to determine what are "fair" wages and profits. Thus negotiations can create tensions, lead to one-sided consideration of the facts and provide for the settlement of disputes on the basis of the strength of each party.

Except in Britain, bargaining at the company level is the exception rather than the rule in European countries. Because of the absence of local unions, labour relations are developed between the employer and the work council. As this council will not resort to strikes and because its action has very limited economic impact, the employer can co-operate with it without fear of having to make costly decisions. On the

other hand, as the council has no legal power, co-operation may remain of a rather paternalistic nature.

Bargaining on behalf of a group of businesses may be favourable to co-operation between labour and management. Such negotiations are carried on by management and labour federation representatives who deal with such problems as productivity, labour costs, prices, competitive position, employment and production for groups of workers and employers, rather than with matters concerning the productivity and profits of individual and specific firms. Those are questions that are more readily examined on their merits at the industry than at the company level. Hence joint decisions are likely to be more rational and may exercise some influence on a whole industrial sector.

Bargaining at the industry level requires union and management solidarity. In their demands, unions must take into account the effect of negotiations on marginal firms. Wage increases must not be too high or they might mean the closing of such businesses, but yet they must be sufficient to provide an incentive for the improvement of production methods. Negotiations at the industry level have some desirable economic results. Rapidly developing firms are not faced with higher wage rates by the mere fact that they are in a better financial position. They may continue their expansion without being subject to more than the general variations in wages. Employers faced with a shortage of staff may increase their wages through additional payments. When such payments are based on increased production or greater productivity, labour costs are not affected as they would be by an outright increase in wage rates.

In all countries covered by this report, except Britain, the trade union movement is organized on an industry basis. There are few labour federations and the structure of the management organization is similar to that of the labour organization. The persons in charge on the management and the labour sides get to know one another, develop a general competence and technique for the problems of the industrial sector concerned and can maintain relations from which, as a rule, the resort to strikes is excluded. The effects of negotiations in which a large federation is involved are not limited to the economic sector concerned, but affect the whole economy. In some cases, negotiations may affect the balance of the economy as a whole or the balance of payments position, or lead to a condition where the whole economic policy of the country will have to be carefully reviewed. In such cases, the attention of analysts or public opinion is aroused and proper solutions may be found in the light of the general interest. In the conditions of full employment now prevailing in Europe, any substantial increase in wages secured by a large federation is spread over most of the sectors of

the economy. Hence, the government has the responsibility to interfere directly in serious disputes and not merely through the process of conciliation and arbitration, traditionally entrusted to neutral third parties.

Government intervention on behalf of the general interest is justified by the desire to avoid wage inflation, greater wage disparities and increased unemployment. This type of intervention is accepted by the trade union movement. In Germany, Sweden and the Netherlands, unions have been moderate in their demands, despite the fact that this is not an easy attitude for a union group.

In France and Britain, particularly from 1958 to 1963, it is in the public sector that negotiations have been the most difficult, and unilateral decisions by employers the most prevalent. The powers of the nationalized industries and public bodies were taken over by the Department of Finance for the sole purpose of keeping wage increases to a minimum and not of improving collective bargaining or labour-management co-operation. In the case of the French Government, the victory won by the miners' union came as a shock; the government is now endeavouring to find a new wage policy for that sector.

Except in Belgium and Britain, there have been few labour disputes in connection with collective bargaining. In Britain, strikes still represent a serious economic problem. In the other countries, industrial peace will probably be maintained while efforts are made to find an orderly and efficient industrial-relations system. Even if union action is developed at the company level, the over-all system will continue to take account of economic interdependence and to be based on centralized collective bargaining.

It is at the level of the national institutions that in the last few decades most of the major changes in labour-management relations and of the improvement in the social partners' co-operation took place. Here again an exception must be made for Britain where, since 1950, there has been some regression. There have been important changes with regard to the internal unity of management and labour organizations, actual co-operation between these confederations, their purposeful and institutionalized participation in social and economic policies, and the extent of positive knowledge of social and economic problems. These changes are not due to labour and management organizations alone. Social and political philosophy and the direction of government action have permitted, and in many cases promoted, this development in labour-management relations.

In most of the countries of Europe, there is a high degree of unity within the confederations. Confederations have the necessary powers to influence federations' decisions, and federations have control over union action at the local level. Various co-ordinating committees have been charged to ensure the development of common policies. Confederations have large staff and efficient technical services and their research services favour centralized decision-making. Confederations are in every sense social and political spokesmen and not merely representation agencies. Interunion struggle may become the stumbling block for unity of action within labour movement, but that problem is limited to France and, to a lesser extent, Belgium.

In Sweden, the Netherlands and Belgium, there is constant co-operation between management and labour confederations. That co-operation is achieved in the Netherlands through an institution created almost 20 years ago -- the Labour Foundation -- and in Sweden, through continuous relations and the signing of interoccupational agreements. In Belgium, labour and management confederations have reached bilateral agreements and participate in joint decisions in national committees and various "parity" or joint organizations. In France, there are fewer interoccupational agreements, and institutionalized co-operation between management and labour is hampered by the attitude of the CGT. For that reason, co-operation takes place mostly within tripartite agencies.

Except Germany, all countries of Europe have tripartite agencies, most of which are constantly influencing the economic and social policies of their respective countries. The great majority of these agencies are advisory bodies. It would appear that the most efficient formula is that of economic and social councils whose duties consist in presenting opinions to the government either at the request of the government or on their own initiative. The activities of these committees are both official and public. All recommendations to the government and reports on economic and social problems are made available to the press and their contents are publicly known. In France, participation in planning is not limited to representatives of the confederations or the main federations, but also involves the leaders of all sectors of the economy. In the Swedish Labour Market Bureau, the action of management and labour representatives is not limited to consultation; these groups have executive powers and are responsible for the development and the implementation of the labour market policy.

Official participation has had substantial effects on the methods of approach of labour and management organizations to the government. Traditional lobbying has to some extent at least been replaced by official stands which force these organizations to make their recommendations in a positive manner, in the light of the public interest.

However, management and labour organizations' participation in the social and economic policies in Europe is not limited to an action upon the governments. These organizations try to work out policies consistent with the objectives of the country's economic policy. Management and labour leaders are now aware of their responsibilities with regard to the wage policy and of the relationship between that policy and the general economic policy. Trade union movements are making strong efforts to develop wage policies for the whole working class. Those are the solidarity or co-ordination policies which are incorporated as a part of the official programme of some labour confederations.

Two extremely important aspects of the social groups' participation in the economic and social policies should be mentioned. In many countries of continental Europe, there is a tendency not to consider any longer the development of such a policy as the exclusive responsibility of the government and, especially, of the party in power. Governments promote consultations with the social groups and discussions as to the proper ways of solving problems. Such a tendency is not to be found in the British government tradition. The second point relates to the expansion of applied economic research. That type of research has considerably increased and has produced a large volume of works. All organizations, large or small, have their research departments, and publish documents together with yearly economic reports which present not only isolated economic facts in support of the recommendations of the organization concerned, but extensive analyses of economic developments. In various countries there are independent or para-university research services. Applied research in universities is also very extensive. Research as a profession is now recognized in all countries, and this expansion of research is contributing substantially to a sound knowledge of social and economic problems.

While valuable progress has been made in the field of co-operation between social partners, it should not be inferred that conditions there, as compared with those prevailing in Canada, have reached a degree of utmost perfection. There is no direct relationship between the quality of the institutional organization of a society and its standards of living. Living conditions depend on various economic variables such as the combined resources of a country, the level of income, savings and investments, comparative advantages in the field of foreign trade and the rate of application of advances in science and technology. This is illustrated by the case of India where, despite planning efforts which are considered by most economists as among the best in the world, living conditions have been improving very slowly. Actual living standards are unquestionably higher in Canada than in most of the European countries.

A full account of developments in Europe would show various items on the debit side. Collective bargaining and union action at the company level still have to overcome many difficulties. As a rule, unions have very little influence at the company level, except in Britain, and even in that country the important role is played not by unions as such but by shop delegates acting to a certain degree outside union structures. In European countries, management is still authoritarian and paternalistic. Agreements passed with work councils do not have the same effect on local labour conditions as a collective company agreement.

Collective bargaining leaves much to be desired. As, in most cases, agreements apply to a group of businesses, they are not as binding as are North American agreements. In very many cases, actual labour conditions differ from those provided in collective agreements. In France, discrepancies are so great that many agreements have very little significance, and workers hardly count on collective bargaining to improve their wages or better their working conditions. The gap between actual wages and rates provided in agreements is partly due to wage-drifts. Bargaining at more than one level can easily lead to the pyramiding wage increases and thwart the objectives of such bargaining. The weakness of collective bargaining in the public sector is specially manifest in Britain and France and in both of these countries governments used the public sector as a check on wage increases during the 1958-62 period.

Participation in national policy decisions is also a source of difficulties. In France, the union movement has been weakened by internal divisions. Labour is critical of the similarity of attitudes taken by government and management organizations in the working out of economic plans. In Belgium, because of the large number of national advisory bodies and of the confusion that exists as to their respective responsibilities, social and political leaders have been led to act on their own and this means a continuance of lobbying when important decisions are to be taken. In Britain, there is very little consultation and for a decade or so there has been no real dialogue between government and unions.

While industrial-relations systems in Europe are still seriously wanting on various points, the advances in labour-management-government co-operation have been impressive. Should we try to develop our own policies along the same lines as have been followed in Europe? A considered answer to that question can be neither a plain "yes" nor "no". In Canada, we have no urgent need to revamp our institutions as was done in Europe, because we are not faced with the urgent and serious problems that

existed in Europe during the post-war years. After 1945, European countries had to rebuild their economies and, to that effect, a high rate of economic growth was essential and, because of the social and political conditions then existing, economic recovery was impossible without serious efforts to achieve the objective of full employment and proper distribution of revenues. On the other hand, objectives of rapid growth and full employment required a certain degree of price stability and a proper balance of payments.

Post-war economic development in Canada not only led to a high rate of capital formation, but also provided Canadians with high standards of living -- among the highest in the world. Our economic policy based on the now conventional instruments of monetary and fiscal policy was fairly effective during that period. Balance of payments problems in Canada are not of the same nature as those existing in the industrialized countries of Europe. Our balance of payments rests mainly on exports of primary products rather than of industrial products particularly sensitive to price competition. Entries of foreign capital also provide us with a fair margin for imports of capital and consumer goods. Finally, there have been no serious tensions in our labour market.

However, in recent years, Canada, or at least certain areas, has not been spared the complex problems posed by the proper balancing of any industrialized economy. Full employment has never existed since 1958 and no excess labour demand is foreseeable for the next few years. If the studies made in the United States are in any way applicable to Canada, a substantial percentage of Canadian families have very low incomes. There are even indications that disparities in the distribution of income may have increased in the course of the last few years. We seem to be very little concerned with that problem. Our economic growth rate has declined since the late 1950's and the present upsurge is no guarantee of a prolonged period of sustained rapid growth. Canadians do not realize how important it is for a country to grow and develop if it is to retain its comparative advantages in the world economy and continue to provide employment and high real incomes. In Canada, economic growth is not considered on a priority basis except in some provinces where development is based on industrial activity. Quebec and Manitoba are the provinces where the main efforts are being made to innovate in the field of growth policy. The Maritimes lack the economic resources to embark on a full-scale growth policy. It was for the purpose of overcoming those problems of growth, employment and income distribution that the Europeans have developed institutional machinery where the efforts and plans of the economic agents are concentrated. Results seem to be satisfactory. For that reason, we should profit from

experience in Europe and move in a direction where the resources and efforts of our main groups will be concerted in order to ensure our full potential economic growth. All success along that line will require active co-operation between labour and management.

In Europe, the institutional structures are favourable to co-operation between the social groups. These structures are mainly characterized by centralized union and management organizations. In Canada, our industrial-relations system is decentralized and the central labour bodies or confederations have little to do in the development of union policies. Management associations are little concerned with labour problems. As yet, no institutionalized relations between management and labour organizations are in prospect. Except for the experience in Nova Scotia, no regular consultations exist between management and union leaders. Very little changes are foreseeable because changes in institutional conditions are always a slow process.

It is mainly with regard to groups' participation in the economic and social policies that new initiatives are possible. Consultation will be effective only if governments recognize that policy determination is not their exclusive privilege. Governments will have to submit to the democratic organizations the problems arising from policies and from the choices to be made in the economic and social fields. They will also have to have the possibility of asking for official opinions on growth, labour market and social security policies. The organizations consulted will have to be given the opportunity of expressing their opinions before actual decisions are taken.

The Economic Council seems to be the recognized instrument for consultation. There are several such councils in Canada and, as a rule, their field of action is very broad. Their responsibilities are twofold: direct action and economic research. European experience shows that it is preferable to entrust these two functions to different agencies which, however, must maintain close liaison. Then, one of those agencies becomes a focal plant where all important problems are discussed and where the governments can find valuable suggestions for their policies. Of course, in this country, the establishment of economic and social action organizations would present special difficulties because of the constitutional division of powers.

Research also plays an important part in developing co-operation between the social groups. An increase in economic and social research is essential in Canada. The responsibility in that field might be entrusted to a specific agency where professional searchers would undertake to develop policy instruments without being

responsible for the content of such policies. Governments can rapidly make a valuable contribution to the extension of research. Government bodies should increase the publication of works dealing with the main economic and social problems. The existence of private or independent research agencies would then be a supplement to the activities of government institutions.

All modern societies are endeavouring to achieve economic objectives. Our own society must become aware of these objectives and of the means to be used in order to achieve them in the framework of our own institutions. That is not exclusively the responsibility of governments. All democratic organizations and particularly management and labour associations must contribute to our economic development, and unions and management will not make their full contribution by continuing merely to fulfil their traditional functions. Economic development implies a multitude of collective decisions that cannot properly be made or implemented without the co-operation of the social partners.

COMMENTARY

By

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In the post-war era a number of socio-economic concepts have emerged which have acquired a status just short of revealed truth. Economic planning is one of these. Regional trade arrangements is another. Still another is the subject of this discussion -- labour-management-government co-operation.

Fortunately, the authors of the two papers under consideration have not imparted an exaggerated significance to their subject. They have, in my opinion, presented an objective analysis of labour-management-government co-operation in the countries under review and, in the main, have drawn balanced and defensible conclusions.

I have often noticed, however, in the public discussion of these matters, a conviction that there is a direct and unvarying relationship between the economic performance of a country and the degree of labour-management or labour-management-government co-operation. Such a relationship is difficult to demonstrate.

Consider, for example, the question of growth rates. From 1953 to 1961, West Germany's real GNP per capita grew by 54 per cent, Italy's by 53 per cent, France's by 32 per cent, Sweden's by 32 per cent, the Netherlands' by 31 per cent, and Belgium's by 17 per cent. While Germany and Italy lead the field in terms of growth, they show the least highly developed institutions for joint consultation and action. France and Sweden showed an identical growth rate, but have very different forms of co-operation. In France, the government is involved in a major way in national consultation and planning and it appears to form an alliance with the management associations, while labour's participation is weak. In Sweden, management and labour are both powerful and participate in

planning on equal terms, while government, in matters of industrial relations, tends to remain in the background.

The same lack of correlation appears when we consider unemployment rates. After adjusting to a single accounting method we find that in 1960, for example, Germany had an unemployment rate of 1 per cent with little formal labour-management co-operation at the industrial or national level, while France, with an elaborate tripartite system, had 2 per cent unemployment. Italy, with a system similar to Germany's in this respect, had about $4\frac{1}{2}$ per cent. Sweden with its rather sophisticated institutions had $1\frac{1}{2}$ per cent. So it is difficult to see a causal connection here.

Even in the area most directly related to bipartite or tripartite co-operation, namely, industrial peace, there is no clear relationship. Professor Cardin's table on page 36 shows that Germany consistently has had a very low ratio of days lost through strikes, while Belgium and France, with rather advanced forms of labour-management and labour-management-government co-operation, have relatively high ratios. The best industrial peace record of all is in Sweden where labour-management bodies have been elevated to the status of quasi-public agencies.

There are dangers, therefore, in over-simplifying the relationship between co-operation of this kind and economic performance. To be fully effective, such co-operation must take place within a framework of appropriate government policies, or fortuitous economic circumstances, or both. Sweden's good performance owes much, for example, to its government's consistent anti-cyclical policy and imaginative manpower program. The countries of the European Economic Community owe their rapid development to a host of policies, particularly those associated

with the breakdown of barriers to movement of goods and resources, in which labour-management co-operation plays a role of significant, but not overriding importance. This is not to deny that labour-management co-operation cannot help to create the very conditions under which it will best operate; but unless other factors -- particularly at the level of government policy -- are also at work, the optimum economic environment for this type of co-operation will not be produced, and the results will be discouraging.

In other words, we must guard against the temptation to seek easy solutions to our economic problems by taking particular planning tools and institutions -- such as labour-management-government co-operation -- out of the general policy context in which they operate, applying them to our own situation, and waiting for the magic to start working. After labour-management-government associations had practised the black art of pseudo planning for a protracted period without the supernatural results expected, the public might well look upon the whole witches' brew with disgust and demand to know, like Macbeth, "How now, you secret, black, and midnight hags! What is't you do?"

And if the only reply that the three planning partners could make to this reasonable enquiry should be, as Shakespeare's three witches replied, "A deed without a name," then the public could be excused for rejecting the whole idea.

It has been pointed out in these papers that collective bargaining in Europe has generally taken place on a much higher level than in North America. Union federations or large industrial unions bargain with large groups of firms, and their agreements are extended, often by law,

to non-participating parties and all local plant situations. In North America the usual practice is for one union to negotiate with one firm at a time and usually there is a separate contract for each plant.

I think there is very little prospect of the adoption of national or industry-wide bargaining in Canada in the foreseeable future. Although there are some examples of industry-wide bargaining e.g., the clothing industry and the construction industry, it is very unlikely that transfer of bargaining autonomy from locals to central bodies will take place very rapidly, if at all.

It must nevertheless be recognized that the European system has certain obvious advantages in an age when many countries are moving towards some form of economic planning. As Professor Cardin has said in his paper, "European industrial relations systems in most of the countries under review seem to be more capable of integration into general government social and economic policies than our North American systems would appear to be."

The reason for this is that the more aggregate European negotiations tend to remove the parties from a narrow collective bargaining environment where the problems relate to only one firm or one plant, and encourage them to discuss issues of broader national significance.

However helpful this intermediate position between local bargaining and co-operation at the level of the national community may be, I don't think it is indispensable. I think it is quite feasible for unions and management in this country to participate in planning and consultation at the level of the national community, without giving up our present collective bargaining system and without moving through a

stage of industry-level or sector-level bargaining. Indeed, this is what Canadian labour and management are attempting to do at the present time by their participation in the Economic Council.

There are, however, a number of constraints on the ability of Canadian labour and management to take an effective part in tripartite national bodies. One of these is the comparatively low degree of organization of labour and management in Canada. There seems to be no single association or group of associations which can be said to speak for Canadian business on a wide range of economic policies. The Canadian Labour Congress, its affiliates, and the provincial labour federations are in a better position in this regard. Nevertheless, only about 30 per cent of the nonagricultural labour force in Canada is organized into trade unions, compared with from 50 per cent to 75 per cent in most European countries. Moreover, while there has been rather good policy co-ordination among the CLC affiliates, the central organization can enforce a particular policy only in very limited circumstances. Neither the CMA nor the Chamber of Commerce appear to have any powers of policy enforcement over their members. Therefore, decisions taken by such central bodies, in consultation with government on tripartite boards and councils, rely heavily on persuasion and goodwill for adoption by affiliated organizations.

Bringing labour and management into national-level decision-making raises certain questions of democratic principle. The government's position is fairly clear. It has a mandate from the electorate to formulate and implement policies within its jurisdiction -- that is, federal or provincial.

Management associations, on the other hand, represent only a very small and very special electorate. Labour organizations are in an intermediate position; the CLC represents over a million trade unionists and the officers of both the central and affiliated organizations are chosen in regular elections.

But labour and management are going to be making major economic decisions in any case, whether they are brought into tripartite bodies or not. By integrating their policy-making into the policy-making of government we may be enlarging their influence over national affairs to some degree; but at the same time we are democratizing that influence by bringing it under the closer scrutiny of democratically-elected governments.

To deny a government the right to consult economic power groups is to deny it access to information and support which may be vitally necessary to the success of its economic program.

Of course, the government should submit to parliament major policy recommendations arising out of its consultations with organized economic groups. We must avoid a situation where decisions of major national significance are made behind closed doors by the cabinet, labour and management with parliament shunted aside or being presented with an accomplished fact.

Canadian labour is committed to the principle of taking part in tripartite bodies for the discussion of economic problems. At the same time, we would not want such activity to be regarded as a substitute for collective bargaining.

Given this approach, how do we determine the proper sphere for each type of activity?

I think collective bargaining should concentrate on matters of local concern:

- working conditions in the plant
- union security
- workers' rights (grievance machinery, seniority, etc.)
- vacations and fringe benefits
- wage structure and, to some degree, wage levels.

National tripartite bodies should concern themselves with broader economic questions which transcend the ordinary collective bargaining sphere (both in terms of the solutions required and the number of citizens affected):

- full employment
- monetary and fiscal policy
- manpower policy and automation
- international trade problems
- regional disparities, etc.

The purpose of the national-level, tripartite body should be to provide a general economic framework within which more localized activities -- of which collective bargaining is one -- may take place.

Once again, I could be accused of glibness if I left it at that. This model may lend itself to the kind of neat diagrammatic representations, in four colours and on glossy paper, that come to us from the publicity departments of certain European planning agencies. But to suggest that in practice the two activities would co-exist in perfect harmony, each instinctively sensing the boundaries of its own and the other's jurisdiction, is more than a little naive.

For example, discussions of international payments difficulties inevitably lead to discussions of wage policy; decisions on wage policy affect one of the major traditional functions of collective bargaining. Studies on unemployment, on the other hand, may reveal deficiencies in aggregate demand, which could provide scope for higher wage demands in collective bargaining. Policy recommendations in the field of technological change and manpower adjustment would affect a wide range of matters traditionally left to the collective bargaining arena -- such as work rules, seniority, length of vacations, types of fringe benefits.

Some of these national-level decisions would restrict the freedom of local and industry negotiators; some would enlarge it. But a great many of them would affect it in some way. If they did not, one would begin to suspect their effectiveness. What we must strive to ensure is not that the two activities will remain mutually exclusive, but that the best features of both will be allowed to operate. There seems to be a **dangerous assumption** in some circles that the complexity of our economy has made traditional collective bargaining obsolete and a hindrance to progress, that it should be completely dismantled and replaced by some system of national wage decrees. None of the countries this report covers have attempted anything like that and, in the one case where wage controls have been applied through a government agency, the Netherlands, the machinery has all but completely broken down.

This leads me into my next point. I find that whenever labour, management and government representatives in Canada get together, there is a painful hesitation to bring up certain provocative subjects which everyone knows must be brought up sooner or later if the meeting

is to mean anything. One of these touchy subjects, on which labour is particularly sensitive, is so-called "incomes policy".

Labour's caution about incomes policy is due to the fact that in the past, and in certain European countries, the term has not meant what it appears to mean at all; it has meant "wage policy". And "wage policy" itself has often been a soothing euphemism for wage restraint.

The labour movement in Canada is perfectly willing at least to discuss and explore the question of a genuine incomes policy affecting all factors of production. But we refuse to accept the notion that the full impact of an incomes policy should be borne by labour. I have often heard it said that while there are many cost considerations determining the competitive position of Canadian industry, wages and salaries are the most easily controllable items and it is here, therefore, that we should concentrate our attack. This point is both untenable in its economics, and unacceptable from the point of view of social ethics.

If there were to be an incomes policy in Canada arrived at in tripartite agreements, labour would insist on a genuine incomes policy. We shall want to discuss with you, in addition to wages, other forms of income, such as the returns to land, including rents, speculative profits on land sales, and the appreciation of land values; the returns to capital, including interest, dividends both distributed and undistributed, capital gains and other forms of income; and the returns to entrepreneurship, including salaries, stock options, expense accounts and other fringe benefits.

One aspect of labour-management-government relations, on which I ought to comment before closing, is the effect of the affiliation of

labour with political parties. The European experience -- especially in the case of Sweden, Denmark, Belgium and the Netherlands -- suggests that this does not impede good relations with the other bodies and, in some cases, even improves it. Of course, the fact that in Sweden and Denmark there is usually a social democratic government in power, friendly to labour, has a very great influence on labour's attitude to tripartite consultations. Management, in most of these countries, also tends to lend its support to certain political parties -- even if less openly -- and, except in the case of France, this has not produced serious ill-will on the part of labour. Similarly, in Canada, I would not expect labour's endorsement of the New Democratic Party to weaken the effectiveness of labour representatives on various tripartite bodies.

My conclusion is that the studies of Mr. Beausoleil and Mr. Cardin have filled a number of gaps in our understanding of current labour-management-government experiments in co-operation in Europe and in no way discourages us from continuing our own experiment. I believe that already some progress in labour-management understanding is being achieved. The existence of the Economic Council itself is tangible evidence that when labour and management agree in principle, they can exert an influence upon economic and social policy that is well-nigh invincible. All of the countries covered by these studies have experienced failures, and have made errors. But they have also experienced spectacular successes. Unquestionably, we have many problems -- the nature of our economy, rigidities of structure, constitutional differences, and our special brand of prejudices. To find a way of overcoming whatever

obstacles to economic and social advance they may represent is a challenge I think these papers identify as being peculiarly directed at us here in this room.

COMMENTARY

by

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The studies by Professors Beausoleil and Cardin have provided us with a clearer and more complete idea of the benefits derived in European countries from labour-management co-operation at the company, industry and whole economy levels. It is now up to us to select the highlights of this impressive collection of ideas, principles and facts and to draw therefrom those lessons that can best be applied to our situation in Canada, without, of course, ever losing sight of the general direction or orientation that the Economic Council should give.

When I compare labour-management co-operation in Europe with the co-operation that we have in this country, what strikes me most are our serious shortcomings in this field and the essential and urgent need to establish good contacts and a strong flow of information - in brief, a much more extensive and steady dialogue between management and labour at both the industry and company levels. In my opinion, any plans that the Council may make with regard to economic progress and expansion, however fine those plans may be, will be of little use unless they are based essentially on co-operation between the social partners. Such co-operation, in turn, must be based on an understanding between management and labour keyed to the pursuit of common objectives in the light of the direction given or the over-all plan worked out by the Economic Council.

The main goal and ultimate purpose of labour-management co-operation is to achieve the economic objectives of the nation with a minimum of disputes. Two of the simplest ways to evaluate the degree of success achieved are, first a positive way, consisting in calculating the increase in productivity, and, second, a negative way, which consists in counting the number of work days lost through strikes.

I insist on this point because it is essential for both parties concerned that the attempt to achieve the economic objectives of the nation - which, when all is said and done, is the result of the first dialogue within the Economic Council - be made at the provincial level as well as at the industry and company levels.

In their papers, Messrs. Cardin and Beausoleil emphasize the strength and organization of European management and of the unions confronting the management. In addition to the causes suggested by Messrs. Cardin and Beausoleil, I believe the strength of European management was built up, at the initial stage, on price-fixing and market-apportionment. Of course, North American legislations do not permit such agreements even though, in many cases, they may be to the advantage of the consumer.

In Europe as in Canada, the employer plays an important role and he should perhaps take more interest in problems of industrial relations which are all too often handed over to specialists. The latter have an important part to play, but sometimes lack the broad view and imagination of the business operator.

It would of course be neither possible nor desirable to apply here all that is being done in Europe. Some European ways and means are excellent, better than ours, but in certain fields, and not the least important, we are ahead of Europe.

Most Europeans certainly have an advantage over us in that they have an over-all plan, or the common desire to work for progress and generally improved conditions. The two most spectacular examples of this tendency are the Modernization and Equipment Plan in France and the Reconstruction Organization in West Germany. Let us hope that here in

Canada the Economic Council will soon provide us with the over-all plan we need.

This conference is certainly an important step in that direction. Within the Economic Council, discussions between management and labour representatives are taking place in an atmosphere of frankness and comprehension that augurs well for the future.

After achieving a broad agreement at the summit, as was done in Europe, we must see to it that the lower levels - the industry and company levels - also play their full part which consists in providing a support or an infrastructure for the system which we intend to build. That is why I would favour, for example, the holding of regular meetings where the social partners of our various Canadian industries - the representatives of management and labour - could study together the main common economic objectives of their industries and consider the means of achieving those objectives, always within the general framework of the plan drawn up by the Economic Council.

As everyone knows, each industry has its own particular problems. As our international trade expands, those problems will increase rather than decrease. What I am suggesting here is not bargaining, but rather meetings where the two social partners could make contacts, exchange opinions and information and might also agree on a general policy which the union organizers and management could later apply at the industry level. In addition, in the organization of such meetings the two social partners should agree on the type of research that will be useful for their discussions.

In most branches of industry, one of the social partners often has a substantial amount of information which would be of considerable use to most people in various capacities and for various respects. Under these conditions, why not place such information at the disposal of the group which might be in the best position to formulate over-all views?

I now come to my second point, which I consider no less important than the first one, namely, the need for the management and labour representatives to establish contacts between them and to maintain closer and more constant relations within the business enterprise itself.

It must be said that in this country the persons meeting at the industry level are often the ones who negotiate at the company level. In that connection we have a definite advantage over Europe, for in this country relations between industry and union leaders are free from the kinds of suspicion and class distinctions which are still deep-rooted in Europe. While in Europe there is little contact between the head of a firm and the union proper, here, on the contrary, such contacts are direct and sustained. Unfortunately, they usually take place for two definite and fairly limited purposes, namely, to settle claims and for collective bargaining. Here again we could draw inspiration from European methods and promote the establishment of company councils that might become forums where discussions on economic, educational and other problems could be held and would not be hampered, not to say paralyzed, by exclusively financial considerations or by the many annoying questions that accompany the settlement of individual or collective grievances.

In such forums employers could provide their workers or their representatives with information on their operations, and on the needs

and objectives of the firm. Such group discussions could also provide an opportunity to study matters of more general interest, such as the prospects and consequences of automation. The general aim of these forums could centre on improving the worker, on raising his level of education, in order to prepare him gradually to gain a better understanding not only of the operations of the business where he works, but also of the broad organization of the industry and of the part he has to play in the over-all plan worked out by the Economic Council.

RECENT AMERICAN DEVELOPMENTS AND EXPERIMENTS

IN LABOUR-MANAGEMENT RELATIONS

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RECENT AMERICAN DEVELOPMENTS AND EXPERIMENTS

IN LABOUR-MANAGEMENT RELATIONS

The purpose of this paper is to examine some recent experiments in labour-management relations in the United States and to suggest the areas in which these experiments may be relevant to the improvement of labour-management relations and collective bargaining in Canada.

Introduction

Efforts to carry out a major overhaul of the bargaining process have been pivotal to settlements since 1960 in a number of labour-management relationships in the United States. The combination of growing uneasiness with the bargaining experience of the fifties and apprehension as to the fate of the worker in industry of the sixties caused introspection on both sides of the labour-management relationship. We in Canada have been aware of several experiments resulting in new plans for bargaining in firms and industries better known over the years for their contributions to newsworthy conflict.

In their detail the plans have included considerations ranging from short-run bargaining advantage and long-run concern for the industry and the economy. But as an expression of the combined judgment of management and labour, each of the plans reveals the elements in their relationship which the two parties considered in dismantling and rebuilding the bargaining process.

Canadians have joined in watching progress of current experiments, eager to gain proven experience for use in this country. The close parallel in the two countries in the nature of bargaining and the similarities of labour-management problems provide the observer with an irresistible opportunity to broaden the base with which to measure Canadian issues. Employer and employee identities are frequently common to both countries and, more often, the language surrounding the solutions is deceptively alike on both sides of the border.

This very ease with which one moves from discussions of collective bargaining in the United States to developments in Canada can lead to less than adequate attention being paid to possible inadequacies of U.S. experience for shaping action in Canada. Historical development, and the social and economic environment of the country

in which industrial relations solutions are evolved, play a part in evaluating experience from another country for collective bargaining in Canada.¹

Nevertheless, there are lessons for Canada in recent United States experience, for many of the issues facing labour and management in Canada are identical with those faced by labour and management in the United States. Bargainers have been concerned on the one side with insecurity of employment in an atmosphere seemingly dominated by technological change, and with their first hand knowledge of continuing pockets of unemployment at a time of expanding supply of workers. On the other side there has been awareness of the need to make use of available advances in technology. Such considerations have frequently made bargaining difficult, and the plans examined grew out of the urgent need to facilitate bargaining.

Experience in the United States shows the extent plans must be adapted to the needs of the users. Both labour and management have stressed the "tailor made" qualities of their plans. Transfer value of the plans for particular bargaining relationships, then, depends not only on the parallels in issues encountered but also on similarities in the nature of the bargaining relationships. But transfer of the plans to the Canadian scene intact is only one possible use for the plans. Regardless of their usefulness as exact models, the extent of the challenge the plans hold for existing practices suggests new possibilities for all bargaining.

While principally a discussion of five well-known developments on the collective bargaining scene in the United States, this paper emphasizes the purposes of the plans and the requirements they meet. The discussion will deal with indigenous pressures for the plans nationally, and analysis will quickly reveal essential conditions of the plans which are present in the individual industry or at the plant.

Scope of the Study

The five plans covered in this study are the Armour Automation Fund, the American Motors Progress-sharing Plan, the Human Relations Committee of the Basic Steel Industry, the Long-range Sharing Plan of the Kaiser Steel Corporation, and the Mechanization and Modernization Agreement for Longshoremen on the West Coast. There is no statistical rationalization for concentrating on these five particular plans.

1 See Myers, Charles A., "The American System of Industrial Relations: Is it Exportable?" Annual Proceedings Industrial Relations Research Association, 1962, pp. 2-14.

Justification for the study rests on familiarity. Canadians have become familiar with statements that many constructive efforts are being attempted under the plans. Moreover, many of the crisis words of collective bargaining in Canada today are associated with the plans. In one way or another through the popular press and discussion, each of the plans has become identified in its own way with automation, the displacement of workers as a result of technological change, or giving new effectiveness to formerly explosive labour-management situations.

No selection of plans was made to highlight a particular approach to labour-management relations. Indeed the diversity of the plans is their most striking feature as a group. One would at first glance feel there is little in common between a profit-sharing plan in the automobile industry and provision for protection of longshore workers affected by the modernization of work rules and procedures. Or the common denominator between the attempt to revamp the bargaining process in basic steel and the sharing of labour and material costs savings at one of the smaller plants in the industry may not be immediately discernible. It is this diversity, in fact, that warrants particular attention. The diversity is indicative of the effort made in each situation to appraise the problems of a labour-management relationship which is falling short of expectations.

One emerges from a study of the plans with the feeling that their diversity demonstrates that important collective bargaining relationships have required tailor-made solutions. Such solutions appear to have emerged from self-analysis by labour and by management and careful singling out of the areas in which each has found the relationship lacking.

No conveniently sweeping appraisal of collective bargaining in the United States through the vehicle of the five plans selected for this article can be achieved. Those acquainted with the broad sweep of collective bargaining in the United States point to the persistent dominance of crisis bargaining, lack of innovation, and many other unsatisfactory items. The best impression of the degree of experimentation with the bargaining process in the U.S. would seem to show approximately three hundred bargaining arrangements with varying degrees of similarity with the plans discussed.

The rationale of presenting in one article the character and experience of the five plans itemized above lies not in their values as indicative examples nor in

their representative nature. Rather, it lies in examples of the way labour and management relationships have been taken apart and rebuilt, and in pointing out the types of issues which need to be constantly faced by labour and management to retain and increase the effectiveness of their relationship.

Background for Change

Before discussing the plans covered by this article, note should be taken, in broad strokes at least, of the context in which changes in the collective bargaining system were made. Some pressures were generated from within the relationship itself. This was illustrated by the longshoremen on the west coast. On both sides the gradual recognition of the self-defeating nature of the extensive and confining catalogue of work rules led to changes. Other relationships felt the pressure, not only of internal problems, but also of publicly expressed dissatisfaction with the labour-management relationship. Perhaps the more dramatic of the events falling within the latter classification would be the interchange between President Kennedy and the steel companies at the conclusion of the 1960 dispute.²

But still more all-inclusive in scope was the buildup during the fifties and early sixties of nationally based pressures on the industrial relations system of the United States for change. These undoubtedly reached proportions by the late fifties that made them difficult to ignore at the level of bargaining. Typical of the latter pressures are (1) the series of public discussions of union affairs beginning with the McClellan Committee, (2) changes in legislation which basically revealed an interest of the public in the affairs of trade unions, (3) the work of the President's Advisory Committee on Labour-Management Policy, (4) inclusion of guideposts for wage changes at the collective bargaining table in annual reports on the state of the nation, and (5) emergence of problems of industrial change for consideration by labour and management which had not previously been included in bargaining and which could not be answered by traditional forms of bargaining.

Collective Bargaining in the 1950's

During the fifties the labour movement of the United States accumulated information, faced the precedence of convictions in the courts of law, and was the target of extended discussions of democracy or the lack of democracy in trade unions,

² See comments of James Stern in "Symposium: Labour Relations and the Kennedy Administration", Industrial Relations, Vol.3. No. 2 (1964), p. 24.

to the degree that self-analysis was no longer possible to forestall.³ They had to face the fact that changes in the Taft-Hartley Act made in 1958 brought into the picture many limitations on collective bargaining which were not looked on with favour. It was also a new fact of life that the public wanted some tally on the activities of unions. As on no occasion before, the achievements and the failures of the labour movement were tabulated and, depending on the interpreter, were made to show that labour unions had, or had not, contributed to the advance of the United States economy.

In addition to the attacks on unions as centres of power in the economy, management and labour faced new stresses and strains within the bargaining process. Throughout the period since the end of the Second Great War those who went to the bargaining table were served novel and demanding fare. Technological change, especially in its most extreme form of automation, had raised within unions a continuing concern for job security.

Bargaining on Technological Change in the Fifties

The more recent efforts to protect against the effects of new technology have included (1) guarantees against jobs or income loss and in some cases against loss of supplementary benefits for varying periods, (2) compensation for employees who lose their jobs, (3) guaranteeing income for workers required to take lower paid jobs, (4) provisions for retraining, (5) provisions for transfer to other plants and payment of relocation expenses, and (6) agreements to provide workers with notice of plant closings or other major changes. Some agreements have established joint labour-management committees to recommend methods of providing for workers affected by automation.⁴

One might reasonably expect that conflict over work rules and practices would increase measurably during such a period of technological change and of displacement of workers. Analysis of the reports of the Bureau of Labor Statistics fails to support this view.⁵ Only a few of the major strikes in the late fifties appear to have

3 E.g., Widick, B.J., Labour Today, the Triumphs and Failures of Unionism in the United States, Houghton, Mifflin Co. (Boston), 1964.

4 Recent Collective Bargaining and Technological Change, Bureau of Labor Statistics Report No. 266, March 1964, p. 1.

5 See Stieber, Jack, "Work Rules and Practices in Mass Production Industries", Annual Proceedings Industrial Relations Research Association, 1961, p. 399.

been connected with technological change, work rules, and job protection.⁶ Job security, shop conditions, and policies or work loads accounted for about one-fourth of all stoppages and workers involved in the period 1947-1960 in the United States. But the proportion of man-days lost by such strikes -- somewhat less than 10% -- demonstrates the short duration of strikes over working conditions. Such strikes have had a relatively stable history through the period 1947-1960. For example, in 1959 there were 69 million man-days lost because of all strikes as compared with only 19 million in 1960 -- the highest and lowest figures since 1947. Yet in both years 3.4 million man-days were lost in strikes over working conditions.⁷

Simple and direct linking of technological change with the bargaining plans is an appealing analysis, but detracts from the appreciation of the adjustments being made at the bargaining table. Each of the industries in which the plans are found has been the object of huge capital investment since World War II. But much of this investment can be labelled as replacement and modernization, or investment calculated only to sharpen long-standing issues at the bargaining table. Moreover, the simple equation of change in the fields of production and bargaining ignores the extent of labour-management agreement in the areas of work force reduction principles and the inevitability of industrial change. At the time the Armour Committee was introduced, for example, agreements with the packinghouse unions already contained relevant clauses on severance allowances and extensive seniority provisions fashioned in response to conditions in meatpacking.

Joseph Bloch of the Bureau of Labor Statistics has this to say:

The effects of technological change were not a major concern during the decade or so following World War II (or roughly up to 1958-60). A number of safeguards had been built into agreements and practices and emphasis on wage increases and new fringe benefits recognized as possible because of productivity gains took precedence over problems created here and there by technological change. In a general way there was substantial agreement between unions and management on the competitive need for technological change, the economic benefits to be derived therefrom, and the need to share the gains. It was commonly (but not universally) accepted that change itself was not negotiable.⁸

6 Ross, A.M., "The Prospects for Industrial Conflict", Industrial Relations, A Journal of Economy and Society, Vol. 1, No. 1, p. 62.

7 Ibid., p. 400.

8 Montague, J.T., and Jamieson, S.M., eds., British Columbia Labour Management Conference - 1963, Institute of Industrial Relations, U.B.C., p. 131

The Legacy of the Fifties

The conditions of the 1940's and 1950's were in contrast with those of more recent years as layoffs have reached major proportions in industries such as basic steel, meatpacking, and throughout industries with large numbers of workers with skills particularized to industrial conditions which were disappearing. These developments together with the apparent acceleration of technological change have caused a shift in collective bargaining efforts in the 1960's. In addition, the economic base for labour-management relationships has had added to it several powerful forces which although not actually related came upon the scene at about the same time. These included changes in the work force and particularly the decline of the manual worker and the rise of white collar occupations, the accompanying weakening of trade union structure, a strong resurgence of international competition, a scarcity of jobs for which displaced workers, or workers who were likely to be displaced, were suited.⁹

Judging by the negotiations over the five plans examined in this paper, some sort of crises began to emerge around the turn of the decade. All five agreements were signed within a period of 25 months. Arthur Ross in his 1960 article¹⁰ probably came close to putting his finger on the immediate issues which triggered critical appraisals of the labour-management relationship. He notes that the atmosphere was probably conducive at the time to widespread agreement over a number of propositions mainly surrounding the fact that employers should be required to take account of the human impact of technological change. Ross also indicated that management, through limiting its aims to normal attrition of the work force, and showing a willingness to meet transitional problems, could probably gain greater flexibility in operations. The stumbling block which emerged, in Ross' opinion, was the fact that an employee can be retrained and relocated providing there is another job available. Termination allowances bridge the gap of employees not required to suffer too long periods of unemployment. And government efforts to redevelop distressed areas could be effective providing there were not too many distressed areas. "In other words problems of technological displacement were manageable if the economic environment is generally

9 Bloch, Joseph W., in Montague, J.T., and Jamieson, S.M., eds., British Columbia Labour Management Conference - 1963, Institute of Industrial Relations, U.B.C., p. 132.

10 Ross, A.M., "The Prospects for Industrial Conflict", Industrial Relations, A Journal of Economy and Society, Vol. 1, No. 1, p. 63.

favourable.¹¹ But adjustment programmes have the potential of being swamped in an unfavourable economic environment in the United States. These complicated answers which were developed to handle transitional stages, and added to the collective bargaining relationship many of the ingredients for bitter disputes.

The President's Committee and Guideposts

Adversities at the bargaining table were at once confounded by the new demands of the economy and society and driven to seek solutions in a wider context. Discussion of collective bargaining issues for the first time found its way into broader areas of economic policy. There were government organizations which assisted in this development, such as the President's Advisory Council on Labour-Management Policy and the Council of Economic Advisers. The work of these organizations has been met with a mixture of acceptance and critical rejection by the parties to collective bargaining.

Care must always be exercised in the way one analyzes the work of a group such as the President's Advisory Committee on Labour-Management Policy. On the one hand, one can be sceptical about the results of a tripartite committee sitting in an atmosphere removed from the realities of bargaining. On the other hand, the personnel who go to make up the committee are individually involved in bargaining and their deliberations provide the opportunity to make known the type of issue or observation of current importance. Many of the issues which will prove basic to the plans under study were put forth for public scrutiny by the President's Committee. In other words, it would seem that the activities of the President's Committee have provided a high-level forum for introspection by the parties to collective bargaining processes.

Statements issued by the President's Committee pushed at the already pressing need for discussion of industrial relations problems within the context of national economic issues. An early effort of the President's Advisory Committee in the conference field was headed "The White House Conference on National Economic Issues". Statements have been issued on fiscal and monetary policy, on foreign trade, on automation, and on the broad institution of collective bargaining. These statements discussed issues which the parties had concluded needed to be faced in collective bargaining and, perhaps more important, provided reasons why these issues

11 loc. cit.

should be faced squarely at the bargaining table in the interests of the national economy.

The statement on automation,¹² for example, gives an assessment of the conditions under which collective bargaining can ~~make~~ a contribution to coping with the employment problems raised by increased automation. It sets forth clearly the need of maintaining employment and indicates the steps which, taken by the government and by the parties at collective bargaining together, would be profitable means of attack on the problem of unemployment arising from technological change.

At the same level of discussion one must include the guideposts for wage-price relationships included in the reports of the President's Economic Advisers. The guideposts approach has been to indicate the type of wage increases the economy could withstand, having in mind an objective of stable prices and the rise in productivity taking place in American industry. For this analysis the fact that the suggested wage increases based on the guideposts analysis have been rejected on all sides is not the important area of discussion.¹³

The significant factor for this analysis is that the guideposts discussion established a context for further discussions by the parties about wage increases and their relation to productivity and the operations of industry in the United States.

Five Recent Experiments in Collective Bargaining -- The Plans

This section of the report sets forth briefly the details of the five plans to be analyzed. In each case the event which triggered the action is listed, together with the scope, the mechanics of operation, and resources.

Armour and Company, United Packinghouse Workers of America and Amalgamated Meat Cutters and Butcher Workmen

Adoption of Plan. The Armour Plan was first introduced in the agreement of August, 1959. Armour and Company had announced the closing of six plants, which represented twenty per cent of their total capacity and involved five thousand workers. The plan continued in a modified form after the 1961 bargaining.

12 January 11, 1962.

13 See for example the statement of the AFL-CIO Executive Council on the national economy, Washington, D.C., May 19, 1964. This statement emphasized the need for maintaining purchasing power which it was claimed would not be possible under the type of wage increase indicated by the guideposts.

Scope. The purpose of the Armour plan was to study and report on the employment effects of plant closings, and to take practical steps to aid in employment problems of displaced workers through retraining and other assistance in moving from old occupations to new ones. In 1961 the following benefits were added to the contract (1) employees could transfer to other plants even though this would involve laying off workers hired after August 7, 1961; (2) employees aged 55 or over with 20 years of service could receive one and one-half times their normal retirement benefits until aged 62 or until eligible for social security benefits, when their pensions would be reduced. Instead of this liberalized pension plan workers under 60 years of age with at least five years of service could claim technological adjustment pay for 26 to 39 weeks of service at \$65 per week less unemployment compensation, and, when this is exhausted, supplemental separation pay of from three weeks to a year.

Mechanics. A tripartite committee was set up, to meet monthly. This committee included four company representatives and two appointees of each of the unions, together with an impartial chairman and executive director. Studies on behalf of the committee were contracted with outside experts.

Resources. One cent was allotted to the plan for each hundred-weight of meat shipped from the plants covered by the contract to a total of \$500,000. Contributions were discontinued in 1961 after allocating the funds for relocation and training purposes.

American Motors Corporation and United Auto Workers Progress Sharing

Adoption of Plan. The American Motors agreement was signed in 1961, to run to September, 1964. This was the first of the major automobile contracts to be signed in 1961. The settlement included the wage and welfare benefits adopted in contracts signed with the other automobile companies except that two cents of the annual improvement factor in the other firms were used to finance improvements in welfare benefits. In addition, when the progress sharing plan was instituted changes took place in local contracts in the areas of seniority, work standards and paid time not worked.

Scope. The fund established by the plan was divided into two parts. Two-thirds of this fund were applied in the following order of priority to (a) defray the increase in cost of pensions and insurance over the cost existing before 1961 negotiations; (b) meet the costs in excess of the company contribution to the group insurance plan; (c) build a reserve equal to twice the amounts needed for (a) and (b); (d) supplement unemployment benefit plan; and (e) benefit the employees generally. This is Part A. In Part B one-third of the fund was used to purchase on behalf of the employees American Motors stock, to be held by the trustees of the plan. The distribution of stock is made according to two criteria -- income and hours worked.

Mechanics. A joint committee was established. This consisted of six union (four representing local unions) and six company members, with provision for impartial settlement of deadlocks. The committee is responsible for the distribution of available funds in Part A according to priorities, and will adjust the annual improvement factor where further Part A funds are required. Matters relating to stock held (on behalf of the employees) by a trustee appointed by the company are referred to a joint committee of three union and three company representatives.

Resources. After a deduction of ten per cent of net-worth, fifteen per cent of profits from U.S. operations before taxes make up the fund. Adjustment in the annual improvement factor is available if necessary. Funds are divided into two-thirds in cash for Part A activities and one-third in company stock to be held by trustees as set out in Part B.

Eleven Basic Steel Companies and the United Steelworkers

Adoption of Plan. This plan was created in January, 1960, as part of the settlement of the 116-day strike begun in 1959. At that time the group was known as

the Human Relations Research Committee. The joint committee was established to work out recommended solutions for problems referred to it in the terms of settlement and to submit joint recommendations to the principals. Long-term joint study was introduced as a means of evolving possible solutions of problems for consideration at the bargaining table.

Scope. Problems assigned in negotiation, or other problems "as the parties by mutual agreement may from time to time refer to such committee", are examined by a subcommittee, usually personnel directly involved with the problem on both sides. The initial referrals in 1960 included guides to wage adjustments, job classification system, seniority, wage incentives and medical care. The process of disposing of, and adding, problems resulted in the agreement as amended June 29, 1962, listing continuing issues of wage incentives and medical care. Added to the list were statistical materials, training, and job classifications. The committee is also a review panel for experience under the Experimental Agreements on overtime, contracting out, scope of the bargaining unit and foremen working.

Mechanics. The Human Relations Committee is chaired jointly by one company and one union representative. There are joint co-ordinators, one company and one union, and joint subcommittee study chairmen, one union and one management representative from each subcommittee. Subcommittees are set up for each of the problem areas. These are composed of four or five representatives from each of management and labour. Reports from the subcommittees are processed through the Human Relations Committee for review and a joint report. The reports are then a basis for consideration by the industry and the union in developing bargaining policy. The proceedings of the Human Relations Committee and its subcommittees are privileged, and thus are not inhibited by preparation of formal minutes or any other form of publication. The participants are free to explore information or ideas without being bound for the future by the discussion as a form of precedent.

Resources. The sizeable technical capacities of both industry and union staffs are available to the Human Relations Committee. Subcommittee work brings members of the two technical staffs together to work on a problem.

Kaiser Corporation and United Steelworkers

Adoption of Plan. The Kaiser Corporation and the United Steelworkers reached agreement after 105 days of the 116-day steel strike of 1959. Kaiser broke with the industry and set up a tripartite committee with the long-range objective of developing a plan to share equitably the company's progress. This plan was approved and installed March 1, 1963, on a continuing basis, with annual revision and cancellation privileges at four-year intervals only.

Scope. The plan has four purposes: (1) to guarantee greater protection than ever before against the loss of jobs or income because of technological change; (2) to assure the workers a share -- specifically 32.5% -- of any cost reductions brought about through increased efficiency; (3) to guarantee wage and benefit increases equal to or better than what might be granted by the rest of the industry; (4) to assure incentive workers earnings at least as high and possibly higher than they have been receiving in the recent past if they choose to get off incentives.

Mechanics. Employment protection is given to employees displaced by changes in required man-hours for production resulting from a change in physical technology or in work practices. Such displaced employees are to be held in employment reserves for assignment within the company. Differentials are paid for one year to those assigned to lower-paying jobs. The size of the reserve is established according to the identified number of technological displacements and the comparable employment by level of production in 1961 adjusted for productivity and attrition.

The employees' share of savings in the costs of material and supplies and gains from general productivity is 32.5% of the total. Part of this fund may be used on agreement of the parties to improve benefits (e.g., reduced hours). The remainder

of the employees' share is to be distributed monthly according to the shares assigned to various occupational groupings of employees. Employees on incentive rates are encouraged to give up incentive plans and participate in the profit-sharing plans. Provision is made for units covered by incentive plans to transfer by a majority vote. Lump sum payments and adjusted sharing plans are used to encourage the transfer. In any event, a partial change from incentives to the sharing plan is obligatory after two years of the plan.

Resources. The fund for the plan is supplied by 32.5% of the gains in actual labour and material supply usage. Distributed shares take in all but a wage and benefit reserve set aside to pay wage and benefit adjustments equal to those agreed to in negotiations with the major basic steel producers.

Pacific Maritime Association and the Longshoremen's and Warehousemen's Union Mechanization and Modernization Agreement

Adoption of Plan. The original agreement of August, 1959, followed a history of periodic conflicts in the labour-management relationship dating back to 1934. This agreement created a fund out of which workers were to share in the results of mechanization in the industry. In return the union agreed to permit labour-saving devices and methods to be introduced on the docks. Changes in work methods were not to allow speed-up or reduction in gang sizes. In October, 1960, the plan was broadened on one hand to permit further changes in work practices and greater mechanization, while on the other hand to offer to regular (Class A) employees in the industry protection against displacement due to technological change as well as encouragement to increase the rate of attrition in the labour force in the longshoring industry.

Scope. The Mechanization and Modernization Agreement was intended to facilitate revisions in work methods and equipment. It also provided protection for workers displaced from the regular force of the industry by mechanization and modernization through encouraging retirements, supplemental wage benefits in cases where earnings were reduced, and protection against layoffs and shorter hours.

Mechanics. Several items were introduced into the agreement. New provisions were made on sling load limits, places of rest and multiple handling, as well as gang sizes. Employment was guaranteed to fully registered workers. Work is to be performed as assigned under the contract and full use made of the grievance procedure. The union holds the Class A work list to the level existing in 1958 with allowance for normal attrition. Supplemental wage benefits are provided for employees whose work week and earnings were reduced below specified levels as a result of technological change. Special payment is made to men aged 62 or older who have 25 years of qualifying service and permanently quit the work force.

Resources. The original agreement of 1959 provided for a total payment of 1.5 million dollars to the fund. Under the revision in 1960 it was agreed to continue employment payments into the fund to a total of no more than 29 million dollars by June 30, 1966.

Five Recent Experiments in Collective Bargaining
-- Analysis of Provisions

Each of the five bargaining plans changes past practices in the interests of bargaining over shares in productivity. Approaches vary from efforts to remove impediments to bargaining to changes in bargaining itself.¹⁴ The provisions of the

14 See Shultz, G.P., "Sharing Gains in Productivity", The Conference Board Record, August 1964, Vol. 1, No. 8, pp. 43-45.

plans, as noted in the preceding section, cover a wide range of topics. Some introduce new procedures for continuing joint study apart from bargaining or new use of third party assistance, or even realignment of the approach of the parties to bargaining. Other plans simply reveal an exchange of benefits in the removal of difficult and otherwise insoluble issues.

This section of the paper deals with the ways bargaining relationships have been changed in the five plans. The methods and their implications are dealt with in turn.

Identification of a fault in a relationship and a remedy may not always go hand in hand, either because the factors of cause and effect are clouded or there are seemingly insurmountable hindrances to change. Planning the change may show the enormity of the job to be done if undesirable aspects of the labour-management relationship are to be discharged. The impasse may also emerge from the need to change the area in which solutions are sought. Experience in basic steel illustrates both possibilities. The "clause 2b" issue is a case in point.

Clause 2b first appeared in major agreements in the steel industry in 1947. Basically, it prohibited changes in local working conditions which would have the effect of depriving an employee of benefits guaranteed him by other provisions of the agreement or existing working conditions which provided benefits better than those listed in the agreement. Exceptions were allowed only when management under the management rights clause took action which eliminated the basis for the existence of the local working conditions.

The parties haggled for a 10-year period over a possible change in clause 2b. Management for its part claimed that large numbers of unnecessary employees were kept on the payrolls as a result of the clause. Killingsworth concludes that while there may be cases where the clause has required the retention of unnecessary employees the more common problem arises when management questions decisions of the past in manpower use.¹⁵ The union for its part has worried about the creation of a clear field for management changes in work practices if 2b disappeared. The problem has

15 Killingsworth, C.C., "Cooperative Approaches to Problems of Technological Change", in Summers, Cushman and Weinberg, eds., Adjustment to Technological Change, Harper 1963, p. 75.

not, in other words, been a confrontation of opposing answers. Rather, the problem lies in the area of finding new common ground for decision. In fact, the 1960 settlement in basic steel left the job security vs. management flexibility in the use of manpower substantially unchanged. A special committee was set up to deal with this problem, but it has not functioned at least to the degree of reporting success in dealing with the problem.

Another example of an impasse reached within prevailing economic conditions in the United States and rooted in the nature of the problem is provided in the statement issued by the United Packinghouse Workers of America at the close of its third year of experience under the Armour plan. Briefly stated, the union rejected the plan on the grounds that wider social policies are required to cope with the degree of unemployment created by the closing of Armour plants. It is stated that considerations of tragedy and hardship for the people directly affected "pose a continually galling and very basic danger to our national economy. This requires the highest order of social responsibility on the part of labour and management."¹⁶

The conclusion to be drawn from the Armour experience is that the answers to the problems of technological change and changing economic conditions as developed in bargaining in the United States have not been sufficiently wide-ranging to satisfy the union management relationship. For the purposes of this article it has meant that the parties have been required to question the scope of their relationship.

Changes in Labour-Management Relationships

The plans directly affect the bargaining process. Two things may happen. The plan may alter substantially bargaining procedures or the objective may be to release bargaining from a difficult to handle and overriding pressure. For example, at first sight the Mechanization and Modernization Agreement for the longshoring industry on the west coast and the Armour Automation Fund would seem to have least impact on the structure of the bargaining process. The longshore plan represents an agreement for a sum of money to be paid over a series of years in an effort to reduce the impact on the worker of changes in work rules. The Armour Fund provided money to assist in the placement of workers displaced in the modernization activities of the company. Both plans are ad hoc in nature and designed to relieve the bargaining

16 Press Statement by U.P.W.A. on August 22, 1963.

process of major areas of conflict. They are not, on the surface at least, alterations in the labour-management relationship.

The basic steel Human Relations Committee, on the other hand, represents a long-term effort to change the structure of the bargaining process. In between the ad hoc and long-term plans lie the plans of American Motors Company and the Kaiser Steel Corporation. In both these latter plans the structure of bargaining is altered in the sense that the monetary limits for a settlement are set. But the give and take of bargaining over the use to which the money will be put is retained.

The two plans which deal more directly with the context of collective bargaining than with the institution of bargaining itself -- American Motors and Kaiser Steel -- have been described in a series of statements about the long-range identity in the objectives of the two parties. Documents describing the long-range sharing plan of the Kaiser Steel Corporation and the United Steelworkers of America as evolved in December, 1962, contain statements in the introduction designed to make clear the context-establishing nature of the agreement set up by the two parties. Typical of these are the following:

Progress is achieved by an industrial corporation and its employees as a result of many factors including but not limited to capital investment, advances in technology, public investment in community services and facilities, a skilled intelligent and alert work force, competent and skilled management, mature labour relations and free collective bargaining. (p.2)

An industrial enterprise is properly concerned with maximizing the return to its stockholders and maintaining and improving its competitive position. (p.3)

Employees and the unions representing them are properly concerned with the employee's job and income security, the rising standard of living, equitable wages, hours and working conditions and a fair share of progress achieved. (p.3)

A sharing plan can contribute (to generating gains to be shared). Under a sharing plan there are mutual advantages in putting into practice the best methods available. (p.4)

The booklet issued by the joint administrative committee of the progress-sharing plan at American Motors for the information of the workers describes progress-sharing as "the plan under which a portion of the company's profits are shared with the employees who helped create them".

The meatpacking industry experienced major changes in the nature of its operations. An employment decrease of 30,000 production workers has been estimated

for the meatpacking industry since 1956.¹⁷ This drop of almost 16% in employment in itself was cause for concern. But within the Armour Company the drop was much higher, in fact it exceeded 50%.¹⁸ Just before bargaining in 1959 Armour closed six plants or more than twenty per cent of the company's capacity. Some 5,000 production workers were discharged.¹⁹ In September of that same year the Armour Committee was set up.

A similar build-up of concern for changes in the nature of the industry will be noted below in the longshore industry. Both the Armour and Longshore plans had a singleness of purpose in throwing off an issue on which progress in bargaining was not in sight.

Ad hoc objectives motivated the Armour Fund as they did the Longshore M. & M. Agreement, but there are substantial differences in the two plans. The one sought to protect the future of members of the longshore union, while the other sought to support the efforts of the rapidly growing numbers of displaced packinghouse workers in their search for new employment. Longshore efforts were within the ambit of the give and take of bargaining over changes in work practices. Packinghouse unions faced the rigours of declining numbers in the bargaining unit and a problem which was slipping from the private bargaining sphere to reappear as an issue of public concern. The overriding purpose was to prevent workers displaced by plant closedowns from joining the ranks of the chronically or structurally unemployed. In other words, the fact of change in the industry was accepted and the Armour automation plan was an attempt to assist in the location of jobs for displaced personnel. It was not, as we have noted above, a long-term change in the collective bargaining system.

The issue before steel bargainers was more all-embracing. A Steelworkers' Union official puts it this way:

In considering the Human Relations Committee in the steel industry you must go back to the unenviable labour relations record both sides had in the post-World-War II period. You will recall that there were nation-wide strikes in 1946, 1949, 1952, 1956, and 1959 -- the last continuing for 116 days. With this as the background it became quite clear to all of us that almost any change in our procedures would have to be an improvement.²⁰

17 U.S. Department of Labor

18 Research Memorandum of U.P.W.A., August 23, 1963, p. 5.

19 Armour Automation Committee, Progress Report, Chicago, June 19, 1961.

20 The Conference Board Record, May 1964, Vol. 1, No. 5, p. 22.

Still another contrast is provided in the Kaiser and American Motors plans.

An official of the American Motors Company in summing up their plan said the following:

Under the agreements our fixed cost increases are limited essentially to the annual improvement factor and cost of living, with increases in benefits being financed as variable costs from the progress-sharing fund and contingent upon financial results.²¹

American Motors management viewed with particular distress the growth of parallel bargaining in their contract negotiations with those in General Motors, Ford and Chrysler. The history of negotiations between the United Automobile Workers and American Motors is dotted with statements about the need for settlements in the light of economic conditions facing American Motors, and not those facing G.M. and Ford. Thus the purpose was to set boundaries for negotiations as a means of restructuring bargaining.

The plan at Kaiser Steel Corporation had the same boundary establishment flavour, and a significant element of change for bargaining. Edgar Kaiser's comment on the original long-range committee was that it would seek some "automatic provision with respect to wages and the cost of living in the hopes of avoiding frequent strikes".²² It is clear, however, that in the minds of those who eventually set up the Kaiser long-range sharing plan the results would probably exceed the returns to workers in other parts of the steel industry. One analysis states:

No estimates have been made of the possible additional earnings that might accrue to the employees -- other than a general hope they could be substantial. If the plan does not work all employees get at least as much in added wages and benefits as the rest of the industry; but some very high incentive earners may get less incentive pay.²³

The Kaiser plan, then, has similarities with that of American Motors in trying to put boundaries on the bargain, but it also has similarities with the Human Relations programme in attempting to set up a method by which the collective bargaining procedures of the past would be altered. Kaiser has the advantage of pattern-setting negotiations in basic steel and has, in effect, set up a fund to maintain the pace of

21 Cushman, E.L., "The American Motors - U.A.W. Progress Sharing Agreement", Proceedings Industrial Relations Research Association, 1961, p. 324.

22 U.S. News and World Report, No. 9, 1959, p. 94.

23 The Kaiser -- Steel Union Sharing Plan, Studies in Personnel Policy No. 187, The Conference Board, p. 10.

the pattern-setting negotiations and at the same time give the workers a part in the sharing of savings on labour and material costs.

Continuing Study - The Five Plans

Continuing study of problems arising between labour and management is among the new characteristics of collective bargaining added by the plans under study. The Human Relations Committee of the basic steel industry represents the most explicit embodiment of this purpose. But all the plans, even to the Longshore and Meat Packing Agreements, involve in one way or another extended searches for practical plans to solve problems between labour and management.

The five plans under discussion all go further than the general admonition that there should be prior discussion to collective bargaining. They provide a shape and subject matter for these discussions. Each carefully avoids prejudging the solution which might be evolved, and in at least two cases the effort is not to finalize many of the answers even where they have been evolved from lengthy study.

The Human Relations Committee of basic steel illustrates the structuring of a search for answers which is repeated in one way or another at a formal or informal level under the other plans. First, the areas for study are listed in the collective agreement with the proviso that additional topics can be added during the term of the collective agreement on the mutual agreement of the two parties. Second, as noted earlier, experience has been such that the failure to reach a suggested area of solution at any given time does not necessarily represent long-run failure. The committee can be included during the term of subsequent agreements. Third, the collective bargaining process is looked on as separate from the development of potential solutions. The parties are given the opportunity in subcommittee work removed from bargaining to approach problems almost in an academic frame of mind. Fourth, subcommittees are encouraged to seek the widest possible base for their discussions. The procedure has been to request personnel from the plant level to appear before subcommittees to provide information from practical experience to further aid the technicians in developing potential answers.

One of the most intriguing parts of the activities of the Human Relations Committee has been to add an Appendix C to the collective agreements which is known as an experimental agreement, the provisions of which are in effect for a stated

period of time.²⁴ The current agreements with the United Steelworkers has within the experimental agreement provisions on the troublesome subjects of contracting out, supervisors working, the scope of the agreement, and overtime provisions. A similar practice was followed in the packinghouse industry with respect to one or two matters affecting seniority and transfer of agreements.

Under the Human Relations plan and the Meatpacking Automation Fund, then, the implication is that tentative answers can be forthcoming which can then be made to stand the test of actual experience. Not only is the opportunity provided for developing answers over a period of time but conclusions can be made in important areas which are tentative and nonbinding in nature.

The other three plans have similar elements of experimentation in their arrangements. All three plans in effect place a degree of indefiniteness about the decision which may be reached in collective bargaining, but fix the area in which bargaining is to take place. For example, the profit-sharing plan of American Motors in effect sets up a fund out of which money may be taken according to a series of priorities in order to maintain employee benefits or to add to them. Even here an escape clause has been provided. It is agreed that should the profits not be sufficient to meet the cost of maintaining employee benefits consideration will be given to changing the annual improvement factor which is an annual wage increase of two and one-half per cent or six cents an hour, whichever is greatest. The agreement states the following:

The company and the union agree that the amount of the annual improvement factor and/or the effective date of such AIF shall be determined each year and that such determination will be based upon the availability of Part A funds to meet the additional cost of the pension and insurance benefits as provided in (a) and (b) of section 2 respectively for employees covered by this agreement. This determination shall also be made by the joint committee and union committee established under section 5 below.²⁵

24 Agreement, United States Steel Corporation and the United Steelworkers of America, covering production and maintenance employees as amended June 29, 1963. The experimental agreement in this case is in effect for the period August 1, 1963, through December 31, 1964.

25 Agreement between American Motors Corporation and the International Union of United Automobile, Aircraft and Agricultural Implement Workers of America, signed September 6, 1961, Article 2b s.s. 4.

This clause again emphasizes the tentative nature of answers reached in bargaining. It means that as long as it is possible to finance the fringe benefits out of the profit fund established, they will be continued. Otherwise some adjustment in the annual improvement factor will be necessary.

In the Kaiser long-range sharing plan the availability of savings in material and labour costs is a determinant in the actual wage rates of the employees and in the extent of fringe benefits.

It would be unreal not to recognize the stickiness of employee benefits should these funds not be sufficient to pay the costs. Nevertheless, on the surface at least, the extent of payment for employee benefits has a limitation upon it.

The funds available under the longshoring plan are established at five million dollars a year through the term of the agreement to a total of \$27,500,000. This is the price that the employer has paid for freedom to alter the work structure on the docks in a way that will enable them to take advantage of technological changes. As in Kaiser and American Motors, financial limits are set. Decision-making on work rules changes lies with management. But by strengthening the system for grievance handling and recognizing the criteria of health and safety, important provision is made for flexibility.

Several other safeguards are provided for the longshore worker. In the first place the parties took only a tentative step in setting up the framework for the mechanization and modernization process in their agreement of August 10, 1959. The basic agreement was that the parties would try for a year to work out a fund for the protection of the workers in return for a guarantee to employers of the right to make changes in work assignments. The document which was signed a year later in October, 1960, and later revised to provide for income tax rulings in September, 1961, makes clear the method by which the parties will attempt to cope with the necessary changes in working conditions. The latter agreement states in part:

Where new methods of operation are introduced the employer shall discuss the proposed manning with the union. If agreement cannot be reached (at the coast level) the employers will have the right to put their manning in effect subject to final resolution through the contract machinery.

The procedure was to give the employer freedom to introduce new work processes, but the employee has the right to grieve if problems of "health and safety" are in his opinion involved. The arbitration processes of the agreement had to be overhauled to cope with the problems which were sure to arise and, having in mind the peculiarities of the industry, to introduce methods of gaining quick decisions together with undertakings on both sides to follow through to third party decisions. Lincoln Fairley, Research Director of the International Longshoremen and Warehousemen's Union, has in his article at the Industrial Relations Research Association stressed the modification in the structure of arrangements for arbitration on both the union and management sides in order to ensure flexibility and at the same time maintain operations.²⁶ Also provided in the agreement was the continuation of committees at port and regional and coastal levels to ensure the workings of the agreement.

The collective bargaining process remains a tool by which labour and management seek to answer problems or issues which emerge in their relationship. As has been noted above, the industries in which the five plans examined in this study are to be found give evidence of having run out of standard answers to the problems placed on the collective bargaining table.

At first glance it would seem that the continuing demands on the collective bargaining process in some of the plans were light. This, however, is not in fact the case. Even the boundary-setting plans at Kaiser and at American Motors leave unanswered the question of how to use the proceeds available for improvements in working conditions.

The outstanding characteristic of the efforts of the plans examined to reach answers in the collective bargaining sphere is the common effort to remove joint answer-evolving activities from the crises phase of bargaining. In place of speeding up and particularizing the collective bargaining process, as is advocated in Canada and strengthened by the approach of labour legislation in Canada,²⁷ the plans examined

26 Fairley, L., "The I.L.W.U.-P.M.A. Mechanization and Modernization Agreement", Proceedings Industrial Relations Research Association, December 1963, p. 34.

27 Paper delivered by Dr. J.T. Montague, Institute of Industrial Relations, University of British Columbia, at the First Annual Meeting of the Canadian Industrial Relations Research Institute, Montreal, P.Q., June 6, 1964.

are directed toward stretching out the discussions of labour and management and are less demanding about the time at which answers to the problems raised in the labour-management relationship must be reached.

John Dunlop of Harvard University put it this way:

I think the most important single invention (that gives us some reason for not being too pessimistic about collective bargaining) is the notion that parties shall meet regularly and systematically outside the bargaining table to study problems. Certain questions that confront industry today such as adaptation to technological change, reducing manpower, increasing efficiency, can only be adequately handled by working on them over a period of years, not by coming to one single negotiation crisis. This invention is coming into being, sometimes without new growth, sometimes with private people as neutrals.²⁸

William E. Simkin, Director of the Federal Mediation and Conciliation Service, had this to say:

In a growing number of bargaining relationships labour and management are no longer waiting until the eleventh hour to begin serious consideration of major problems. There is increasing experimentation with factual studies and frequent informal meetings during the contract term to outline and attempt to solve the complex matters confronting both sides.²⁹

These statements emphasize the search for answers as a long run and joint venture. Much has been said in this vein since 1950 which would seem to indicate that on many sides there has been a feeling for necessary action. But little or no agreement has been forthcoming as to how best to seek joint action.

Preventive Mediation

The work of the Federal Mediation and Conciliation Service illustrates the search for continuing study. This service has talked at length about preventive mediation. Mr. Simkin has stated elsewhere that the effective mediator is one who "maintains interest and contact with representatives of management and labour on a regular basis so that when negotiation periods arrive he has acceptance and under-

28 Statement made before a meeting of the National Industrial Conference Board, January, 1963, and quoted in The Kaiser-Steel Union Sharing Plan, Studies and Personnel Policy No. 187, The Conference Board, p. 7.

29 Simkin, William E., "The Trend to Maturity in Industrial Relations, Industrial Relations, Vol. 3, No. 2, Feb. 1964, p. 1.

standing enabling him to be most helpful".³⁰ The implication is that the Federal Mediation and Conciliation Service wants to encourage the parties to expand the process of continuing non-negotiation relationships in the interests of avoiding crisis bargaining which accompanies issues arising on an unpredictable basis in the normal course of collective bargaining.³¹

The dilemma for many in the industrial relations field in the United States has been that they have recognized the need for a continuing relationship but have questioned the effectiveness of mediators who stay with the bargaining process for any lengthy period of time.³² More recently the concept has been characterized as "big mediator" and made to imply that there was some relationship to George Orwell's concept of "big brother". Allegations have been thrown from many sides that the mediation service has merely increased its work load through this concept.

This many-sided dispute appears to have most of its impetus in the application rather than in any basic disagreement about what should be done to increase the effectiveness of the labour-management relationship. This stretching out and making less specific the nature of labour and management contacts is agreed on all sides to be a useful advance on the industrial relations scene. The dispute surrounds the way in which to encourage labour and management to seek this desirable end. There is also doubt expressed as to whether all labour-management relationships are necessarily convenient vehicles for this approach. It is held on some sides that the negotiations involving large groups of workers can support a superstructure on their bargaining process whereas it is very difficult in small firms with small groups of employees to encourage a continuing relationship. The detractors from preventive mediation, however, are in substantial agreement that continuing intervention by the mediation services will reduce their effectiveness when the time comes that they are needed.

But encouragement of labour and management to tackle their problems in a "problem-solving atmosphere" over a more lengthy period of time than is now the case is advanced on all sides. Wherever one comes down on the argument of preventive mediation services the advantages of more relaxed, and accordingly more widely-based,

30 16th Annual Report, Federal Mediation Service, 1963.

31 Simkin, William E., op. cit., p. 4.

32 See for example Weisenfeld, A., "Mediation or Meddling", Industrial and Labor Relations Review, Vol. 7, No. 2, Jan. 1954, p. 291.

approaches to outstanding problems between labour and management have been judged a force towards more effective labour-management relations. The requirement of the labour-management relations after 1947 that parties report to the Mediation Service potential disputes provides a ready-made and irresistible invitation to assist the parties before the dispute reaches crisis proportions. The Federal Mediation Service has risen to this challenge by increasing efforts "to minimize deadline or crisis bargaining".³³

These new techniques often take the form of continuing labour-management liaison, a commitment by both parties to study during the term of contract the problems that had been left unresolved or those that are most likely to cause trouble in the next set of negotiations. Such study of technical problems, such as controversies over welfare and pension systems, or an accommodation to the expected impact of an automated process, permits each side to bring to bear its best judgment and ingenuity.³⁴

Bilateral Fact-Finding

Sufficient has been said about the plans to show that the area of discussion between labour and management under all the plans has expanded from the normal pattern of industrial relations followed in the industries prior to the changes in the early sixties. Discussions have been extended, as noted earlier, over a more lengthy period of time. But the area for joint investigation has broadened and separated itself from the bargaining process. One can see this, for example, in the Kaiser plan. Consideration by both labour and management for financial savings of labour and material costs is a relatively new area for discussion. Demands or issues for consideration have given way to the problems of worker security and worker remuneration and how to go about providing these. This process as opposed to the negotiation process has been called bilateral fact-finding.³⁵

33 16th Annual Report, Federal Mediation Service, 1963, p. 3.

34 Loc. cit.

35 This term may be overly imposing, but represents the ingrained tendency of social scientists to try to put a label on processes. The term was lifted with some degree of satisfaction by the author from conversations with Professor Arnold Webber of the School of Business Administration, University of Chicago.

An executive of one of the major steel companies has indicated that he would be willing to "sweeten" any agreement by at least two cents per hour to avoid the administrative problems that he visualizes in the Kaiser plan.³⁶ The mechanics for implementing the Kaiser plan require that the company and the union jointly examine summaries of costs and other data pertinent to the operations of the plan. Historical analysis will undoubtedly take a place. No doubt as time passes this will require more sophisticated accounting knowledge on the part of the union and the answers to questions in the cost structure of the Kaiser plan of the kind not normally placed on the bargaining table. Such discussions contrast with the contents of position-supporting briefs which occupy the attention of most bargaining sessions. The raw material for discussions is established and discussion is channelled into forecastable areas.

At the other extreme there is the experience in the longshore situation on the west coast. Recognition by the union that technological advances were possible, and indeed taking place, and the eventual negotiations with the company over the way best to handle this problem raised two fundamental questions. First, should the contributions to the modernization and mechanization fund reflect the extent to which the individual employer gains from a change in working conditions? Second, should the bargaining between the two parties approach the problem on a point by point basis? The settlement of the contract involved the payment of a flat amount into the employers' fund by each employer, and the payment of a flat amount by the employers' group to meet the employee benefits. Settlement of the longshore problem relieved the union of participation in the evaluation of technological change or of any of the other results which may come about as a result of these changes. Contract discussions were left to deal with the anticipated need to reduce the work force and to seek ways to maintain the income of the workers. Both sides recognized the advantages and disadvantages to the other of changing working conditions on the dock. It then remained to work out plans for contributions on the one hand, and participation in the fund according to the need by individual workers.

Both the Kaiser and Longshore plans represent consideration of facts which were not regularly on the bargaining table, the point being that the issue for settlement is a broad problem of efficiency in the industry, or of job security for the

36 The Kaiser-Steel Union Sharing Plan, Studies in Personnel Policy No. 187, The Conference Board, p. 4.

worker, and not of any particular demand for a set of working conditions. This is the origin of the tendency evident in the plans toward bilateral fact-finding.

The experience of the Human Relations Committee again presents an example of what can happen in a thorough investigation of a labour-management problem. The issue was one of the scheduling of vacations. Both parties appeared to have the concept, which was at least logical, that employees would want continuous holidays. Representations from the plant level, however, showed that employees did not want such an arrangement. Many of the workers involved in work close to blast furnaces wanted time off spread during the summer months to give them relief from the intense heat. More interesting, however, was the situation with respect to junior employees who watched carefully the times when their seniors would be absent from the plant and higher-paid jobs would be available to them for the short period, at least. In total, it was found that there was not the same interest in continuing vacations at the plant level as one might logically expect.

The above example, of course, represents an extreme, but its characteristics show something of the turnabout in approach to industrial relations. First of all, the bargaining is postponed until both parties are in agreement on the facts of the problem; indeed, in the Human Relations example, until both parties are agreed on a potential method of settling the issue. Second, the parties stride forth boldly into the field normally occupied by collective bargaining, and there is no endeavour to select potentially safe issues away from the collective bargaining scene. Collective bargaining problems are not avoided in the extension of the labour-management relationship by bilateral fact-finding arrangements in the plans. Actual collective bargaining in its turn is changed because the points of view of both labour and management are developed in the course of a joint exploration of available material. Differences, of course, can develop in the way the factual information is interpreted, but the process as set up under these plans normally involves either recourse to third party decision or continuing exploration of the material.

A dispatch in the Wall Street Journal of June 4, 1964, indicates the extent of concern for the operations of the enterprise involved in the Kaiser long-range sharing plan. One paragraph in the dispatch reads as follows:

Union sources in the west charge that the major factor in this turnaround (decrease in bonus paid to the workers) has been an involved situation on iron ore shipped to the Fontana mill from

Kaiser's mine at Eagle Mountain, California. Kaiser has been preparing the ore at the mine so that it will arrive at Fontana with a higher iron content. Since the sharing plan is supposed to distribute only savings at the Fontana mill, Kaiser also has been making deductions from the cost savings in splits with workers to reflect the fact that the better ore means costs have been cut at the mine, not at the mill.

This is hardly the type of discussion one would expect to take place over a wage issue at the collective bargaining table. Other examples can be cited from the activities of the automation committee in meat packing. Concern with structural and other long-range problems of unemployment, while hardly new to labour-management discussions at the level of generalities and financial provisions for offsetting activities, is new as a matter of active joint concern in attempting placement activities for displaced workers. Another example would be the committee responsible for the reserve funds at American Motors.

A clearcut attempt for bilateral fact-finding is to be found in the automobile industry. In 1963 it was agreed that six months prior to bargaining committees would be set up to explore a variety of problems which might become bargaining issues.³⁷ There is no commitment to produce a report or a suggested solution, but merely the opportunity to explore jointly the area assigned by mutual consent to the committee.

By design of default all the plans examined have the same sort of bilateral fact-finding involved in their operations. The longshore workers through their port and area committees and the responsibilities of these committees under the modernization and mechanization procedures have an obligation to search the character of changes on the work scene in order to make their contribution.

Built into many of the plans is also a means for settling differences. Under the Modernization and Mechanization Agreement of the longshore industry there are unique problems. Conditions on the docks are such that disputes over the application of work rules must be settled quickly. This is a rather obvious requirement of the fact that the job soon floats away and the exact conditions which gave rise to the dispute may never appear again. Obviously disputes could, and have in the past, caused many difficulties and have delayed turnarounds of cargo vessels to a degree measured in considerable sums of money. The Modernization and Mechanization Agreement puts

37 See Denise, Malcolm, "The Human Relations Committee -- A Breakthrough in Collective Bargaining?" in The Conference Board Record, May 1964, p. 25.

emphasis on the use of arbitration as a method of solving outstanding disputes on the dock over work loads, safety and changes in work assignments. The arbitrators are generally available on a twenty-four hour basis and must be ready to examine a dispute on the docks, and employees must be ready to abide by their decision. A unique aspect of this on-the-spot arbitration procedure is that most of the arbitrators are men with extensive background in the practical operations of the industry. Lincoln Fairley reports that at the time of his 1963 article the area arbitrators were all men from the industry; two were former international union officials, and one was formerly an employee of the employers' association.³⁸ Men of such background can be expected to look carefully at the conditions which gave rise to the dispute and to have a realistic view of conditions that are dangerous or represent a speedup of work.

Bilateral fact-finding is an imposing term for the simple fact that management and labour have under the plans examined in this article begun to distrust the standard answers and are jointly examining available material for information which will lead to constructive answers. In Meat Packing and Kaiser Steel the breadth of the labour-management relationship has widened in the discussion of issues. The Human Relations Committee extends such fact-finding endeavours until answers are found. Longshore arrangements are less amenable to lengthy discussions and a rigid system for seeking and putting into force third party decision is included in the plan.

Use of Third Party in the Development of Collective Bargaining Decisions

Plans included in this article contrast sharply in the use of third parties as a means of reaching agreements. The Human Relations Committee and the progress-sharing plan of American Motors make little use of the third party. The Longshore plan shows the parties considered themselves best able to structure the details of their relationship. Third parties are relied on for arbitration over specific issues where answers may appear difficult or too remote for the parties. In contrast the Kaiser plan used a tripartite committee to assist development of the long-range sharing agreement. The meat packing agreement in effect makes the most use of the third party operationally in the investigating and designing of ways for the placement of displaced workers.

38 Fairley, L., "The I.L.W.U.-P.M.A. Mechanization and Modernization Agreement", Proceedings Industrial Relations Research Association, December 1963, p. 37.

There have been examples of government intervention and assistance in the labour relations of all the industries represented by the plans discussed. Some of the most recent experience in disputed government participation in industrial disputes is to be found in the steel industry.³⁹ In any of these industries a dispute can be forthcoming as to whether or not third party assistance has been of value or not. It is not surprising, then, that the common factor in all the plans with respect to use of the third party lies in the assumed absence of any uninvited third party. Indeed, in those plans which visualize the use of the third party, the ground rules for their entry are explicitly set forth.

In framing the agreement between the Pacific Maritime Association and the Longshoremen's Union there appears to have been a consensus of opinion that a third party could not help meet the complicated questions forthcoming under the Mechanization and Modernization Agreement. One union official states the following:

Both the I.L.W.U. and the P.M.A. feel strongly that on a complicated issue of this sort no outsider can be of any real assistance. If the parties cannot work out a satisfactory solution, a third party is even less likely to be able to do so. Even though at times during the five months of negotiating this agreement one party or the other might in frustration have demanded that the matter be referred to the permanent coast arbitrator, neither party did so.⁴⁰

The Armour Automation Committee represents the other end of the scale among the sample plans included in this article. In fact, the 1959 agreement between Armour and the two unions provides for the establishment of a fund to be administered by a committee of nine chaired by a neutral and with a neutral as executive director. The committee appears to have lived a life of its own, seeking the best methods of relocation and retraining of displaced workers from the Armour plants. Studies and for the most part the activities of seeking placements of workers and community assistance were guided by the committee but the work was farmed out to available personnel, usually from the academic community. But the Armour Automation Committee had a very different purpose than that of the M. and M. Agreement in longshore. The

39 Collective Bargaining in the Basic Steel Industry, a Study of the Public Interest and the Role of Government, United States Department of Labor, January, 1961.

40 Fairley, Lincoln, "The I.L.W.U.-P.M.A. Mechanization and Modernization Agreement", Labor Law Journal, Vol. 12, 1961, pp. 678-679.

objectives of the committee were only partially within the scope of the labour-management relationship. Not too much has been said about the relation of the Automation Committee and the collective bargaining process. It is known that certain suggestions for seniority and early retirement provisions in the collective agreement were made by the committee at the time of the 1961 negotiations. Current dissatisfaction with the plan by the United Packinghouse Workers of America -- one of the two unions involved -- appears, however, to have grown out of the lack of relationship between the collective bargaining agreement and the activities of the committee. In a press release dated August 22, 1963, the union included the following statement:

In the early years of the committee, hope was maintained for its success as a result of progress in considering broad issues of public policy, retraining and matters of this kind. However, as soon as discussions began on questions over what the parties could do to protect jobs, our experience on the committee has forced us, unhappily and reluctantly, to the conclusion that Armour never seriously intended to seek or accomplish any of these objectives and that the committee was viewed and treated by it from the start as merely a publicity gimmick.

It might be expected, then, that having the objectives in mind of the Armour Automation Plan that there would be greater reliance than normal on third party assistance and, in fact, third party leadership.

The Kaiser Long-range Sharing Plan offers still another variation in the use of the third party. At the signing of the agreement between the Kaiser Steel Corporation and the United Steelworkers of America on October 26, 1959, there was still a lengthy period ahead in which to shape up the long-range sharing plan. All that was undertaken in the first place was a conscientious search for a long-range sharing plan. Thus the third parties were brought into the committee to play a role of counselling, interpreting and mediating -- a role which was continued under the plan eventually worked out. It is perhaps indicative of the thinking at the time that the basic contract which was signed named the public members who were to be on the committee, leaving little to chance about the type of assistance they would receive.

The parties went even further under the Kaiser plan in defining the role of assistance they desired from the third party. Item 9, headed Duration, in the final agreement on the plan deals in large measure with the role of the third party. For example, Section A reads as follows:

This plan shall continue in effect subject to review and revision

by the company and the union annually in the ninety-day period prior to each anniversary date.

Appraisal of the plan's effectiveness is in the hands of the company and the union and not those of the long-range committee. Should either party take steps, as detailed in the agreement, to terminate the plan, the role of the public members of the long-range committee is detailed. Their role is one of mediation and of making known their views on the ending of the plan to the parties. Mediation by the public members at this point, however, is a strategy based on an intimate knowledge of the issues separating the two parties.

It was emphasized by some of the participants in the development of the Kaiser plan that the third parties played the role of a sounding board and evaluators of ideas. Even in the tripartite committee of the Kaiser plan, it seems as though the parties have attempted to strike for themselves at the details of their problems.

In contrast, it appears that in the negotiations over a change in the relationship in basic steel in the east the presence of the third party was one of the reasons for passing over the Kaiser plan. As the Human Relations Committee was eventually worked out it was bipartite in nature, reflecting the attempt to set up bipartisan fact-finding machinery. As noted earlier in this paper the steel industry had a lengthy experience with bipartisan plans of one type or another. After the difficulties with bargaining around 1960 it does not seem illogical that they should turn to bipartisan activities again and avoid third party assistance or intervention.

Professor Killingsworth makes an interesting observation on the nature of third party assistance if long-term plans are to be set up.

It is noteworthy that this unusual agreement (the Longshore Agreement) was reached without any participation of any kind by third parties. It may be questionable whether third parties would have been in a position to sell the basic concept of the agreement to the membership of either the P.M.A. of the I.L.W.U. On the union side, particularly, the strong position of the leadership on the desirability of the agreement and the intensive educational campaign which the leaders undertook were probably indispensable for membership acceptance of the agreement.⁴¹

41 Collective Bargaining Approached to Employee Displacement Problems Outside the Railway Industry, Report to the Presidential Railroad Commission, Washington, D.C., Feb., 1962. See Appendix Volume IV of the Report of the Commission, p. 207.

Killingsworth raises the issue as to whether at the start in the use of plans the third party might prove to be the excuse for minimizing institutional commitments to the plan. In other words, the question is asked as to whether or not a third party in reality encourages the type of self-appraisal involved in reinforcing a collective bargaining system facing serious problems. The care with which the role of the third party is defined in the two plans relying in any degree on them would lead one to believe that the strengthening of the bargaining process in view of the participants remains largely with themselves. In the plans containing a continuing basis for the collective bargaining process, whether it be in setting the boundaries for subsequent bargaining or the subjects for subsequent bargaining, the obvious intent is to reserve bargaining for the two parties. Certainly one could draw the conclusion that there is little place in any of these plans for receiving outside appraisal of the problems which may emerge until such times as the two parties are convinced that they themselves are not in any position to formulate answers.

Steps have been taken under all the plans to remove from collective bargaining, to whatever degree is possible, overt conflict, or the act which triggers third party intervention in most democratic countries. Section 9 of the Kaiser plan limits the freedom to strike or lock out to such time as the plan is renounced by one or other of the parties, or, in effect, the twelve months following the fourth anniversary date of the plan. The profit-sharing plan of the American Motors Company assumes, as we have already noted, that the boundaries of bargaining will be set and that the parties should be able to work out the manner for using available monies between themselves. The Longshore Plan and the Meat Packing Plan had a basic objective in the hope that the plans would remove much of the duress which was frustrating the collective bargaining procedure.

All the plans were developed after facing strenuous issues at the bargaining table. The seeking of a better way to conduct collective bargaining shapes the plans in one way or another. To the degree that the plans accomplish this there is correspondingly less usefulness for the third party in the bargaining of the future.

The Parties to Collective Bargaining Experiments

Those involved in bargaining experiments in the United States stress the importance of imaginative leadership on both sides of the bargaining table which reflects a desire to work out an improved bargaining process. This point is made

most frequently with respect to the Kaiser plan and the personalities of Edgar Kaiser and David McDonald. The initiative in the first instance appears to have come from Edgar Kaiser, who as Chief Executive of Kaiser Steel had become convinced that bargaining from what he characterized as "frozen positions" solved no problems. He approached David J. McDonald, head of the Steelworkers' Union, with the suggestion that they seek a new route to the solution of their problems that would avoid contract deadlines as well as frozen positions.⁴² Kaiser had emerged to the major industrial organization he now heads from essentially a construction background. Those who work with Mr. Kaiser stress his experience in his early days of discussing problems with business agents of the construction unions in shaping his more recent attitude toward collective bargaining issues. McDonald, as has been noted above, brought into the relationship the experience of the steel industry with joint committee.

The American Motors experiment with profit-sharing hardly came as an innovation in the industry since labour and, to a lesser degree, management had spoken of profit-sharing on occasion in the industrial bargaining in previous years.

The best way to judge the attitudes required of the parties involved in bringing the five plans into effect is to point out that there is nothing in the law of the land, or in the attitude shown in the relationship over previous years, which would support the new arrangements. The drive in the union-management relationships was for quick decisions on proposals placed on the collective bargaining table by one side or the other. Standard academic analysis of the union movement supports the latter approach as a political necessity. Advancement of working conditions and militancy within the ranks of labour are usually held to be basic to union organization.

The important analytical point to be made concerning the five plans included in this article is that the character of bargaining is changed rather than the pressures in the relationship which would bring about a settlement. The areas of potential conflict have not been reduced. Rather, the plans add to bargaining an agreement as to the manner in which further changes will be discussed or parameters, mainly financial, within which changes will be discussed.

Traditionally the analyst has felt that collective bargaining worked because of the pressure on both sides, of the ability of each party to withdraw its services,

⁴² The Kaiser-Steel Union Sharing Plan, Studies in Personnel Policy No. 187, The Conference Board, p. 5.

and the unpredictability of decisions in the very areas the plans fit. These continue to be crucial elements in the labour-management relationship under the plans examined, but they are held to the given processes in the interest of effective bargaining. The fact is, from the analytical point of view, that the parties after periods of unsatisfactory activities at the collective bargaining table have evolved a procedure which they feel will assist in working out their labour-management problems. They have a vested interest in the procedure which is made operational by the potential reactivating of the identical pressures which existed before. As time passes both sides develop a commitment to the new bargaining procedures. Undoubtedly this commitment grows as experience under the plan becomes more lengthy and the acceptance grows on both sides of the bargaining table that the existing procedures represent the more effective way to carry out industrial relations.

The Human Relations Committee provides an example of the type of the required adjustments in bargaining policy. This particular incident refers to the no contract -- no work deadline which had become common in most of the negotiations. The difficulties of solving complex problems with such a deadline pressing reduce chances of producing solutions of long-term validity and increase the tendency to rely on ready-made answers designed in the interests of a single party. In the steel industry the 1962 settlement was reached before notice of termination was permissible, which would have had the effect of setting a strike deadline. The termination notice was delayed in 1963, an act which according to standard analysis of collective bargaining should have reduced the possibility for effective settlement of issues. It seems that the realization on both sides that standard procedures of strike deadlines and exchanges of threats could be made to prevail increases the willingness to make the changed collective bargaining procedures function effectively. In none of the plans examined has the party on either side given up its right to hard fought negotiations. This is an essential element in reconstructing a collective bargaining arrangement to eliminate some troublesome features of the past. It would seem in actual fact that the existence of the plan would heighten the resolve of both parties to make it work so long as they see it as an improvement over the hit-and-miss procedures of the past.

Commitments to make newly-shaped collective bargaining procedured work soon become transferred to the two institutions which are party to the arrangement. Each of the five plans examined has attracted a good deal of public attention, academic analysis and public comment. The vested interests of all parties in their public

images is one important pressure to make the plans work. Realistically, one must recognize the build-up of such pressures as a potential accompaniment of the activity.

But even within the institution itself, particularly on the union side, the commitments to memberships involved in the plans become strong. Three of the plans were introduced at the cost of strong expressions of conviction to their practicality by the leadership of the unions.

Some of the atmosphere in which the Kaiser plan was introduced after some thirteen months of meetings by the long-range committee is reflected in an editorial in the New York Times. The editorial indicates that they think the objective of searching for a long-range procedure for the equitable sharing of the company's progress is a "big order". It states that "how all this works out will be important for the future of labour-management relations in this country".⁴³ Expectations for the plan were high in the public view and in the minds of those who participated in the long-range committee. One participant indicated that as the year wore on in the search for a sharing plan some began to doubt that a plan would be forthcoming. So that the joint efforts would not be lost, work was carried out on establishing criteria for the way in which the committee might be helpful in the course of upcoming negotiations.

When the plan was eventually announced, David McDonald reported it as "one of the greatest forward steps taken by labour and management".⁴⁴ Explanations of the intricacies of the Kaiser plan were not easy to transmit to the workers at the Pontana plant. Steelworker representatives engaged in marathon sessions of explanations with the various shifts at the plant and were rewarded with a vote among the workers of three to one in favour of adoption of the plan. Company officials also made themselves available to answer questions of employees about the plan during the briefing. The seriousness of the commitment by the company and the union to the Kaiser Steel plan is evident in the massive job of explanation that went on at the briefing sessions.

The Automobile Workers' Union had an even more difficult time in selling the plan of profit-sharing to the workers in the American Motors Corporation. The largest local in the company (Local 72, Kenosha) refused to ratify the agreement. Four other A.M.C. locals had previously approved it, three by wide margins. Rejection

43 New York Times, November 14, 1959, p. 20.

44 New York Times, December 9, 1959, p. 48.

was by a small margin in the vote with only a small proportion of members voting. The lack of turnout was attributed to a heavy afternoon of sporting activities via television. But objections at the time seemed serious and have caused problems in union organization since that time. As was noted above, the profit-sharing agreement was agreed to by the company in response to the elimination of five minutes of washup time each day, a change in the seniority system, and some tightening of production standards at the plant. A second vote by the Kenosha local was ordered by the U.A.W. executive board after international officers of the union had carried on an "educational" campaign among the members. At this time the agreement carried by a sizeable majority. Not only was it necessary for U.A.W. officers to put their reputation on the line at Kenosha in order to achieve complete ratification of the plan, but during the term of the agreement further reassurance for the workers that the agreement is a good one on their behalf has been necessary.

During 1964, in preparation for bargaining, a letter over the signature of Douglas Fraser, Executive Board member and Director of the American Motors Department for the U.A.W., was sent to the employees of American Motors requesting their evaluation of the plan. The letter points to larger returns to the workers in American Motors than in the major automobile companies. It admits to the complexity of the plan, and suggests that the workers give thorough consideration to the character of the arrangement at American Motors in advising their bargainers as to the nature of the demands to be presented in 1964.

The Longshore Mechanization and Modernization Agreement similarly was not introduced without a good deal of personal commitment on the part of the executive of the International Longshoremen's and Warehousemen's Union. Some of the atmosphere can be construed from the following comment. The President of the Los Angeles local of the I.L.W.U. attacked the plan as "financially unsound (not enough), binding for too long a period and going too far in eliminating multiple handling of cargo".⁴⁵

Harry Bridges, President of the I.L.W.U., after two years' experience with the plan, is quoted as saying:

From the I.L.W.U.'s point of view the pact has not been without its thorns. There is still confusion and quite a bit of opposition within the working ranks.⁴⁶

⁴⁵ New York Times, November 3, 1960, p. 78

⁴⁶ Business Weeks, May 26, 1962, p. 136

Mr. Paul St. Sure, the President of the Pacific Maritime Association, is quoted as saying in a defensive mood that he "admits preliminary figures indicate the employers are getting enough extra work from the men through labour-saving devices to absorb a twenty per cent increase in labour costs".⁴⁷

Not only unions but also companies develop institutional commitments to the plans as they are put into effect. The importance of publicity to a company as having a healthy regard for the welfare of its employees has never been overlooked in analyses of company labour-management relations. On the other hand, much less has been said, especially in discussions of current collective bargaining experiments, about the institutional adjustments required within the companies to accommodate new collective bargaining procedures. One has the feeling in talking to company executives involved with these plans that such adjustments are extensive and important. Basically the executive support for the plans appears to come from the substitution of continuity in industrial relations policy as opposed to the changeable policies of many firms over the years. Executive officers place much of the blame for crises bargaining on the tendency to develop ad hoc positions within companies and unions as demands become expected at the conclusion of collective bargaining terms. The same executives look to the institution of plans such as have been discussed as giving continuity to company policy so that long-term positions can be more readily developed.

Institutional Adaptiveness

The discussion so far has pointed to the character of changes in labour and management relations required to make new bargaining plans operational in industry. In part the institutions involved already had appropriate organizational structures for the purposes. The existing character of labour and management institutions has been brought equal to, and contributed to, the nature of the plans. For other groups there have had to be wholesale changes in the methods of operations.

Perhaps the industry which was in the best position organizationally to cope with the eventual change in the collective bargaining structure was the steel industry. On both sides of the bargaining table pyramidal structures placed decision-making squarely in the hands of the union and management representatives to the degree

⁴⁷ The Iron Age, June 27, 1963, p. 58.

that it is possible as a representational function. This was prerequisite to setting up the Human Relations Committee.

On the union side of the table the United Steelworkers of America are organized in what may be termed a vertical union. The details or organization of the United Steelworkers stress the pivotal importance of the international union in assuming direct responsibility for the activities of the union in the period between the international constitutional conventions. An international executive board made up of the international president, secretary-treasurer, and the single international vice-president, along with the thirty district directors and a national director of Canada, hold tight control between convention activities. Within this group the president has in his direct responsibility the international staff as well as company-wide negotiation committees.

Article XVII, section 1, of the constitution of the United Steelworkers states the following:

The international union shall be the contracting party in all collective bargaining agreements and all such agreements shall be signed by the international officers.

Provision is also made that where checkoff clauses are included in agreements the payment shall be to the international secretary-treasurer of the union, who then will rebate the appropriate amount to the local union.

The importance of centralization of bargaining authority with bi-annual checks on the results of the work carried out by the international union is stressed by those participating in the Human Relations Committee. It is doubtful in their minds that they could participate in the give and take of the gradual build-up required for joint statements with greater requirements for membership approval than at bi-annual conventions. Constant referral at each point in the exploration of a subject at the Human Relations Committee to the membership could be an awkward method of carrying out the obligations of the committee. By way of illustration it has been pointed out that the experience of the Kaiser plan represented the first time that the international union substituted an on-the-spot approval of their action in negotiations for the bi-annual convention check. This case is justified by the international union on the grounds of the complexity of the settlement made and the novelty of the approach taken in it.

On the company's side the history of collective bargaining since World War II has witnessed the gradual emergence of an industry bargaining committee.⁴⁸ In the late forties with encouragement from government boards there was an effort as a gesture of sheer efficiency to get the industry to act as a unit. U.S. Steel continued to play its role as a leader in the industry, but a co-ordinating committee was established. The character of collective bargaining and the nature of the settlements reached gave greater impetus to an industry committee. In 1955 the Steelworkers' Union, by having its president, David McDonald, serve as the chairman of each negotiation committee and having each negotiation committee in Pittsburgh, provided added impetus to the emergence of an industry committee. By 1959 such matters as the diminution of inter-company contract differentials and a fear that the union might strike each company in turn, together with some challenge among the companies to the dominance of U.S. Steel in bargaining sessions, added the final pressure towards an industry group.⁴⁹

Within the steel industry, then, there had emerged on both sides groups with sufficient authority to make the long-term approach to settlement of problems which is basic to the activities of the Human Relations Committee.

The contrast with conditions in the steel industry is provided by those in the West Coast Longshoremen's group. Effective administration of the Mechanization and Modernization Agreement required both the union and the company to strengthen the centralized character of industrial relations decision-making in the industry. The following paragraph demonstrates the character of change from the union point of view:

The old rules were for the most part local in character, applying only to the individual port; they simply codified local practice. The new rules are coast-wide, and though worked out by a negotiating committee which included representatives of the major local areas, are nevertheless to an important degree handed down to the individual ports from the coast level. The result has been a significant centralization of grievance machinery, recognized as necessary by amendments to the contract requiring certain types of issues to be settled at the top. It is almost as revolutionary as if Congress were to adopt a national code superseding local and state criminal codes.⁵⁰

48 Collective Bargaining in the Basic Steel Industry, a Study of the Public Interest and the Role of Government, United States Department of Labor, January, 1961, pp. 86-89.

49 Ibid., p. 88.

50 Fairley, Lincoln, "The I.L.W.U.-P.M.A. Mechanization and Modernization Agreement: An Evaluation of Experience Under the Agreement; the Union's Viewpoint", Proceedings of the Industrial Relations Research Association, 16th Annual Meeting, 1963, p. 35.

From the management point of view the I.L.W.U.-P.M.A. Agreement apparently required considerable adjustment in industrial relations policies also. This is described as follows:

It had two important results: (1) the steamship companies, through the Pacific Maritime Association, took direct and sole control of collective bargaining and participated directly in the negotiation and administration of longshore union agreements; (2) the executive and steering committees of the P.M.A. embarked on a program of contract enforcement designed to secure for the industry on a uniform basis conformance to contract provisions already in existence.⁵¹

The structure of neither the automobile industry nor the packinghouse industry has been as amenable to the introduction of plans for the sweeping changes in the collective bargaining structure. In American Motors, as in the other major automobile companies in the States, there are two sets of agreements, one known as the economic agreement and the other as the local agreement. The innovation of the progress-sharing plan of American Motors was that the company requested and obtained important changes in the local agreement covering rest periods, revised seniority clauses, and changes in production standards. The latter area of change is the area of more intimate knowledge to local union officials and it is in the dissatisfaction with changes in work rules which were made to secure the changes in the economic agreement that conflict has emerged within the United Automobile Workers.

The United Automobile Workers' Union has traditionally stressed the horizontal nature of its organization. This structure is easily defensible on grounds of union purpose and philosophy. But the difficulties in widening or changing the scope of bargaining with such an organization are evident.

In the case of the Armour Automation Fund the situation is complicated not only by the horizontal structure of the union but the structure of the bargaining relationship which involves two unions. Each of the unions has historically been noted for different postures at the bargaining table.

51 Horvitz, Wayne L., "The I.L.W.U.-P.M.A. Mechanization and Modernization Agreement: An Experiment in Industrial Relations", Proceedings of the Industrial Relations Research Association, 16th Annual Meeting, 1963, p. 23.

Methods used by unions and managements in structuring their bargaining committees will obviously shape practices and rebuilding plans. Centralization of authority discourages makeshift or short-term arrangements. Horizontal organizations press hard on the innovating leadership. Both structures involve membership checks. And both have evident implications for the way bargaining takes place.

Evaluation by Those Affected

This article represents a sifting of purposes and procedures for insights to better the bargaining process. But in operation each of the plans has had its own difficulties. In large measure these difficulties surround the single issue of replacing, from the workers' viewpoint at least, the easy familiarity of increases in wage rates and leisure time with events dependent upon vagaries of corporate fortunes, analyses of financial statements, and insecurity on the job. The plans, in other words, strike at the core of problems on the job which many workers feel more easily solved and comprehended in the form of wage or fringe benefit changes. Sniping at the plans on such grounds at all levels of union organization has had sufficient response to make it a matter of concern.

On the other hand one or two of the plans have fallen short on results. This has tested the ingenuity of the parties and the degree of institutional commitment.

Test of the answers evolved in the early sixties are found in the bargaining demands and issues this year for negotiations to take place in the latter part of 1964. There is obvious dissatisfaction by the Packinghouse Union with the automation committee. Its statements openly accuse Armour of catching the union off base and instituting a plan which has had little more than public relations value. Demands made by the Packinghouse Union in 1964 represent a tendency to adhere to more definite answers. A relevant demand reads as follows:

New contracts should prohibit the closing of a facility during the life of the agreement and all facilities acquired by purchase or construction should be open to interplant transfer and come under the terms of the appropriate national agreement. The job protection program also includes a prohibition against contracting out maintenance or production work, a reduction in the work week and double time for overtime....⁵²

52 The Packinghouse Worker, Vol. 24, No. 6, June 1964, p. 1.

In contrast the automobile workers have been less specific in making their demands known other than the general areas in which solutions are to be sought.⁵³

Demands of the packinghouse workers seem to reflect a hardening of attitudes as they emerge from the committee experience. Other unions, including the U.A.W., appear to shape their demands in a way which leaves room for exploring problems.

A series of dissatisfactions with the plans as they are working have been made known to the public through the press during the past few months. These undoubtedly indicate areas in which the joint fact-finding activities will be required in current negotiations to explore possible answers. There has been criticism, for example, of the preoccupation of the Human Relations Committee in steel for issues involving non-wage items. In some quarters the criticism has been that the Human Relations Committee has overlooked wage items. This is made in spite of the fact that major changes having cost implications had been made in vacations and many other items in the Steelworkers' relationship. Also, there is long-run significance in the fact that the subcommittee setting criteria for wage adjustments has apparently finished its work and been dropped from the agenda of the Human Relations Committee in recent agreements.

The Wall Street Journal in the first week of June of this year reported that the Kaiser Steel plan, after astonishing company officials and workers by the size of its results, was producing bonuses of \$14 monthly for employees compared with \$100 average at the high point in June, 1963. In fact, the success or failure of the Kaiser long-range sharing plan was the issue between candidates for the presidency of the local at the Fontana plant. The election was won by the man supporting the Kaiser plan. But the intricate nature of the settlement between the union and the company was becoming increasingly a matter of concern for the workers. For example, one explanation of the drop in the bonus was to be found in the assertion that Kaiser was doing certain work in bargaining units other than the Fontana plant and thereby reducing the ability of the Fontana workers to gain bonus rewards. On the other hand, the company indicated that the price of raw material was up and the introduction of fringe benefits gained in other parts of the steel industry for the Fontana workers had reduced the money available for bonus plans.

53 See What's New in Collective Bargaining, Bureau of National Affairs, July 17, 1964, p. 2.

In the longshore industry the uncertainties which gave rise to opposition to the plan in its early stages were in part overcome in more recent times. Many of the men would have preferred to retain work practices and the tenuous connection of workers who were dropped in "B" gangs to the events which took place under the Modernization and Mechanization Agreement. Evidence of dissatisfied groups within the union grew on all sides. But in more recent times attrition in the industry and a general increase in employment brought groups into the regular work force to the point where employment has reached the level existing before the agreement.

Under the American Motors plan the delay in gaining control of the stock assigned to the individual has been a point of dissension, as have been the changes in work practices which were accepted by the union for the profit-sharing plan.

Five Recent Collective Bargaining Experiments-- Canadian Viewpoint

Canadians concerned with issues in collective bargaining obviously can find areas of constructive precedent in recent U.S. experience. The leads given by the five plans are unlikely to take the form of precise blueprints for better labour-management relations in Canada. Rather, benefits accrue to Canadians from the exercise of pin-pointing places where the parties felt it worthwhile to re-evaluate their ways of doing business. The essential and common characteristic of the five plans is the effort to bolster the bargaining relationship as the first step to solving problems.

The striking contributions made by the five plans is foreign to most approaches to bargaining in Canada, and, for that matter, in the United States. In each of the situations covered in this paper the technique has been to give more time and old-fashioned elbow room for labour and management to work jointly, and presumably independently, on the problem at hand.

Bilateral fact-finding and other forms of continuous study are aimed at giving the broadest possible base from which the parties can formulate positions in bargaining. The unanimous adoption of joint committees with administrative responsibility replaces once-a-contract decision-making with periodic assessments of issues.

Such potential steps for evening out the bargaining process are not new to Canadian thinking although examples of the potential having been explored are few and far between.

Canadians approaching the bargaining table do so in much the same way and with much the same problems and responsibilities as their counterparts in the United States. There is much in the problems of personalities and of institutional commitment that is alike in the two countries. But, assuming labour and industry leaders agreed that they should mould the reconstruction processes from the U.S. scene to fit Canada, they would need to consider the modifications which might be required to cope with differences in industrial sizes, in the history of the labour-management relationship, and in labour law.

A first lesson Canadians can gain from the U.S. experiments is that their introduction was not sudden but built on a history of familiarity with joint efforts. As well, the plans were preceded by a decade or more of national concern for the macro-economic or economy-wide implications of bargaining at the industry and plant level. Experience with committee work was most lengthy in basic steel. The string of disputed efforts at national policy implicit in the work of the President's Committee on Labour-Management Relations, in the enunciation of guideposts, and in the work of the Federal Mediation Service helped to create an atmosphere of change. Parallels in Canada are obscure at the moment, and in some measure are not easy to foresee as part of the Canadian setting.

Most observers are agreed that more can be done with committee work to give new vigour and understanding to the bargaining process in Canada. This opinion admits to contradictory examples in a number of industries and firms. But such examples are infrequent. Familiarity with long-term committee work on issues of bargaining in Canada, as in the United States, is slow in materializing.

Canada's federal system of government and the division of responsibilities, particularly in the labour field, make national labour-management policies almost an impossible goal. Canadian use of the practice of the President's Committee of Economic Advisers in annually devising guideposts is difficult to visualize without a many-sided agreement. On the other hand, Canada has a continuing experience with discussion at senior levels of the objectives and techniques of bargaining. Such meetings include only a limited number of joint policy statements.

Nothing in Canadian labour law would seem to prohibit the use of any of the five plans. But the law in the United States does seem more accommodative to changes in the bargaining process. Canadian labour law is shaped about the assumption that

labour-management disputes should be processed through a step-by-step procedure toward settlement of issues in the interests of all concerned. This creates an urgency to dispute settlement which is not shared by the plans examined. The United States law, like that of Canada and other Western democracies, provides for assistance with outstanding disputes in the public interest. But the lack of a pattern for a course of settlements in the United States would appear to have made the parties more conscious of the responsibility for purposefully shaping the nature of their relationship.

In summary, techniques of the five plans are legitimate subjects of evaluation by Canadians. Much remains, however, to be done in paralleling trends in the economy as a whole which appear to have been important in encouraging reshaping of bargaining processes covered in this paper.

THE NOVA SCOTIA LABOUR-MANAGEMENT AGREEMENTS

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S U M M A R Y

THE NOVA SCOTIA LABOUR-MANAGEMENT AGREEMENTS

In an attempt to halt the annual barrage of briefs and counter-briefs to the provincial legislature and to reverse the trend toward ever more restrictive labour legislation, representatives of labour and management in Nova Scotia have been meeting together since 1962 to study their mutual problems. The meetings apparently have been motivated chiefly by a recognition of the ineffectiveness of the then existing situation, in which labour relations was becoming a game of cat and mouse between those responsible for administering labour legislation and those required to live under it.

Separate labour and management seminars held at the Dalhousie Institute of Public Affairs since its foundation in 1936 led, according to some of those closest to Nova Scotia industrial relations, to an awareness that there was an alternative to continuous conflict. After the introduction in 1960 of amendments to the Nova Scotia Trade Union Act, which would have granted an elective-union-shop and provided for handling of unfair labour practices cases by the Labour Relations Board, management and labour reactions to the amendment were so divergent that the Province appointed Judge A.H. McKinnon as a one man fact-finding commission. In his Report, the Judge urged labour and management to settle their differences on their own, as is the practice in many European countries, rather than turning to the government; and he recommended a moratorium on legislation while the parties tried to reverse the restrictive trend.

After tabling of the McKinnon Report, the Institute of Public Affairs convened an informal study group of 10 selected individuals, four each from labour and management, with two from the Institute itself. This Joint Study Committee which began its work in the spring of 1962 initially agreed upon two common objectives: 1) the necessity of reducing future government intervention, and 2) the desirability of improving the industrial attractiveness of the Province. The Joint Study Committee then considered: 1) possible new departures in labour-management relations, 2) the implications of the McKinnon Report, and 3) those areas of agreement and disagreement which could be identified. Discussions were free and frank, leading to an increasing atmosphere of trust.

By September 1962, the Joint Committee had found sufficient basis for understanding to ask the Institute to call a conference of leading provincial labour and management officials that fall. In response to an appeal from Judge McKinnon, the conference keynote speaker, the delegates drafted and approved the First Six-Point Labour-Management Agreement. Most important of the Agreement's provisions was the declaration of a moratorium on further appeals to the legislature for amendments to the Trade Union Act. The removal of this irritant by itself made for more satisfactory relations between the two groups. On the management side, it was agreed that workers had a right to organize and that trade unions had a legitimate role; unfair labour practices to forestall organization were condemned. Labour agreed, in return, that management was entitled to a fair return on investment. It was also mutually agreed to continue and expand the Joint Study Committee which was instructed to explore the possibility of a basic agreement to govern relations between the parties.

After the conference the Agreement was submitted to a "community of endorsees" composed of most of the interested groups on both sides, virtually all of whom approved it.

Soon after the First Labour-Management Conference the Joint Study Committee, now expanded to 16 members to make it more representative, established a three-man subcommittee to seek agreement on the specific legislative changes proposed in the McKinnon Report. Four proposals resulted: 1) a "free speech clause" allowing employers to express their views on unions to their employees, 2) a change giving the Labour Relations Board power to hear unfair labour practices cases and to issue "cease and desist" orders, 3) a clarification of the law making clear the legality of 'union security' arrangements, and 4) an amendment making conciliation boards available only on request of both parties to a dispute.

The draft Second Six-Point Agreement also recommended: the continuation of the Labour-Management Study Committee; the lifting of the legislative moratorium while joint proposals were presented to the legislature; the establishment of a "resource centre" at the Dalhousie Institute to provide assistance and information relating to the work of the Joint Study Committee; that the conference approve and study the application of a resolution on automation

drafted by the companies and unions of the Eastern Canada Newsprint Group; and that the Joint Study Committee review annually the results of all recommendations endorsed by the Second Joint Labour-Management Study Conference.

The Second Joint Conference approved the Study Committee's draft Six-Point Agreement, without alteration. The legislative proposals were then submitted to the Government, but when they appeared on the floor of the Legislative Assembly noteworthy changes had been made. After strong representations by the Joint Study Committee the amendments were withdrawn, and later re-introduced in the Assembly in a form similar to that proposed by the Second Joint Conference.

The tangible accomplishments of the experiment have been: the moratorium on requests for legislation, and end to annual briefs and counter-briefs to the Province, the jointly-requested changes in the Trade Union Act, and the establishment of regular channels of communication. The intangible results have been mainly changes in attitudes and understanding: hostility has diminished; respect has increased; and the need for improved relations has been accepted on both sides.

The chief dangers ahead are that labour and management will expect the Joint Committee and Joint Conferences to eliminate all of their mutual problems--the dangers of overconfidence. A more positive approach would be for both groups to expand their work at the grass roots level where there is still a lack of awareness. Another useful innovation has been the establishment of a subcommittee of the Joint Study Committee to look into the problems of automation and to agree upon where responsibilities for resulting dislocation should lie.

The writer suggests that the relevance of the Nova Scotia experiments to the rest of Canada lies not so much in the methods but in the spirit of the Agreements, and he cites certain similar experience in other provinces. He concludes that the important results in Nova Scotia have lain chiefly in a changing of attitudes and in the building of confidence in the ability of labour and management to come to agreement without government intervention. The author recommends that other jurisdictions study the Nova Scotia experience closely with an eye to averting the trend toward more restrictive labour legislation.

THE NOVA SCOTIA LABOUR-MANAGEMENT AGREEMENTS*

A development of some significance has been taking place in the field of labour-management relations in Nova Scotia. Since 1962 representatives of labour and management in the Province have been meeting to study their mutual problems. In the first instance their effort is to be seen as an attempt to stem the tide of legislative encroachment upon their relations. Having made some noteworthy progress in this direction, the parties are now considering other areas of potential agreement and cooperation.

To appreciate the full importance of what is occurring in Nova Scotia, it is essential to bear in mind the contrasting approaches to the regulation of labour relations which have been characteristic of Western Europe and North America. In comparison with the disposition of most West European countries to favour relatively simple legislative frameworks (in some cases based upon a voluntary basic agreement between the parties), the United States and Canada have chosen to regulate relations between unions and employers in ever-increasing detail.¹ Where circumscribed by the law, the natural reaction of both parties has been to seek its amendment or, barring that, to find a way around it. The former has given rise to an annual battle of briefs and to a constant jockeying for legislative position while the latter has fathered a branch of the legal fraternity which specializes in finding loopholes in the existing legislation.

To say that the result has been discouraging is to say the least. Under conflicting pressures from powerful labour and management lobbies, legislatures have either tended to swing back and forth like a pendulum or chosen to leave well enough alone. Even where a stand-off has been the choice it has not always been found to be a safe preserve. Just to maintain the status quo legislatively speaking has often proven a trying task in the face of the expert legal talent which

* This study could not have been undertaken without the assistance of the Director and staff of the Institute of Public Affairs at Dalhousie University. They gave of their time and effort most generously. Also to be thanked are the numerous individuals who submitted to lengthy interviews. To them all I can but note my gratitude and express the hope that I have been reasonably accurate in my analysis.

1. In fairness it should be pointed out that while many West European governments do very little to restrict the procedural side of labour-management relations, they do enact more legislation on the substantive side than is common in North America. In large measure this no doubt reflects a preference for statutory control as opposed to the private negotiation of terms of employment.

has been available to find a new twist to the law. It then becomes virtually a game of cat and mouse between those who make and must administer the law and those who must live under it. Operating in such an environment, it has been almost impossible for the representatives of labour and management as a whole to avoid a formal arms-length relationship.

While it would be erroneous to suggest that fear of the effects of this trend was the only factor motivating labour and management in Nova Scotia to seek a new approach in their over-all relationship, this would appear to have been one of the primary incentives. Fed up with their continuing efforts to hamstring and restrict one another, they decided to try something different. An understanding of this desire, together with the other considerations set forth below, will help to place the subject of this study in its proper perspective.

The Formation of the Joint Labour-Management Study Committee¹

Some of those closest to the Nova Scotian industrial relations scene insist that the foundation for recent developments in the Province was laid as early as 1936 when the Institute of Public Affairs was established at Dalhousie University. Through its many labour and management seminars there is no doubt that it made numerous individuals on both sides of the bargaining table aware of the fact that there was an alternative to continuous conflict in their relationships. In their own way, as well, other institutions of higher learning in the Province were making a similar contribution. Together, through their extensive educational activities in the labour and business communities, they were doubtless helping to pave the way for the events which were to follow. This was particularly true in more recent years when guest speakers from union and management were exchanged at their respective seminars.

The immediate cause of the events described in this study appears to have been the Introduction into the Provincial Legislature in 1960 of a private member's bill supported by the labour movement. The bill called for an "elective-union-shop" provision in the Nova Scotia Trade Union Act (which would have made it mandatory for an employer to concede the union shop once a majority of his employees voted for it) and provided for the handling of unfair-labour-practice cases by the Nova Scotia Labour Relations Board, instead of by the courts upon

1. Hereinafter referred to as the Joint Study Committee.

the written assent of the Minister of Labour. When the bill was sent to the Law Amendments Committee of the Legislature for consideration it provoked such vehement and widely-divergent views from the labour and management representatives who appeared before it that the Provincial Cabinet, taking the lead from the Committee, decided that a fact-finding body should be established to investigate and report upon the general state of labour-relations legislation.

This led to the appointment of His Honour Judge Alexander H. McKinnon, a former minister of labour in the Province and well-known arbitrator and conciliator, as a one-man fact-finding commission. Judge McKinnon travelled across Canada in the course of his investigation and became convinced that labour and management must learn to govern their own relations or risk exceedingly grave consequences:

The alternative is more and more restrictive legislation to meet every demand and crisis until the conduct of management-labour relations is straight-jacketed in a code of laws that will govern every aspect of the relationship between the two vital parties, and true collective bargaining, which all labour enactments are intended to foster, will be eliminated. The result can only be the existence of two warring factions held at bay by the policing of the state.¹

To avoid this outcome, Judge McKinnon urged labour and management to draw upon the experience of their European counterparts.² Having heard extensive testimony from the Swedish Labour Attache to both Washington and Ottawa (who also had a marked impact upon the thinking of the various groups he had earlier addressed at Dalhousie and in Halifax), he became particularly intrigued by the Swedish approach to these matters. Consequently, although Judge McKinnon suggested a number of amendments to the Trade Union Act (some of which were deemed to be of a restrictive nature by either union or management), the main burden of his report was to the effect that the parties should avoid at all costs turning to the government to resolve their differences and learn to settle them on their own. He therefore suggested a moratorium on legislative changes while the parties attempted to reverse the tide of restrictive legislation.

1. His Honour Judge Alexander H. McKinnon, Report of Fact Finding Body Re Labour Legislation (Antigonish, Nova Scotia, February 1, 1962) p. 28.

2. See ILO, Basic Agreements and Joint Statements on Labour-Management Relations (Geneva, ILO, 1963).

After the McKinnon Report was tabled in the legislature a select committee began to study its findings. In the meantime, sensing that the time was ripe, the Institute of Public Affairs decided to offer its facilities for an exploratory meeting of union and management representatives. Although thought was given to asking some of the major organizations on each side to nominate a number of spokesmen, this idea was abandoned in favour of sessions involving a few selected individuals. By extremely informal means a study committee of four each from labour and management and two from the Institute was drawn together. At first very few besides themselves even knew of the committee's existence.

Before turning to the nature and significance of their deliberations, it is interesting to ask why there was such a positive response to the Institute overture. In what follows there is no doubt a mixture of what actually motivated the parties at the time and rationalization after the fact. It is difficult to discern one from the other.

In terms of timing a large part of the explanation for their response lay in the challenge laid down by Judge McKinnon. Basically, however, there were a number of selfish considerations which were operative on both sides. From organized labour's point of view, there was not only the fear of increasingly restrictive legislation (many labour leaders in the Province were fearful that the then-recent amendments to the labour-relations laws of British Columbia and Newfoundland would be duplicated in Nova Scotia), but also the hope that by sitting down with a few of the more sympathetic employer representatives they might receive support for some positive changes in the legislation. Among some labour representatives there was the related desire to have the legitimate role of the labour movement recognized and accepted by management spokesmen. A few union officials apparently felt that this would help them in their organizing campaigns, offsetting at least in part the poor image created by the Hoffas and the Banks.

Management too was worried about the legislative outlook. Surprisingly enough, some employer representatives felt that the swing of the legislative pendulum might not be in the direction feared by labour. A few surmised that it might go the other way while many apparently expected that if there was any change in the legislation the concessions would tend to be balanced. In any event there were some of the same misgivings on this point among management as there were among union representatives. But more important to those on the employer side

was the desire to establish a bridge between the two groups. They wanted this bridge for two related reasons. In the first place, as one employer put it: "We wanted the leaders of organized labour to understand the economics of operating in a competitive industry in the Maritimes. We wanted them to realize that we weren't just being cheap when we said we couldn't survive paying Ontario rates." As an extension of this point, there was a desire among some management personnel to enlist the support of organized labour in improving Nova Scotia's competitive position by increasing productivity. In some quarters it was felt that this could not be done unless "the climate of hostility" which pervaded many union-management relationships in the Province could be rectified. In the words of one top management official: "As a productive unit labour is becoming too critical to allow for a negative attitude." This in turn ties in with another management consideration. Among some employer representatives there was clearly the desire to show that they had come of age and were willing to deal openly and in the best of faith with organized labour. Perhaps in this way they were hoping ultimately to realize an improvement in their relations at the firm or plant level.

Looking back from this vantage point two common objectives seem to stand out.¹ As was indicated at the outset, both labour and management were ready to make an effort to avoid further government intervention in their affairs. Equally important to some of those involved on each side, and especially to those close to the Cape Breton Island situation, was the desire to improve the attractiveness of Nova Scotia from an industrial point of view. It was the opinion of many that a poor industrial relations reputation was handicapping the Province and that the only way to dispel it was to do something dramatic. A more sophisticated version of this same line of reasoning would focus on some of the economic disadvantages confronting the Province and call for non-economic measures to offset them. In the words of one of those involved: "We have to be more skilled in our social arrangements to offset our economic handicaps." In more of an industrial relations context, another individual expressed it this way: "We cannot afford the luxury of open and sustained conflict between labour and management." Finally, as one union official insisted, "We had to create a climate within which we could work together to benefit Nova Scotia."

1. Both are clearly set forth in the "Preamble and Statement of Purpose" which was incorporated into the Second Six-Point Agreement adopted by the parties. For the text of this agreement, see Appendix B.

These then were some of the motivations which led the leaders of labour and management in Nova Scotia to embark on their experiment. They are not easily described or analyzed but they were all present and they were all of some consequence. Which motivations were the most important is almost impossible to say. This observer suspects that the desire to end the long-standing legislative harrassment of one another was the immediate incentive but it may well be that the hope of promoting industrial expansion and greater employment opportunities was a more basic consideration.

The Work of the Joint Study Committee

Informality was the order of the day when the Joint Study Committee began its deliberation in May 1962. They met in a club-like college atmosphere for study purposes. Their terms of reference, as proposed by the Institute, were to consider possible new departures in labour-management relations and the implications of the McKinnon Report and, in particular, to identify and explore areas of disagreement as well as areas of potential agreement and cooperation. Their goal, if such it could be termed, was to use these terms of reference as a basis for learning to understand and respect each other's approach and point of view. Votes were not taken, minutes were not kept and free discussion was encouraged. Although there may have been some initial reluctance on both sides to be open and frank this was quickly dispelled. Pointed questions were asked of each other and cases, principles and personal experiences were aired. Heated arguments took place on some issues but only once or twice did emotions wear thin. As a measure of the maturity which was exhibited in these sessions, it is noteworthy that members of each group differed openly among themselves on any number of occasions. Perhaps it was because of this, more than anything else, that they began to develop a high degree of trust and confidence.

Although the members of the committee attended its meeting as individuals they could not escape their positions. While each member had discussed his participation with his associates, no one had authorized any of them to represent their respective organizations. After meeting from May to September, 1962, without official recognition or sanction, the members of the committee decided that they had found sufficient basis for understanding and agreement to warrant making their existence publicly known. To this end, following a labour-management conference in Halifax sponsored jointly by the National Productivity Council, the Dalhousie Institute of Public Affairs and the Nova Scotia Productivity Committee, the Joint Study Committee

requested the Institute to call a conference of the leading labour-management officials in the Province in the fall of 1962. In attendance at this conference were representatives from firms employing about 25,000 workers and officials of unions with approximately 35,000 members in Nova Scotia.

As the conference's keynote speaker, Judge McKinnon provided those present with a sense of direction. He reiterated the warnings he had sounded in his report and urged those present to weigh the possibility of a moratorium on their demands for legislative changes while they attempted to work towards a basic agreement along the lines of that adopted in the 1930's in Sweden. This was in keeping with the thinking of the Joint Study Committee and while it had not actually framed such a proposal in advance of the conference, it quickly seized the initiative once it sensed the mood of those present. Despite some reservations among the ranks of those attending, concerning both the composition of the committee (one Cape Breton management official termed it a "Halifax Family Compact") and the actual terms of the First Six-Point Labour-Management Agreement, it was accepted almost unanimously by the conference.

The First Six-Point Labour-Management Agreement¹

By far the most significant feature about this first agreement was the fact that agreement was reached on anything at all. Except for one point the cynic might well argue that the specific points of agreement were not particularly noteworthy. This would not be a fair assessment but even if it were this would not destroy the value of the precedent that was being set. For the first time in North America a general conclave of union and management representatives was able to agree on some important principles affecting the existence and survival of both.

Turning to the points of agreement themselves the moratorium which was declared on further appeals to the legislature for amendments to the Trade Union Act was the most important in a practical and operational sense. It broke the vicious circle of mutually attempting to restrain legislatively one another and established a basis for legislation by consent. Had nothing more than this been accomplished the experiment would have been worthwhile. In their annual treks to the legislature both sides had been prone to take extreme positions which had usually served only to inflame one another. The removal of this irritant by itself made for more satisfactory relations between the two groups.

1. The full text of this agreement may be found in Appendix A.

Two of the other points in the first agreement were included to make it clear that management recognized both the right of workers to organize and a legitimate role for trade unions and condemned the use of unfair labour practices to forestall union organization. As if in return, and at the suggestion of the labour caucus at the first conference, another point amounted to an acknowledgement on the part of labour that management was entitled to a fair return on its investment. While assertions of these kinds have been made before, by either individuals or organizations on both sides of the bargaining table, they have never been made more forthrightly nor in such a context. Their importance lay in their educational and moral value.

The last two points in the first agreement provided for the continuation and expansion of the Joint Study Committee and instructed it to study the possibility of arriving at a basic agreement to govern relations between the parties.

After the first joint conference adopted the agreement it was submitted to what was to become known as a "community of endorseees" for their approval. This was felt to be necessary because of the lack of comprehensive central organizations on both sides, but more particularly on the management side. In the absence of these it was felt that the agreement should be circulated among as many union and employer groups as possible. On the employer side this came to mean everything from local boards of trade and chambers of commerce to the Nova Scotia Branch of the Canadian Manufacturers' Association. Approval was eventually secured from virtually all of the major employer organizations in the Province. On the labour side there was less need for a community of endorseees but even on their side the fact that the United Mine Workers did not belong to the Nova Scotia Federation of Labour made it essential that the endorsement of more than the latter be secured.

The only serious debate among the organizations that made up the community of endorseees occurred at the convention of the Federation of Labour. The leadership of the Federation was hard-pressed to convince the convention that its executive had not betrayed the cause when it failed to press for the legislative changes demanded by the last convention out of respect for the moratorium. Only the fact that the convention came just before the Second Joint Labour-Management Study Conference, at which the Federation executive held out hope for some real progress, led many of the delegates to support the first agreement. In the final analysis, however, it was carried by a large majority.

The Second Six-Point Labour-Management Agreement¹

Soon after the first labour-management conference the Joint Study Committee was expanded to 16 members to make it more representative (on the first committee there had been no representative from DOSCO, nor had there been one from the United Mine Workers). After probing several areas the enlarged committee established a subcommittee of three to explore the possibility of agreeing on some of the specific legislative changes recommended by the McKinnon Report. After several meetings the subcommittee was able to report out agreement on the four points which are discussed in some detail below. With minor modifications these were accepted by the main study committee. They were combined into one of the six points included in the second general agreement. Most of the other six points were semi-administrative in form. One called for a continuation of the Joint Study Committee; another for a temporary lifting of the moratorium while the parties jointly petitioned the government for the agreed-upon changes in the law; a third for the establishment of a "resource centre" at the Institute of Public Affairs; and a fourth for the study committee to review annually the results of all positions taken by the second joint study conference. The sixth point amounted to an endorsement in principle of the Joint Resolution on Automation of the Companies and Unions of the Eastern Canada Newsprint Group on May 31, 1963.² In effect this amounted to notice on the part of the Joint Study Committee that it intended to explore this question further.

Had it not been for the changes which the second six-point agreement called for in the Trade Union Act, the whole experiment might have blown up. In view of the misgivings which existed among some elements in the Nova Scotia Federation of Labour, it was quite obvious to all concerned that they would have to deliver something concrete on the legislative front or run a serious risk of being scuttled by the skeptics. It is for this reason, as well as the import of the changes themselves, that the proposed amendments to the Act deserve a good deal of attention.

1. The full text of this agreement may be found in Appendix B.

2. The full text of this resolution may be found in Appendix B.

To begin with it should be admitted that the recommended changes do not appear especially startling on first reading. They are quite similar to those put forward by Judge McKinnon and they are basically the same as those long in effect in Ontario, as well as in other jurisdictions in Canada. Here again, therefore, there is room for the cynical observer to misrepresent the situation. Instead of crediting the parties with an honest endeavour to deal with the merits of the issues involved, the cynic might argue that they were simply astute enough to see the handwriting on the wall and were engaging in nothing more than a meaningless piece of window-dressing. Close analysis of what took place does not bear out any such interpretation. Nor, it should be added, does it seem to support the view that the four changes that were recommended were the result of a trade-off between the parties. Although the changes came close to representing a "balanced package of concessions", in total they tended to favour the union as opposed to the management point of view. Yet neither side appears to have been thinking of them in terms of a net gain or loss. While both were no doubt conscious of the fact that they could not present the second joint conference with a series of one-sided proposals, neither appears to have been unduly conscious of the degree of balance which was in fact attained.

As for the changes themselves they were four in number. Each must be seen in its Nova Scotian context to be fully appreciated. The first called for the insertion into the Trade Union Act of what is generally known as a "free speech clause". The proposed amendment was designed to make it clear that so long as the employer did not resort to coercion, intimidation, threats or undue influences he would be free to express his views on unions to his employees while they were in process of considering organization. While many believed that this was already the case under the existing law, the fact that this right was now to be spelled out caused concern within the labour movement. It was sold as a clarification which would bring anti-union employers out into the open where the outer limits of their rights could more easily be policed. Together with a revised approach to the handling of unfair labour practices (see below), it was felt this would keep abuse of this right to a minimum.

Many union representatives and a few employer representatives also made it clear that the intent of the change was only to allow the employer to correct union distortions or untruths. The wording of the change reflects no

such limitation, however, and it will be interesting to see the actual effect of the change. If employers construe it as a license to engage in unrestrained anti-union publicity drives during organizing campaigns, labour will obviously demand a reconsideration.

From a labour point of view the second proposed amendment was by far the most important. It provided for a marked change in the handling of unfair labour practices. Whereas they could previously be attacked solely through prosecution in the courts, and then only after the Minister of Labour had granted consent to prosecute, direct access to the labour relations board was now recommended. Furthermore, it was proposed that the board be empowered to order an offending party to cease and desist from engaging in the unwarranted conduct. Organized labour had been asking for these changes for years and this amendment by itself was enough to justify the work of the joint committee in the eyes of some of its representatives.

Management went along with this change for a variety of reasons. First of all, most of the employers involved in the study committee and in the subsequent conference did not expect to be affected by it since they had no intention of committing any unfair practices. More important was their determination to follow through on the pronouncement they had agreed to in the first joint agreement. Having condemned employers who resorted to unfair tactics to prevent their employees from organizing, they could not afford to reject more effective means of curbing such abuses. Moreover, more than one employer representative was apparently quite surprised at the types of tactics to which some employers were resorting. To prove that they were in good faith the employers were determined to help eradicate these practices. Some of them were convinced that the reputation of employers in general was at stake because of activities of a few and they had no qualms about cracking down on them.

The third proposal called for another clarification in the legislation. Although there were many compulsory-union-membership clauses in effect in the Province, there was a belief in some quarters that they were contrary to the law. Without going into the legal technicalities involved, some confusion apparently resulted when the Province decided to reassert its control over labour-relations legislation shortly after World War II. The doubts which existed on the subject led some employers to use them as a basis for refusing to accede to a union's

request for some form of union security. One particularly bitter dispute revolved largely around this issue. The employer representatives were willing to agree to this proposal in order to clarify the matter and further indicate their good faith. It also was substantially less than the earlier union demand for an elective union shop.

The fourth recommendation was consistent with the mutual desire of both parties to reduce the role of the government in labour-management affairs. Instead of allowing either party to call into play the services of a conciliation board it was agreed that a board only should be made available where there was a joint request for it. Understandably, there were mixed reactions to this proposal on both sides. Among the employer representatives there were some misgivings among those who had witnessed effective mediation work on the part of conciliation board chairmen, but the consensus was clearly in favour of the change. This was also true on the union side although there were some serious reservations about the impact upon weaker unions. Among both groups, it should be added, there was an awareness that an industrial inquiry commission could still be appointed by initiative of the Minister of Labour where there was a need for further third party intervention but one or other of the parties was reluctant to request it.

Hopefully, the preceding discussion will have revealed that none of these proposals was made by the study committee without a good deal of thought. Each was discussed at length on its merits and it was not simply a matter of each party exchanging one set of McKinnon-Report proposals for another. When the study committee took its proposals before the second joint conference it was united on its stand and ready to answer all questions. There was relatively little discussion, however, and the agreement was accepted almost with surprising ease. The study committee was instructed to make a joint presentation to the government calling for the four changes in the Trade Union Act. This it did within two months of the conference.

Relations with the Government

In view of the way in which things had been moving, the Joint Study Committee was confident that its recommendations would be accepted by the government with little or no difficulty. Co-incidental with the developments surrounding the promulgation of the first agreement, the Select Committee of the Legislature was completing its study of the McKinnon Report. When it is reported

on its findings it did not specifically recommend that the government respect the moratorium which had by then been proposed by the first joint conference but did give indirect support to the idea by not suggesting any changes in the legislation on its own. Even more significant was its unanimous endorsement of the work of the Joint Study Committee. It thus came as quite a surprise when the amending legislation was introduced into the assembly with two decided changes in the proposals advanced by the committee.

Despite the fact that both of these changes were detrimental to the interests of the labour movement, the management representatives reacted more sharply to this development than did their union colleagues. They were convinced that their labour counterparts would suspect them of a behind-the-scenes double-cross and that this would jeopardize the whole experiment.

What really disturbed the members of the Joint Study Committee was the fact that the government had made no effort to consult with them on the changes. No one on the committee expected the government to rubber stamp its proposals automatically, and thereby abdicate its ultimate legislative responsibility, but they did resent very strongly changes being made in their proposals without at least some advance notice, if nothing more. An emergency meeting of the committee was convened and it was decided to make a forceful representation to the government. This was done and there then followed a delicate series of negotiations which are impossible to describe in the space which is available. Eventually the matter was resolved to the satisfaction of the committee but only after a most unusual accommodation on the union-security issue was arrived at, involving a special dispensation for certain groups of individuals under the Trade Union Act and a change in the regulations under the Coal Mines Regulation Act permitting the check-off of union dues in that industry. Whether the committee should have been a party to these manoeuvres is a matter which is still being debated. It is certainly remembered as one of the most difficult chapters in its brief history.

While this experience led the joint committee and the government to improve their lines of communication, the basic issue of the appropriate nature of their relationship remains. It raises a very fundamental question.¹ Should

1. I am indebted to my friend and colleague, Professor H.W. Arthurs of the Osgoode Hall Law School, for assisting me to formulate my thinking in the following paragraphs.

the law follow or precede community acceptance of social values? Should it only follow, law enforcement may be eased but desirable changes may never come because of an overly-rigid community adherence to the status quo. Where the law precedes, in contrast, there may be a reluctance to observe it and its purpose may be thwarted.

A combination of these two alternatives would seem to be required in the present context. This requires that the Joint Study Committee serve as the link between those who must make and administer the law and those who must live under it. To do this it must play a dual role. On the one hand it must help to promote an atmosphere of willing support for the public policies embodied in legislation, whether they be publicly or privately (à la a basic agreement) initiated. To accomplish this, on the other hand, it must strive to ensure that the law is as just as possible and is capable of attaining its objectives because it is framed with a knowledge of the parties' needs.

Given these terms of reference, potential conflict with the government will be minimized. It can never be eliminated altogether since no government could afford to leave the initiative entirely to the parties in such a vital area of public policy.

The Record to Date

It is not easy to evaluate the record of this whole experiment because so many of its accomplishments are intangible. On the tangible side alone, however, the achievements have been impressive. To repeat what was emphasized earlier, the very fact that labour and management were able to agree publicly on anything is noteworthy. Then there is the moratorium on requests for legislative amendments. Representatives of both sides in Nova Scotia claim that nothing has done more to improve their relations than putting an end to their annual war of words before the Law Amendments Committee of the Legislature. For the more practically minded there are the jointly-requested amendments to the Trade Union Act. While it is too early to assess the impact of these changes their very existence is a credit to the undertaking. And, last but far from least, on the tangible side, there has been established an effective bridge between the parties. Through their Joint Study Committee and their more widely-based conferences, they have not only created forums within which they can discuss their mutual problems but they have also created a medium through which they can make joint representations to the government.

Relations between the government (through its Department of Labour) and the committee are now remarkably good and both groups are in ready communication with each other. The value of this link was proven when the government decided to amend its minimum wage orders. When these changes were submitted to the Joint Study Committee it was able to point out a number of problems and together the government and the committee were able to straighten them out before they caused any real difficulties.

As important as these tangible accomplishments may be, they are probably outweighed by a variety of intangible considerations. These are so difficult to describe that one hesitates to inject them into the discussion. Yet without an appreciation of them, it is impossible to assess fully the significance of what has been taking place in Nova Scotia. There has been a change in attitudes on both sides: that is the critical factor. Formerly there was virtually no meaningful contact between top labour and management in the Province and any relations they did have were characterized by formality and hostility. They simply did not know or understand each other and consequently were bound to be reserved and suspicious in their relations. This has all changed. They do not necessarily agree with each other any more than they did but they understand and respect their differences as they never could before. What is more they have come to recognize that they both have the same ultimate desire to see Nova Scotia grow and prosper. They are convinced that a good labour relations climate is part of the answer and they are determined to try to develop and maintain it. This is what accounts for the condemnation by progressive management elements in the Province of the use of unfair practices to forestall union organization. How much effect this will have is debatable but some union representatives claim that the moral effect has already been noticeable. Anti-union employers are now more reluctant, it would appear, to resort to underhanded tactics. They cannot count on support from management in general and they are vulnerable to more effective law-enforcement measures.

The same desire to improve the labour relations climate explains why unions resort to strike action less lightly than once was the case. Indeed, one of the more interesting outgrowths of the work of the Joint Study Committee has been the use of the good offices of some of its members to help resolve potentially troublesome labour disputes. The fact that there is this bridge between the parties at the top has helped indirectly to improve communications at the

bottom and thereby has assisted in more than one settlement in the Province.

This is not to suggest, however, that the new spirit which the joint committee has been fostering has filtered down into the lowest ranks of labour and management. While a few of those involved have seen some signs of this, there is little or no concrete evidence of it. Indeed, the most glaring short-coming in the work of the committee to date has been its lack of impact upon day-to-day collective bargaining problems. Removed from the realities of the negotiating table it has been able to accomplish a great deal. How much effect this is likely to have upon those who actually engage in the bargaining process is a matter for conjecture. If it has very little, much will remain to be done, and it may well be that other devices will have to be employed to tackle the problems which exist at this level. Should this be deemed necessary, it may not prove too difficult. Because labour and management in Nova Scotia appear to truly believe in the value of their new relationship, they may find it relatively easy to take advantage of it at the operating level. One excellent illustration of this possibility is provided by what has been taking place in coal-mining. Joint pit-head meetings involving senior and local representatives from both sides have been held at a number of mines to explore their mutual problems. Such an approach marks a radical change in the nature of labour-management relations in the industry and might not have been possible in the absence of the general relaxation of industrial relations tensions which has been made possible in the Province by the work of the Joint Study Committee.

Problems and Prospects

Given its accomplishments to date it is unlikely that the work of the Joint Study Committee could easily be jeopardized unless one side or the other set about to undermine it deliberately by violating the moratorium or by taking some equally drastic action. Nonetheless, there are some very real dangers built into the situation. The most disturbing of these relates to the matter of expectations. On all sides there may be a tendency to become over-confident and to expect the impossible from the process. Take, for example, the problem of industrial conflict. While both sides hope to reduce the incidence of lost time due to labour-management strife, they must recognize that some conflict is inevitable and perhaps even desirable. Despite the best of intentions labour and management are bound to disagree on some things: where no other alternative is available their differences

may have to be resolved by a test of economic strength. It would be unwise and foolhardy, therefore, to hope to eliminate all major strikes and lockouts, let alone the relatively small and insignificant ones. This is why the Joint Study Committee should be extremely leary about formally injecting itself into the mediation field. By so doing it would not only jeopardize its own position but would also tend to undermine the role of the conciliation officers in the Department of Labour. While it may be appropriate for the committee to strive "to make both parties in the Province terribly reluctant to engage in a strike or lockout" (as one of its prominent members suggested), it should approach this objective informally and indirectly and not frontally.¹

It would be equally dangerous for either side to expect the other to reprimand publicly any one of its number that violated the spirit if not the letter of the labour-management agreements. Given the nature of labour and management in North America, there are bound to be dissenters in both camps. Although behind-the-scenes efforts might be made to bring recalcitrant unions and employers into line, it probably should go no further than this. It might not bear fruit and it could do the committee and its cause a great deal of harm. A more positive approach would be for both sides to expand their educational work at the grass roots level. It is generally admitted that through a series of highly effective regional conferences and other means labour has done a far better job of making its affiliates and their members aware of what is involved in these undertakings than has management. A number of employer representatives are aware of this and hope to do something soon to correct it. Already, for example, the Nova Scotia Branch of the Canadian Manufacturers' Association has sent out a letter urging its members to support the agreements by both words and deeds. A few individuals on both sides seem to feel that the solution to the education problem may lie in the committee's sponsoring of a series of joint seminars at the community or plant level. This merits serious consideration.

1. At one point the committee agreed on the ground rules under which it would entertain the idea of intervening in a dispute. It was decided that it would only intervene when so requested by both parties to the dispute and then only to the extent that a pair of its members was fully agreed on what action they should take. Even with these qualifications any such intervention could prove a costly mistake.

Pitfalls may also lie in some of the committee's present and anticipated projects. Although no consideration is now being given to further changes in the Trade Union Act, some members of the committee have not written off the idea of producing a basic agreement à la Sweden to govern relations between the parties. As long as they do not conceive this as a possible substitute for the Act itself they are probably on safe ground. Originally this was the goal that some individuals had in mind. Today, however, they are more prone to think of it in terms of a "code of ethics" which would embody more than the letter of the law and in fact complement it. To think of going beyond this in the near future, if ever, is somewhat naive, to say the least.

Equal care must be taken in attempting to arrive at what most members of the committee refer to as a "model agreement".¹ What they are really aiming at is something less than this term suggests: they are seeking appropriate wording for a series of standard clauses pertaining to such things as grievance and seniority procedures. These are intended for the guidance of parties entering into their first collective agreement and for no more than that. Thus, even if taken together, they are more likely to represent the minimum rather than the model terms of a collective agreement. As long as they are so construed they could prove of some educational value, especially to an employer who had never dealt with a union. To expect anything more than this would be dangerous. The joint committee cannot expect to do the collective bargaining for anyone and it should carefully avoid creating such an impression. Every labour-management relationship must adjust to its own immediate environment and no amount of model-clause building can detract from the need of the parties in any given situation to fashion a collective agreement to meet their particular circumstances.

One of the committee's other current projects is also worthy of mention. This is under the direction of a subcommittee which includes among its members individuals who are not drawn from the Joint Study Committee. This is a useful innovation not only because it contributes to the expertise with which the committee is able to tackle its assignment but also because it broadens the base of

1. There is confusion among the members of the committee as to the meaning of this term. A few use it to mean virtually the same thing as the basic agreement referred to in the previous paragraph but most employ it as it is described presently.

participation in the process. The committee is dealing with the challenge posed by automation and as a follow-up to one of the six points in the second joint agreement is trying to sort out the respective responsibilities of the parties in the face of technological change.

Before leaving the work of this subcommittee some of the other advantages of using subcommittees should be indicated. One of the secrets of the success of the original Joint Study Committee was its small size. This permitted it to function in a very informal fashion. When the committee was expanded it was bound to lose some of this informality and this might have been a real loss had it not been for the introduction of subcommittees. At this level the work is still carried on in a very informal manner. This means that no great harm should result if the general committee becomes increasingly formal in its ways.

The use of subcommittees also serves to conserve the time of members of the main committee. They are all extremely busy men and some of them have found it almost impossible to do as much homework as they would like to. By assigning the major portion of the work to subcommittees a useful division of labour has been made possible. There is the danger, however, that so many subcommittees will be set up that an over-all sense of direction will be lost. This may even be a problem now since no one seems quite sure at this point where the committee should be headed.

This raises again the question of expectations. For two years now the process has yielded a six-point agreement. Before this becomes an annual expectation, this pattern should be broken. It is completely unrealistic to expect this kind of performance on a yearly basis. Practically speaking one should expect years in which there might be no agreement whatever. If the future of this scheme depends on the committee's arriving at annual agreements it is destined to failure. Nothing could do it more harm at this point than producing an agreement simply for the sake of having an agreement. It would be far more sensible to admit that the real value of the process does not depend on specific agreements but rather on the study and analysis of common problems. To this end it would probably be wise to schedule a conference to review a particular issue with advance warning that the purpose of the conference was not to realize an agreement but merely to facilitate an exchange of views.

The Relevance for the Rest of Canada

Just as it is hazardous to suggest that what has been applied with some success in one country should be imitated in another, it is dangerous to recommend the adoption of one effective provincial experiment in another. Especially in the field of industrial relations, there is scope for a wide degree of disparity in the environment in various parts of this country. To hope to benefit from the experience of Nova Scotia, other provinces would obviously have to adapt it to their particular settings. Even then it might prove quite hopeless.

To appreciate the potential relevance of the Nova Scotian experience elsewhere in Canada, it is necessary to comprehend the various advantages and disadvantages that were present in the Province relative to other jurisdictions. In comparison with its counterparts in the rest of Canada, it appears to have had no major disadvantages. The only possible one of any significance grew out of the presence of absentee unionism and absentee ownership in the Province. There remains the possibility that through lack of appreciation, outside interests on either side might induce or compel local union or management to adopt positions or take actions which could prove inimical to the success of the experiment. Although there has been some suspicion of this on the corporate side in the case of one or two firms, this has been more than outweighed by the support which has been forthcoming from spokesmen for both sides from outside the Province. At the same time, there is an awareness in Nova Scotia that if labour relations in general in North America should take a sharp turn for the worse, they could not avoid a backwash.

As for the advantages enjoyed by Nova Scotia these appear to have been many and varied. The over-riding one is hardly to be termed an advantage but in the present context was exactly that. The fact that Nova Scotia and especially Cape Breton Island have been relatively hard hit by unemployment does not have to be documented. This background, more than anything else, led union and management in the Province to attempt to find some common ground. They found it their mutual desire to see Nova Scotia industrialized. Insofar as this could be facilitated by improving the labour-relations climate they determined to attempt to bring it about.

Why they waited so long to try a new approach is more difficult to explain. The answer no doubt lies in a combination of factors. While the circumstances were ripe, something more was still required. There had to be some inspiration and some one had to act as the catalyst. After Judge McKinnon supplied

the inspiration, the Institute of Public Affairs at Dalhousie University, through its Director, Guy Henson, served the role of the catalyst. It remained then for labour and management to rise to the occasion. This called for a high order of labour and management statesmanship; it took some backbone for the management representatives who were involved in the initial meetings to come out so strongly for some of the things that they did and it took some courage for their labour counterparts to enter into the spirit of the process without any official authorization. It has taken this kind of leadership on both sides throughout to make this venture the success that it has so far been.

The full significance of another advantage enjoyed by Nova Scotia is difficult to gauge but should not be minimized. Union and management are not under the same spotlight as they are in other parts of Canada. This is because they have traditionally been pattern-followers rather than pattern-setters when it comes to collective bargaining. No one is expecting them to set new precedents or break new ground in the collective bargaining arena. Being free of such pressures they were able to experiment without worrying about the rest of the nation's labour and management communities looking over their shoulders. Lacking symbolic importance in the country as a whole, they were less constrained by the custom of adhering to fixed and doctrinaire positions.

To conclude this discussion of the relevance of the Nova Scotian experience for the rest of Canada it should be noted that other jurisdictions have been utilizing consultative devices of their own. It has long been a practice in most provinces, for example, for government officials to discuss proposed changes in the labour relations acts with representatives of labour and management on a separate and informal basis. In correspondence with the author one or two provincial officials suggested that this was a more effective means of ascertaining the views of the parties than by consulting with them jointly. Nova Scotian experience does not bear this out but even if it did nothing would have been lost from the government's point of view since it can now resort to either alternative.

Some provinces have employed joint consultation in a different manner than in Nova Scotia. Through its Superior Labour Council, for example, the Quebec Government has developed a medium through which it can consult with representatives of the parties as well as with impartial students of the subject. The availability of this machinery, however, did not spare the Province from an acrimonious debate

when its labour code was amended earlier this year. Other provinces which have employed joint consultation, but of a less formal nature, include Alberta and Prince Edward Island.

An interesting attempt to make use of joint consultation also took place in Ontario after the Goldenberg Commission on Labour-Management Relations in the Construction Industry reported in 1961. The government convened a sizable conference of construction union and management officials in an effort to find a basis for agreement on the legislative changes called for by the Goldenberg Commission. Partly due to the large and unwieldy nature of the conference but primarily because of the intransigence of the parties the experiment did not accomplish anything noteworthy. For the first time, however, it did bring together the senior representatives of both sides to air their respective views on a number of critical issues. In the long run this may yet prove to have been of some value.

Another attempt to take advantage of joint consultation is now underway in Manitoba. After successfully employing a tri-partite committee to consider changes in its Fair Wages Act, the Province has established a larger committee to study all of its labour relations and industrial standards legislation. The government is apparently committed to a wholesale revision of the pertinent laws and is counting on the committee to give it guidance. Those in Nova Scotia who are following developments in Manitoba are somewhat apprehensive. They wonder whether the government is too involved? whether the committee is too large and structured and that it has received too much advance publicity and is too purposeful in its aims? Time alone will tell whether these misgivings are well-founded.

While there is no one key to the success which union and management have had with their experiment in Nova Scotia, a number of features are striking. First of all, having found some neutral ground beyond the government, they did not formally involve the latter in any way, shape or form in their initial discussions. Secondly, they began with a small group of key individuals on both sides who were not authorized to attend in their formal capacities. Thirdly, they kept their deliberations as informal as possible and thus created an atmosphere conducive to free and open discussion. This in turn permitted them to raise and thrash out any number of mutual problems. At the same time they did not permit the luxury of this freedom to dissuade them from the challenge of finding common ground on some of the issues that divided them. In this they were assisted by the availability

of a fact-finding report which had been reasonably well received in the Province at large. All of these factors, as well as others, would merit consideration by others interested in following the same path as their counterparts in Nova Scotia.

As a final point it should be noted that joint consultation may take a negative or positive form. When a government only consults the parties when it is planning changes in its legislation and then only to ascertain whether the changes are likely to create controversy, this is hardly a very productive form of consultation. If such consultation is to be of any lasting value it should not be left entirely to the government to initiate it and it should entail a positive two-way flow of proposals. This has been the distinguishing mark of the Nova Scotian experience.

Summary and Conclusions

It is easy to exaggerate the importance of what has been taking place in the industrial relations field in Nova Scotia over the past few years. It is conceivable that the skeptics are right when they suggest that it is all very superficial and that nothing of any real consequence has been accomplished. In a two-week visit it is hard to be sure that one has carried away an accurate interpretation. Nonetheless, it is the view of the writer that something of real value and significance is taking place in the Province.

They have not solved all their labour relations problems and they are not about to. At the grass roots level they have made little or no substantive progress. But they have brought about a change in attitudes which allows them to approach their mutual problems in a much less charged and emotional atmosphere. Most important of all they believe in what they are doing. With this new-found confidence in themselves they should be able to realize some concrete improvements in the collective bargaining process and in the results which it achieves.

While the whole venture could blow up at any time, this risk is much reduced over what it was at the outset. As long as they do not expect too much from their joint consultative machinery, they should be able to continue to make effective use of it.

Whether others should attempt to emulate this experience is debatable. My own impression is that they should if only to avoid the possibility of the ever-more confining legislative framework about which Judge McKinnon was so concerned. Labour and management in Nova Scotia have shown that legislation by joint consent is not an idle dream and that through progress in this area the general state of mind which underlies their relationship can be much improved. In comparison to the more traditional pattern of unquestioning conflict which characterizes relations between the two sides in most if not all other provinces, these are remarkable achievements.

For those who do choose to try to emulate the Nova Scotian experience, however, I would add this word of caution. They should certainly avoid imitation in detail. The nature of these kinds of undertakings is such that they must be closely tailored to the needs and circumstances of the jurisdiction in which they are employed. Far more important than this, however, is the motivation of the parties. While it may be trite to say it, this is one case where the old adage that there must be a will to succeed does indeed apply. Even then the risks of disappointment are not to be minimized.

APPENDIX A

The Terms of the First Six-Point Labour-Management Agreement

1. As a joint conference of labour and management representatives, we recommend to our respective groups and organizations that both management and union groups declare a moratorium on further appeals to the Legislature for amendments to the Nova Scotia Trade Union Act until all approaches to closer union-management action have been examined.
2. That both management and labour recognize the right of all workers to organize for collective bargaining and recognize the contribution that organized labour can make to the economy.
3. Management condemns instances of unfair labour practices when employees are seeking to organize under the Nova Scotia Trade Union Act and the Industrial Relations and Disputes Investigation Act.
4. The union representatives recognize that management is entitled to a fair return on its investment.
5. That the efforts of the Joint Labour-Management Study Committee be continued and that the Joint Committee be augmented by additional representatives of both management and labour organizations.
6. That the Joint Labour-Management Study Committee see if it is possible to arrive at a basic agreement which will outline the scope within which their future relationships will be contained and consider other matters of common concern.

The Terms of the Second Six-Point Labour-Management Agreement

Preamble and Statement of Purpose

The Labour-Management Study Committee of the Institute of Public Affairs, Dalhousie University, predicates its activities on the belief that joint, voluntary, active cooperation, between labour and management will bring the respect and understanding required for the achievements of Committee objectives.

The purpose of the Labour-Management Study Committee is:

To promote a sound and harmonious relationship between Employers and Unions and the employees they represent.

To create and maintain an atmosphere that will be conducive to retaining present industry in Nova Scotia and to the encouragement of new industries.

To seek out fair and reasonable guideposts and procedures for the continuance of free collective bargaining.

To keep to a minimum restrictive legislation in the province.

To seek to promote the industrialization of the province, recognizing that employers have the right to operate and manage the business and that they are entitled to a profit, a quality product and a good competitive position; and recognizing, on the other hand, that employees have the right to organize, to a fair and reasonable return for their labour, to safe working conditions and to improved stability of employment.

The Second Six-Point Agreement

1. That the Labour-Management Study Committee be continued.
2. That the Moratorium be lifted for the purpose of making changes in Nova Scotia Trade Union Act jointly recommended by the Second Joint Labour-Management Study Conference, and only for this purpose, thereafter to be reimposed for a sufficient period of time to give both management and labour full opportunity to extend their studies and bring forth further recommendations.
3. That the Second Joint Labour-Management Study Conference endorse the following proposed changes in the Nova Scotia Trade Union Act:

(a) ss. (3) of s.4 of the Trade Union Act be amended as follows:

(3) No employer and no person acting on behalf of an employer shall seek by intimidation, by threat of dismissal or by any other kind of threat, or by imposition of a pecuniary or other penalty, or by any other means to compel an employee to refrain from becoming or to cease to be a member or officer or representative of a trade union and no other person shall seek by intimidation or coercion to compel an employee to become or refrain from becoming or to cease to be a member of a trade union. But nothing in this section shall be deemed to deprive an employer of his freedom to express his views so long as he does not use coercion, intimidation, threats or undue influences. (Proposed amendment is in heavy type.)

(b) s. 40 of the Trade Union Act be amended as follows:

(1) Any person claiming to be aggrieved because of an alleged violation of sections 4 and 5 of this Act may make allegation to the Labour Relations Board. The Board will direct its Chief Executive Officer to make an investigation of the allegation and attempt to resolve the issue. Upon his failure to do so, the Board may inquire further into the matter and issue whatever Order it deems necessary,

such Order to be filed with the Prothonotary of the Supreme Court and enforceable as an Order of the Court.

(c) s. 6 of the Act as follows:

(2) Nothing in this Act prohibits the parties to a collective agreement from inserting in the collective agreement a provision requiring, as a condition of employment, membership in a specified trade union, or granting a preference of employment to members in a specified trade union.

(d) s. 17 be amended to read as follows:

Where a conciliation officer fails to bring about an agreement between the parties engaged in collective bargaining, both parties to the dispute may make application -- jointly or otherwise -- to the Minister for the appointment of a Conciliation Board to endeavour to bring about agreement between the parties. When it is established that both parties have requested the Conciliation Board, the Minister shall appoint a Board for such purpose.

S.22, ss.2(b) now states that seven days must elapse from the date on which the report of the Conciliation Board is received by the Minister before a strike or lockout may be called. We recommend that this period be extended to twenty-one days, providing the parties do not agree on a Conciliation Board. This would provide a longer period for further serious bargaining before severe economic action is taken by either party.

4. That the Labour-Management Study Committee establish a "resource centre" at the Institute of Public Affairs for the purpose of serving both labour and management in Nova Scotia, on request, with additional assistance and information relating to the work of the Joint Study Committee.
5. After examining the Joint Resolution on Automation of the Companies and Unions of the Eastern Canada Newspaper Group on May 31, 1963, the Joint Labour-Management Study Committee members recommend that members of the Conference endorse this Resolution in principle and study its application in industry. The proposed resolution follows:

We have discussed the problem which is created by the accelerating advance of automation, and technological change. We recognize that these advances in productivity are essential to continued progress against the competitive pressures of world industry. We also recognize, however, that automation creates serious concern through the fear of loss of employment, and agree that we should jointly state our views and policy on the subject.

To maintain their position industries must continue to raise their productivity, and they must continue to make every effort to hold down their production costs. Failure in these aims could only lead to decline. Technical improvements must be a vital part of these efforts, and their impact on the working group and on each individual concerned must be squarely faced.

As representatives of Companies, and of Unions, we accept that we have, jointly with Government, a real and direct responsibility at all levels to reduce to a minimum such adverse effects as may devolve from automation and technological change. We agree that we need to work jointly to see ways in which such adverse effects may be foreseen and mitigated.

When plans are being made to introduce new equipment or a new production process which will result in a reduced labour requirement, we recommend that the Companies discuss the plans fully with their Local Unions at an early date. Such discussion should cover the problem of retraining or relocating, so far as this may be practicable, the men who may be displaced by the new equipment or technological change.

Automation is not to be feared, it must indeed be encouraged as essential to the continued prosperity of all concerned in industry. It may, however, bring with it major social problems. These problems are the common interest and responsibility of Government, Companies and Unions, and the three parties must work in concord to meet them.

6. That the Joint Study Committee review annually the results of all recommendations endorsed by the Second Joint Labour-Management Study Conference. If it becomes obvious that any recommendation is not, upon implementation, contributing to improved labour-management relations in the province, the Joint Study Committee will make further proposals bearing upon it.

COMMENTARY

by

Judge A. H. McKinnon
County Court
Antigonish, N.S.

I should like to congratulate both Dr. Montague and Professor Crispo for the excellence of their papers on "Recent American Developments and Experiments in Labour-Management Relations" and "The Nova Scotia Labour Management Agreements". Naturally, the latter is of greater interest to me, and Professor Crispo's thorough examination of all aspects concerning his subject is a valuable assessment of the Nova Scotia experiment. It was a wise choice to have both papers delivered in the same section, for it would seem that a study of both reveals some fundamental similarities.

In the initial examination of the Nova Scotia situation, it was felt that some means of joint consultation between labour and management, aside from collective bargaining, was essential if traditional antagonisms and suspicions were to be broken down and a sufficient measure of mutual trust established to enable the parties to view the conduct of their opposite number with a degree of impartiality. This was achieved when the parties realized that, in many areas, the interests of both sides were identical and that joint consultation would be advantageous to both.

It is interesting to note that Dr. Montague in his study on American developments, asserts that in the five major bargaining plans in the United States which have been developed during the past five years, namely, the Armour, the Pacific Maritime Association, American Motors, Kaiser and the Human Relations Committee on Steel, there is this common characteristic in that they provide for a joint continuing study of "problems and issues of common interest to labour and management.

In the paper delivered yesterday on "Labour-Management Co-operation in European Countries", it is noted that Professors Beausoleil and Cardin make the following observation:

Management and labour representatives have also met by themselves to settle their disputes bilaterally. This "paritarism" consists of any bilateral institution for settling conflicts between labour and management. "Paritarism" necessarily implies a balance of forces, mutual acceptance of each other's point of view, a sincere determination to agree if possible, some consensus of common goals, and a desire to avoid arbitration and governmental imposed decisions. In the United Kingdom and Scandinavia "paritarism" has resulted in voluntary agreements between the parties. In the Common Market countries, where it is established by law, it has resulted from co-operation of the parties with public authorities.

Thus, it would seem to me, that development in labour-management relations, which embodies joint consultation and study, has achieved very material progress in the direction of gaining mutual advantages with a minimum of strife; and those plans which are bilateral in concept seem to hold the greater promise for future direction and development.

Professor Crispo has, in my opinion, properly assessed the significance and importance of the Joint Study Committee at the top, or executive, level. He suggests, however, that there is no concrete evidence that this "new spirit" has filtered down to lowest ranks of labour and management. I cannot but wholly agree with his assessment in this regard. With labour, there has been some excellent work done in explaining the development to the rank and file of different labour organizations. With management, less has been done in this direction. It would appear that there has been a desire on the part of both labour and management to consolidate their relationship at the top level for,

after all, it began as a very tenuous experiment, and with substantia. progress, to then commence joint discussions and consultations at the plant level. In my opinion, sufficient confidence and trust have now been acquired by the Joint Study Committee in Nova Scotia to enable it, with the assistance of the Dalhousie Institute of Public Affairs, which has done so much to assist this development, to provide the means whereby continuing study committees may be set up at the plant level. Only when this is accomplished can the success of the Nova Scotia plan be properly measured, for we know that more disputes occur at the plant level because of misunderstandings and lack of adequate information than from any other cause. As well, there must be co-operation through all the structured tiers of both labour and management before the plan can be termed successful.

I am further strengthened in this opinion after listening to the following excerpt from the paper on "Labour-Management Co-operation in European Countries":

In Europe, these joint councils provide much greater possibilities for valid co-operation in labour relations than does our North American Collective Agreement system, especially at the level of the firm. They constitute one of the most important efforts made in European countries to provide industrial democracy which, until the last war, was non-existent at the plant level.

Aside from the fundamental importance of labour-management dialogue at higher and lower levels, it would appear that the advance of automation makes it imperative that this development be followed if considerable labour unrest is to be avoided.

As Professor Crispo notes, this matter was dealt with by the Second Joint Study Conference in Nova Scotia and is incorporated in the

Second Six Point Agreement. The Conference adopted the Joint Resolution on Automation of the Companies and Unions of the Eastern Canada Newspaper Group passed on May 31st, 1963.

The fourth paragraph of this resolution is as follows:

When plans are ready to introduce new equipment or a new production process which will result in a reduced labour requirement, we recommend that the Companies discuss the plans fully with their local unions at an early date. Such discussions should cover the problems of retraining or relocating, so far as this may be practicable, the men who may be displaced by the new equipment or technological change.

And this matter is on the Agenda for discussion at the Third Joint Study Conference to be held on the 19th of this month.

In this connection, and also with reference to the American plans, it would seem to be essential that if such a study is to serve its purpose, the parties must accept two guiding considerations.

The first of these is that the basic problems of both parties are, actually, opposite sides of the same coin. Automation and job security go together, and the problems connected with one cannot be resolved without seriously affecting the other. It becomes important, therefore, that management should recognize, and share, the Union's grave concern for the welfare of men who have served an industry for the major part of their lives. It would seem to be only justice that industry should assume the obligation of providing protection when changed methods of operating reduce employment or eliminate jobs.

But by the same token, unions should recognize and understand the economic and competitive problems that exist for management when the services of employees cannot be utilized productively. If the excess costs of such a situation continue too long, the result will be

the inevitable decline in the competitive position of the industry, resulting in loss of jobs without any provision for readjustment.

Another very important consideration is timing, and here joint labour-management discussion can be very effective. It would seem that the crisis occasioned by automation arises when an industry suddenly announces that it must convert to automative equipment if it is to maintain its competitive position. Little time is given to the problem of worker readjustment and trouble follows. While it is admitted that some industries, through force of circumstances, suddenly find themselves forced to adopt labour saving devices if they are to survive, the large majority of industries can allow time for the implementation of appropriate machinery leading to ultimate solutions. Such industries convert to automation only after extended and thorough examination by their industrial engineers, cost accountants and other such officials. This time can be used, with great value, in examining with unions the entire scope of their problems; and these discussions can be of great value to both sides in using this means for the solution of their mutual problems in the years ahead. Experience indicates that joint labour-management studies of this nature can resolve mutual problems.

If joint labour-management study groups approach their discussions with a recognition of (1) the broad scope of the problem facing the industry; (2) the interlocking aspects of possible solution; (3) the need to provide a succession of steps over a period of time to reach desired goals without sudden disruptions; and (4) the responsibilities of both parties to plan for adjustment to changing conditions, then these discussions could well provide for definite initial actions

and create a framework for agreement on basic principles for future measures.

In his "Summary and Conclusions", Professor Crispo notes it is conceivable that the skeptics are right when they suggest that it is all very superficial and that nothing of any real consequence has been accomplished through the Joint Study Committee. He does say, however, that from brief personal observation, he considers that something of real value and significance is taking place in Nova Scotia.

I do not believe that the most ardent proponent of the Nova Scotia plan claims more than this, that a satisfactory base has been solidly laid, upon which to proceed with succeeding stages of joint consultation. That many pitfalls remain, no one will deny, but I think any objective observer would agree that the successful breaking down of traditional distrust and antagonisms has been a very considerable accomplishment. That the parties have been able to sit down and examine problems which, in the past, have existed exclusively in the "no-man's land" of extreme partisan interest is, to me, a break-through of long-held restrictive attitudes. That the parties have been able to reach agreement on fundamental problems that hitherto have been considered the sole concern of one side or the other, is not an insignificant achievement.

On the relevance of the Nova Scotia experience for the rest of Canada, Professor Crispo is correct in his warning that it is dangerous to recommend the adoption of one effective experiment in another jurisdiction. As Nova Scotia could not tailor its experiment exactly to the pattern of successful plans in the countries of Western Europe, so the Nova Scotia plan would have to be adapted to the particular

circumstances existing in another jurisdiction seeking a similar development.

However, as has been previously noted, all operating plans have one thing in common, and this common factor could be successfully adopted by any jurisdiction. This entails the convening of a joint conference of labour-management representatives to examine the areas in which they are in agreement. If the desire of both sides is present, this initial move should not be difficult. And if they are successful in their meeting to examine areas of agreement, the chances are that they will succeed in devising a plan adapted to their own particular circumstances.

COMMENTARY

by

W. Wallace Muir
Vice-President
Personnel and Industrial Relations
Hawker Siddeley Canada Ltd.

Perhaps the first reaction of those of us who grew up in labour relations immediately after World War II is astonishment at the degree of co-operation achieved by the Joint Study Committee in Nova Scotia and in the five examples cited from recent American experiments by Dr. Montague. Then, one wonders whether these developments are applicable more generally in Canada.

In considering the second point, one must go back to the first. The objectives of the Joint Study Committee in Nova Scotia, the level at which the effort was made, and the method used, carry the concept of co-operative study and action to a degree of maturity of an entirely different order than that demonstrated, for example, in the Productivity Councils. Yet the Productivity Council concept represents about the limit of co-operative endeavour which most union and management personnel have personally experienced in Canada. In saying this, one must except co-operation in community activities such as united appeal campaigns where union and management frequently work together very effectively and without conflict of interest.

The cynic could be pardoned for thinking that examples of co-operation at a mature level are likely to be as rare in the future as they have been in the past, yet if the lessons of the two excellent papers presented to us today by Professor Crispo and Dr. Montague are absorbed, the outlook for the future may well be very much more hopeful.

Professor Crispo has stated that he feels the relevance of the Nova Scotia experiments to the rest of Canada lies not so much in the letter as in the spirit of the agreements. I suggest to you, however, that it may well be worth studying both the Nova Scotia agreements and

the American examples quoted by Dr. Montague both for the relevance of the spirit in which they were conceived, and for the lessons to be learned from the methods employed. Indeed, Dr. Montague notes that the value of the American plans to Canada lies more in the possibility of applying the general principles on which they are based and the procedures which have been developed under them, than in the plans themselves. He thinks the most important procedure is bilateral fact-finding used in continuing joint study. Clearly, effective and meaningful co-operation between management and labour required something more than a vague spirit of good intention. As other speakers have already pointed out, the interests of the two parties are and will continue to be different, at least on questions involving the distribution of income and related problems. Sometimes these lie on a periphery which may seem far from the basic question of income division. Yet the evidence is clear that representatives of these two groups can work effectively together in certain circumstances which I think can be generally drawn from the cases we have heard.

1. The problem must be defined, or if it is not defined, the first task of the joint group must be to define it. Once the problem has been defined, if the combined abilities of the two parties can be brought to bear on it, at the very least, a useful discussion is likely to ensue. There is a very real possibility of agreement on specific points, and perhaps on the whole problem.
2. When the problem is defined, it is important that discussion take place in an atmosphere as free as possible

from immediate political pressures. By "political" here I mean pressures emanating either from management or union jurisdictions. At the plant level, it is difficult for the union officers to escape these political pressures. They have local elections to face, dissident factions to fight off, or a new set of negotiations to prepare for, and philosophical consideration of a problem per se is a luxury generally denied them. The personnel manager of a given plant may also be subject to conflicting pressures from his associates, from other levels of management, or from trade and management associations. Philosophical consideration free from outside pressure may be as difficult for the manager as for his union colleague. It is interesting to note that when the Joint Study Committee in Nova Scotia began its work in the Spring of 1962, they worked without fanfare and without deadline, and few in management or labour were aware of their activity. This was a rare opportunity. While there is no direct parallel in the American experiments, the Human Relations Committee in the basic steel industry has similar elements.

3. Effective co-operation also requires a set of circumstances which render a jointly acceptable solution possible. Again taking the Nova Scotia experiments as our example, we note the desire of both parties to avoid excessive government regulation of the processes of collective bargaining. Both parties were conscious of a need for

a good industrial climate in Nova Scotia if the province is to compete effectively with other industrialized areas in Canada. There was the catalytic influence of a distinguished third party, respected by both camps, in the person of Judge McKinnon. Under these favourable conditions, selected individuals from labour and management discovered, as I believed they always do in such circumstances, that the better they got to know each other, the more they respected and trusted each other. The members of the group inevitably became determined to merit such trust. For example, you will recall that when the draft legislation differed in favour of management from the recommendations of the Joint Study Committee, it was the management members of the Committee who were most disturbed and objected most vigorously. As Professor Crispo suggests, this was probably partly because they felt they might be suspected of breach of trust by their union colleagues, although in fact no such breach had taken place. Thus, while better communication and more dialogue (to use a much overworked word) between the parties is valuable in itself, this communication and dialogue must take place within a meaningful context, and in an atmosphere conducive to sincerity.

4. Effective co-operation is only possible in circumstances in which the parties have the power and the means to bring about a solution. In the Armour Automation Fund

example quoted by Dr. Montague, the problem was of a dimension beyond the competence of the nine-man tripartite committee to solve. The purpose was to prevent workers displaced by automation and plant shut-downs from becoming chronically unemployed. The Packinghouse Workers have not been satisfied with the working of the plan, and as Dr. Montague notes, the size of the problem of displacement was such that it was unlikely any plan could succeed--or at any rate, any plan conceived within the limited context of the relationship of the two immediate parties. By contrast, the Longshore Mechanization and Modernization Agreement has been relatively effective because the solutions adopted have been within the competence of the parties.

5. Whether the presence of a third party in discussions between management and labour of the kind contemplated here is generally advantageous is more difficult to judge. Perhaps it depends on the circumstances. If, however, these present discussions are indicative of the kind of problem to which management and labour may be invited to address themselves under the aegis of the Economic Council, then the influence and assistance of third parties are almost certain to be desirable. Indeed, we have the most effective sources of these third parties represented here in the judiciary, the academic community, and the civil service.

If, through the stimulus and direction of the Economic Council, management and labour can be brought to discuss their problems in an atmosphere of intellectual honesty, preferably before they become the hard lumps of collective bargaining, most of us, who might neither expect nor even wish for harmony of point of view, would take the examples we have heard here today to indicate the possibility of maturity of discussion in an effective endeavour to come to grips with common, clearly defined problems.

COMMENTARY

by

Eamon Park
Assistant to the National Director
United Steelworkers of America

These observations are made from the point of view of a trade unionist. I underline "a" trade unionist because there is no unanimity of views within the labour movement on some of these new developments in labour-management relations.

There may be a consensus developing and I hope these few comments reflect that consensus.

The first thing to note, from a labour point of view, is that the very existence of these experiments indicates that there is considerable opinion within the ranks of management and labour that the traditional collective bargaining relationship is inadequate to the circumstances of our times. Our North American collective bargaining practice of the fixed-term agreement is basically a formula for establishing the next time of potential crisis. The seeking of new means of contact between management and labour and away from the atmosphere of bargaining is generally welcomed by the labour movement. We genuinely hope that they may be the beginning by which we seek new plateaus in labour-management relationships.

The second point of a general nature that I would make is that all the experiments mentioned in these papers have proceeded on the basis of labour participation in their development and execution (if not always satisfaction with the final results). This is a form of recognition of the labour movement long withheld -- and still withheld in large segments of industry in Canada. The fact that labour has participated in the experiments under review, and is here discussing them under such august sponsorship, is not something that could have been contemplated even five years ago, so perhaps we are moving faster than we sometimes recognize, if not quite fast enough in the view of many unionists.

In any event the whole business compares favourably in labour's eyes with the kind of situation one saw not so many years ago. I recall the report of one of our staff members leading a local union committee to its first meeting with management after certification by a provincial labour relations board a few years back. He was greeted by a management representative (now a leading corporate executive) with the observation, "Well, you're here. You wouldn't be, if those stupid S.O.B.'s at Queen's Park hadn't told us we must meet you. But they didn't say we had to agree with you."

As I say, these experiments and this Conference are a welcome contrast. I wish I could be sure that that now corporate executive had caught the changing temper of labour-management relationships but I confess gnawing doubts persist.

That is a point at which I might comment on the specific experiments discussed in the two excellent papers we have received. My one regret is that the industrial experiments paper was confined, by its terms of reference, to "recent developments and experiments in labour-management relations in the United States". There are some exciting and worthwhile developments and experiments in specific industrial concerns in Canada which I believe would have warranted fuller consideration. Examination of those experiments might have thrown some light on the handling of some such problems as multi-union bargaining units in one industrial complex; finding one's way through a maize of provincial legislation and regulations in endeavouring to establish corporate-wide standards, at least in some areas of collective bargaining; and similar significantly Canadian problems.

With regard to the specific experiments outlined by Professor Montague, one can only emphasize his point that they have been "tailor-made" for specific situations and, as such, will need to be examined by Canadians (both management and labour) in the light of their own problems. One might agree with Professor Montague that the procedure of continuing joint study and bilateral fact-finding offers the best possibilities for experimenting in Canada, if for no other reason than that we have not yet tried it. I would add this caution, however. There will be distinct limits to bilateral fact-finding, and such findings will probably be confined to a particular firm -- and only rarely to an industry in our pattern of relationships. In the United States bilateral studies by company and union have become possible only after there has become available from governmental sources a great deal more information than is available in Canada, and where the law of labour relations requires a great deal more disclosure of facts by corporations to unions than is the fact or practice in this country. Bilateral fact-finding is only possible with maximum disclosure. We do not have that condition in Canada. I would hope that the legal atmosphere could be cleared to make it more attractive for companies to engage in the common sharing of facts with their unions.

There is a need, too, for a great deal more general economic criteria that, in my view, can only be developed under governmental sponsorship before we will have established the basis for meaningful bilateral studies in this country. Undoubtedly, this is an area for Economic Council activity.

The one development in the United States that is of less specific character, in the several experiments mentioned in the paper, is the Human Relations Committee in the steel industry. It is an area of activity that is of great interest to my union and one which we might ask the steel industry to contemplate in this country. But over and above the steel industry, I should think the development of similar ideas should have general appeal for industry and unions looking to long-range contemplation of their problems. The terms under which the Human Relations Committee functions, as outlined in the paper, seem to me to give the greatest prospect for confidence between the parties.

Now let me turn briefly to the Nova Scotia experiment outlined so well in Dr. Crispo's paper. As a member of a union with a large Nova Scotia membership we were among the first to respond to the invitation to participate. As a union whose membership has a great stake in the economic future of Nova Scotia, we were anxious to see new programmes tried, if for no other reason than to retard the economic deterioration which had become evident in ours and other industries in the province. We believe the Nova Scotia experiment has so far been successful and we will continue to play our part in the continuation of the programme.

Having said that, let me now emphasize that part of Dr. Crispo's paper which cautions against any assumption that the Nova Scotia experiment is exportable in any complete way. Indeed, it may be well to state now that the whole question of regional approaches, without any overall co-ordination, may be making trouble for the future. The Manitoba experiment and the Nova Scotia experiment are welcome in themselves, in that they have permitted management and labour at the scene to come

to grips with local attitudes to labour-management relations and to correct some local problems. But there is an urgent need for a national approach to these problems if labour and management are to play the part they must play in preserving Canada as an economic unit and without which it cannot survive as a political unit.

I think the Nova Scotia experiment must be seen, too, in terms of its timing. The decision to seek a moratorium in labour and management representations to government regarding labour legislation cannot be regarded as a moratorium in perpetuity. Yet there may be a tendency to so regard this decision and, of course, to be exasperated with whichever side comes to the conclusion that it cannot longer remain silent about its legislative needs. There has to be public understanding of the needs of labour and management and, in the last analysis, this is achieved by public debate. The legislative changes, won jointly by labour and management in Nova Scotia, are doubtless desired by Nova Scotians, but virtually the same "rights" have been achieved by the parties in other jurisdictions by the open debate and representation to government technique.

On the positive side of the Nova Scotia experiment, in my view, is the contact that has been made between management and labour and the breaking down of by-gone prejudice that have usually had management and labour at an arm's length relationship. This can bring nothing but good in destroying the traditional and often emotionally charged attitudes that prevail in labour-management relationships, not only in Nova Scotia but throughout Canada.

There has now arrived a time for a limited, constructive step forward in the area of labour-management relationships. We will be foolish if we believe that such a step will eliminate all of the conflict and irritations of the past. They will not.

The assumption that labour accepts the present distribution of this world's goods as fair and adequate, and that future productivity should determine future distribution in a co-operative pact, is utopian nonsense. There are mal-distributions within our present economy that need to be adjusted. The pressures for such adjustments will continue.

Labour cannot be relieved of its need to press for improved social and welfare benefits through governmental action, even while it is seeking an accommodation with its employers that will ensure amicable relations -- or at least peaceful co-existence. Constructive co-operation, looking to predictable consequences, will always be an area in which labour and management can seek understanding. I think everyone in the labour movement could be persuaded to this end and I believe the essentially utilitarian objects of the experiments in the United States and Nova Scotia bear this out. But this is good in itself. The need for corporate planning alone, plus the need for labour to adjust its bargaining methods and formulas to the new technology, compel us to seek new areas of understanding.

There will continue to be differences in social outlook. Few in the labour movement can be moved to raise raw profits to a desirable social objective -- and most won't try. It would be wrong for management to assume that labour-management co-operation can only come from dedication to the private enterprise system by unionists. Even in those parts of the world where the greatest lip service is

paid to private enterprise by labour men, they continue to advocate medicare or varying degrees of public ownership, or better government pension schemes, or hosts of other measures that are traditionally denounced by managerial, oriented spokesmen as socialistic.

It would make as much sense for labour to demand the unqualified support from management of a super-welfare state as a price of co-operation, as it would for management to perpetually run up acceptance of the profit motive as a pre-requisite for labour co-operation.

There is a tendency to this assumption which could wreck co-operative endeavours which need no such far-out considerations to be effective.

I suggest the area can be much more confined to the mutual interest of both labour and management. I would judge current labour thinking in this country to run something like this: we're facing a lot of grim decisions in the future, arising out of technological change; it's going to require all our wits and ingenuity to adjust our own structure and the current processes of collective bargaining to avoid a chaotic situation; we live under the private enterprise system, whether we think it is best or not, and that means a company with which we bargain must be economically sound and competitive under the present system; this won't prevent us from advocating social change but it won't inhibit us in seeking more effective collective bargaining and labour-management goals and methods; to that end, we're ready to look at and do a good deal of experimenting to find some answers; we're glad the Economic Council of Canada got us together to start some thinking; we're pleased they could lay before us information, such as contained in the

two papers under review, that brings before us concrete propositions which may have some value for us.

The fact of life is that Canada is the least advanced of all the industrial countries of the western world in the field of labour-management relations. This Conference can serve as a starting point to go forward, or it can go into the books as a pious and platitudinous exercise in harmony. The challenge is to government, labour and management -- to government, to give us the legislative and social climate by which we may advance; to management, to express a willingness to seek out new methods and approaches; and not least to labour, to set aside some of our traditional attitudes to bargaining arrangements, to look at our unions objectively to see if the time has not arrived for the restructuring of the labour movement to meet the challenge of our day. I hope our meeting will lead to action.

PROGRAMME

NATIONAL CONFERENCE ON LABOUR-MANAGEMENT RELATIONS

NOVEMBER 9-10, 1964

CHATEAU LAURIER, OTTAWA

MONDAY, NOVEMBER 9

MORNING

CONFERENCE OPENING

Chairman: Louis Couillard
Vice-Chairman, Economic Council of Canada

Hon. Maurice Lamontagne
Secretary of State and Registrar-General of Canada

OPENING ADDRESS

"The Economic Council and
Labour-Management Co-operation"

John J. Deutsch
Chairman
Economic Council of Canada

PLENARY SESSION

Co-Chairmen

A. A. Cumming
President
Canadian Manufacturers' Association

Claude Jodoin
President
Canadian Labour Congress

PRESENTATION OF RESEARCH PAPER

"Current Status of Labour-Management Co-operation in Canada"

W. Donald Wood
Professor of Economics
Director of Industrial Relations
Queen's University

DISCUSSANTS

Donald Gordon
President
Canadian National Railways

Jean Marchand
President
Confederation of National Trade Unions

(Mr. Marchand's paper was delivered by Robert Sauvé,
Director for the Eastern Townships, Confederation
of National Trade Unions)

GENERAL DISCUSSION opened by

Donald MacDonald
Secretary-Treasurer
Canadian Labour Congress

AFTERNOON

PLENARY SESSION

Co-Chairmen

D. H. Jupp
President
Canadian Construction Association

W. Ladyman
International Vice-President
International Brotherhood
of Electrical Workers

PRESENTATION OF RESEARCH PAPERS

"Experiments and Progress in the Field of
Labour-Management Relations in Europe"

(a) Institutional, Legal and Political Aspects

Jean-Réal Cardin
Director, Department of Industrial Relations
Laval University

(b) Economic Aspects

Gilles Beausoleil
Director, Centre of Industrial Relations
Université de Montréal

DISCUSSANTS

W. Dodge
Executive Vice-President
Canadian Labour Congress

F. E. Cleyn
President
Cleyn and Tinker Ltd.

GENERAL DISCUSSION

MEETING OF WORKING GROUPS

EVENING

CONFERENCE DINNER

Guest and Speaker:

Rt. Hon. Lester B. Pearson
Prime Minister of Canada

TUESDAY, NOVEMBER 10

MORNING

PLENARY SESSION

Co-Chairmen

Marcel Pepin
General Secretary
Confederation of National Trade Unions

H. George DeYoung
President
Rio Algom Mines Ltd., and
Atlas Steels Co. Ltd.

PRESENTATION OF RESEARCH PAPERS

"Recent American Developments and Experiments
in Labour-Management Relations"

J. T. Montague
Director
Institute of Industrial Relations
University of British Columbia

"The Nova Scotia Labour-Management Agreements"

J. H. G. Crispo
Associate Professor of Industrial Relations
School of Business
University of Toronto

DISCUSSANTS

Judge A. H. McKinnon
Antigonish, N.S.

W. W. Muir
Vice-President
Personnel and Industrial Relations
Hawker Siddeley Canada Limited

Eamon Park
Assistant to the National Director
United Steelworkers of America

GENERAL DISCUSSION

MEETING OF WORKING GROUPS

AFTERNOON

MEETING OF WORKING GROUPS

FINAL PLENARY SESSION

Chairman
Mr. Deutsch

REPORTS FROM WORKING GROUPS

CONCLUDING REMARKS

R. M. Fowler
President
Canadian Pulp and Paper Association

Participants

National Conference on Labour-Management Relations

Ottawa, November 9-10, 1964

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BAIZLEY, Hon. O.	Minister of Labour	Winnipeg, Manitoba
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