

**THE COMPANY UNION**

**Its Place in  
the  
Labour Picture**

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the  
Labour Picture

A Thesis

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by

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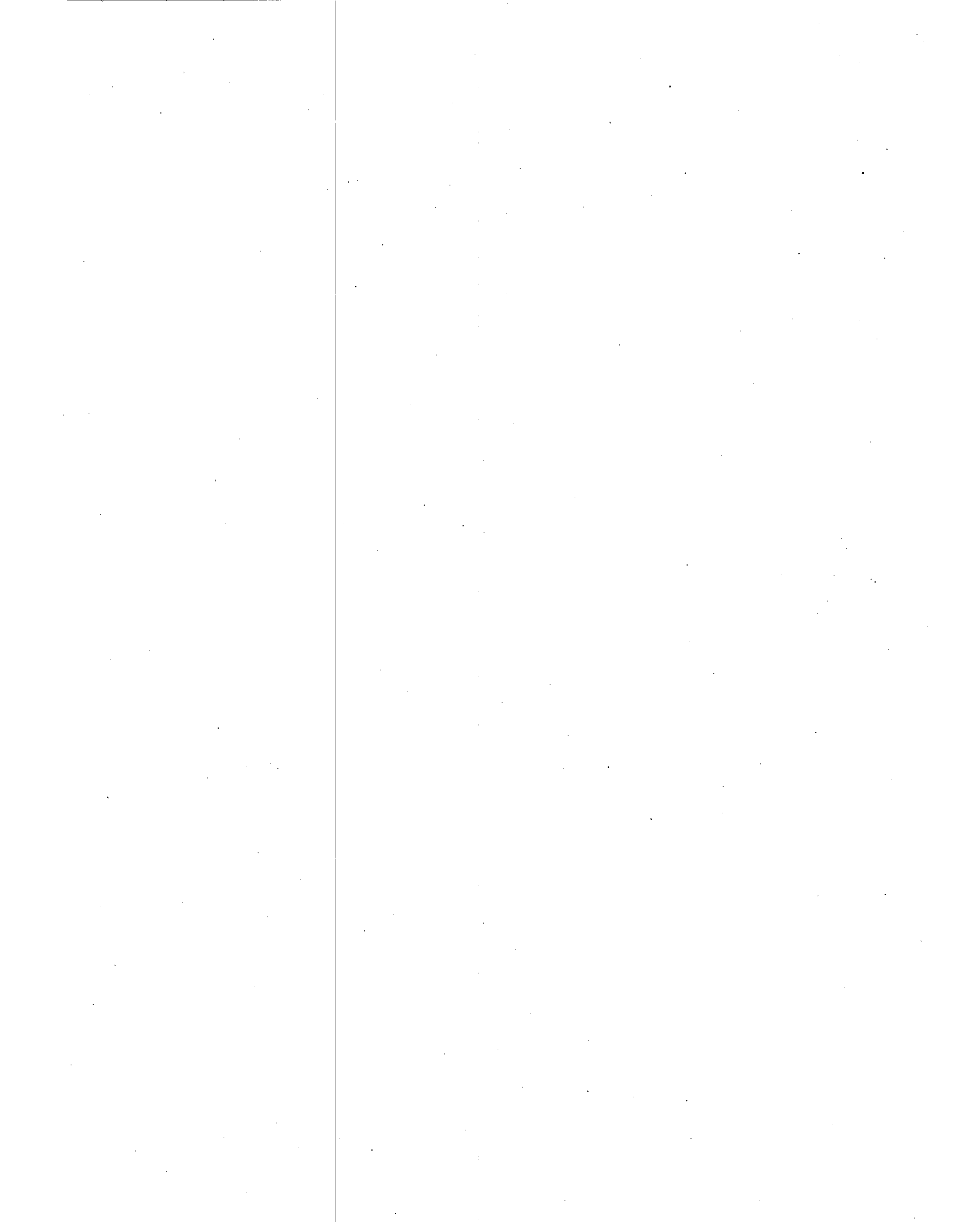
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THE COMPANY UNION--IT'S PLACE IN THE LABOUR PICTURE

PREFACE

Very few things evolve in this life without a purpose. Such was the case with the company union and its counterparts. The company union filled a definite place in the economy of the capitalistic system, and as such I intend to study it carefully; to search behind the scenes for the true economic factors from which it evolved; to study its development in the light of economic factors; and finally to discuss its future in the light of our present day economic trends. But all of this must be done in its proper proportion. The main theme will not be an economic history of company unions, but rather an overall picture showing the company union in its small niche of the great movement towards unionism which is gathering such force and momentum in Canada to-day. Perhaps to say that the thesis will be a discussion of company unionism vs. trade and industrial unionism would be appropriate. But not completely so. For I wish, above all, to keep in view the economic factors which kindled and fed the fires of the problem.

I should like at this point to thank Professor Humphrey Michell, of McMaster University, for his guiding

A word of thanks further to Miss Margaret Meikleham and Miss Laura Freeman of the University library staff whose unceasing efforts enabled me to work with original material although the time at my disposal was short. I should like particularly to thank Miss Margaret Mackintosh of the Legislative Branch of the Canadian Department of Labour for guiding me to the latest of legislation on my problem, and to W.K. Bryden, Deputy Minister of the Province of Saskatchewan for his research on my behalf with regard to his province. To the Canadian Congress of Labour, the Trades and Labour Congress, and the Research directors of the various labour departments of the Dominion and provinces, I would also like to extend my thanks. And further to the many people at McMaster who have studied my arguments and sounded them carefully.

CHAPTER 1

Introduction

In my preface I inferred that a problem existed. What is that problem? In brief, it is the fact that company unions have been in many cases diverted from their original purposes, and have become a very great thorn in the side of organized labour. In fact, at various stages in the development of Canadian and American labour history, it would be only fair to say that they have seriously threatened the organized labour movement.<sup>1</sup> The result has been that as organized labour has gradually gathered momentum, it has set out to crush the company-union idea completely; to prevent further mis-use of what has been a powerful delaying factor to organized unionism.

Company  
Unions a  
Problem

Four periods  
of Develop-  
ment.

I intend to attack this problem historically, as only in this way can the economic factors involved be placed in their true light. Briefly, the main divisions in the history of the company union development seem to be as follows:- The first is that prior to World War I, in which a few of them were established by private owners of companies. The second is the World War I period, when the real beginning was given to the movement through the emphasis placed on joint councils by governments of England,

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1-For figures comparing company union growth with that of unions under the A.F. of L. during the post world war I period, see "Labor and the Government", Twentieth Century Fund, McGraw-Hill Book Co., 1935

2-This government attitude was also the one adopted by the United Kingdom and Australia but there participants in joint councils were generally organized.

Canada, and United States.<sup>1</sup> The third period follows and continues up until the time of N.R. A. in the United States, when government legislation set a policy which had a great effect on general labour history. The fourth period has been that of contemporary development in Canada, and the appearance of legislation to restrict the activities of the company union.

I intend to show throughout how economic factors influenced the attitude of government and private enterprise towards company unions, and how the reflections from these attitudes affected organized labour.

Characteristics of a Company Union

Before beginning with this presentation, it will be necessary to clarify the use of some of the terms as used in this thesis. First, what is a Company union? Summarized briefly below are its chief characteristics as they will be considered.<sup>2</sup>

A company union is connected with the particular company with which the individual workers are concerned.<sup>3</sup> In cases where a company has several branch plants, each will generally have its own union, with perhaps a provision for some discussion in a general meeting of representatives from all the company unions for matters which affect general policy.<sup>4</sup> The latter case, however, is not the general rule.<sup>5</sup> The ostensible purpose is to give

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1-This government attitude was also found in Australia. In England and Australia, however, both sides were generally organized.

2-The following information on company union characteristics has been largely taken from the work of the Twentieth Century Fund, op. cit.

3-Exceptions noted were the Loyal Legion of Loggers and Lumbermen, the Edition Bookbinders of New York, Inc.

See Labour and the Government, p. 66.

4-~~Kindred~~ see Constitution International Harvester Company

Management approval employees in a particular plant a say in the affairs of the working conditions there and there alone.

Company unions are invariably instituted with management approval. In the U.S., after N.I.R.A., some were instituted by employees. But "it is impossible to conceive of the establishment or the continued existence of a company union in the face of opposition from management."<sup>1</sup>

They are vertical, or industrial unions. They encompass the workers in the whole plant, including white collar workers.

Membership Membership is generally free, and the union is usually financed, directly or indirectly, through the company. An exception to this is found in the case of company unions on the railroads in the United States after the 1934 amendment to the Railway Labor Act of 1926, in which carriers were forbidden to use their funds to support or assist any labor organization etc. In the case of employee associations, dues are generally paid. The general characteristic is that membership is coincident with employment, although under N.I.R.A. it was held that joining a company union should not be a condition of employment.

Referendum

The use of the referendum is not generally found. Questions on important matters of policy are decided by the committee elected by the employees. This is in decided contrast to trade-union policy. As a result, few company union constitutions make provision for many open meetings.<sup>2</sup>

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1-Ibid, p. 67

<sup>2</sup>"Characteristics of Company Unions", Florence Peterson and Joseph J. Senturia, Bureau Of U.S. Labor Statistics, Washington, D.C. Bulletin 634

ritual  
lation

Spiritual isolation seems to be an adherent characteristic of company unionism. Due to the fact that the very purpose of the union is to deal with local problems, the members take little interest in government legislation and other national or international means of bettering their interests. The physical isolation of the company union prevents it from having an effective voice in these matters. A report on joint councils, made by the Canadian Department of Labour states:-<sup>1</sup>

se of  
lective  
gaining

"Canadian and American experience with voluntary organized works committees varies from the plans which are based on labour organization and collective bargaining to those in which trade unions are not recognized, and though there may be collective dealings with representatives of the workers, there is no "collective bargaining" in the sense which labour usage has given to that term."

As we shall see there were many differences in the attitude of employers and organized labour on the matter of a definition of collective bargaining.<sup>2</sup> The trade union movement was formed on the basis of allowing workers to group together to present their rights through a chosen representative or representatives, who, through intense study of the problems affecting the workers, were able best to represent the workers. The groups of workers eventually formed unions by crafts, and bargained collectively as crafts

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1-Joint Councils in Industry, Bulletin # 1, Industrial Relation Series, Department of Labour, Canada, Ottawa, 1921, p.10

2-see below, page 33

In this way they secured power enough to represent their interests to the employers how, due to the fact that full employment was rarely attained in actuality, had formerly held the high cards. To the labour movement, collective bargaining was only expressed in one way,--by negotiating for and reaching an agreement between some employer and the particular group of employees affected through their respective craft or industrial unions. Any other form, as has been pointed out, of employer-employee bargaining was not considered to be collective. A definition given in the Canadian Congress Journal, August, 1937, bears this out: <sup>1</sup>

"Collective Bargaining- Discussion with serious intention and in good faith between an employer or his representatives and his employees or their representatives for the purpose of determining the wages to be paid, hours of labor, and working conditions. Collective bargaining can be done only where there is a group of organized workers, usually represented by officers or agents of their union, dealing with their employer. Such officers or agent may or may not be employees of the company bargaining with."

1-Canadian Congress Journal, August, 1937, p. 31

Where collective bargaining did not exist, the union admitted only two other kinds. The first was individual bargaining, where the individual made his own terms with his employer; the second, which was <sup>only</sup> beginning to be recognized by the unions, was company bargaining, where representatives of the workers of the company negotiated with representatives of the management. In many of the latter cases, a strong element of employer domination crept in, and the unions attached to such organizations the term "company union". In this regard, a reference is made to the Report of a Special Committee of the Executive Council of the Canadian Congress of Labour P.C.1003, recommendation one and two, approved by the Congress on January 15, 1945. <sup>1</sup>

Recommendation #1, section (2) reads as follows:

"(2)-Disqualifying company unions--It is important to make sure that the term 'collective bargaining agency' is clearly defined so that any company union or similar entity or apparatus will be disqualified and denied any rights in connection with certification (as the bargaining agent)"

Recommendation #2 reads as follows:

"WE THEREFORE RECOMMEND TO THE COUNCIL that it should insist that the term 'collective bargaining agency' should be so clearly defined that it will:

(a)-Include trade unions or employees' organizations which have not been aided or assisted by financial aid or otherwise by, or whose policy or activity does not in any way result from influence, interference or control of, the employer or his agent.

(b)-Exclude from the process of certification, and from any benefit of these Regulations, and alleged trade union or employees' organization which, in fact, has

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1-Report of a Special Committee of the Executive Council of the Canadian Congress of Labour on P.C. 1003, 1945. see p. 2



been aided or assisted by the employer or his agent, by financial aid or otherwise, or which, in respect to its administration, management or policy has been influenced, coerced or controlled by the employer."

Such a definition covering the above points would remove the threat of the company union as a certified bargaining agent in the opinion of the executive. It is therefore evident that a company union must be an organization which has present in its make-up some qualities which would exclude it from being a proper agency for collective bargaining.

Employee  
Domination  
considered  
necessary.

The qualities which are emphasized in this report are those of employer interference, institution, or domination. This would include any plan which the employers have actively promoted or instituted, whether with or without employee approval. Some writers have insisted upon including the idea of company domination in their definition, as, for example that given by Professor Lincoln Fairley in his treatise "The Company Union in Plan and Practice."<sup>1</sup>

"A company union is a form of employee representation, always subject to some degree of company domination, and usually limited in membership to all the workers in a single company or plan."

Just what constitutes employer domination? This is a very difficult problem to answer. It may vary all the way from outright coercion to a glare from a superintendent, sitting on joint committee, directed at a worker representative who is presenting some radical ideas on behalf of his fellow-

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1-Fairley, Lincoln, "Company Union in Plan and Practice,"  
Affiliated School for workers, N.Y. 1936. see p. 1

workers. The word "company union" has been, at various times, directed at almost any organization which confines its labour relations to the particular plant affected. For this reason, I have adopted the following broader definition:

"A company union is an organization generally established by management with or without the approval of the employees to provide for the negotiation of agreements and the promotion of better understanding, with respect to the particular plant or company, between the representatives of the management on the one hand, and those of the employees on the other, - the entire representation being confined to the persons on the payroll of that plant or company."

With above definition, it is possible to add the following corollary which sums up in a few words the whole cause for the dissension arising over company unions:

"In such an organization, ~~collective~~ collective bargaining' in the true sense of the word, cannot be carried on."

This corollary covers all issues including employer domination, for where employer domination takes place, true collective bargaining cannot function. The whole issue swings not on the employer domination, but upon whether or not the organization in question is a true collective bargaining agent. If it is, the unions will accept it as a true representative of the employees. If it is not, and it fulfils the qualification of the main definition, then it is a company union. The emphasis of organized labour on this point is again brought out in an editorial "Company vs. Trade unions", in the Canadian Congress Journal, Aug. 1, 1937

"It (the trade union) is a true collective bargaining agency which negotiates with the management as directed by the union members upon questions of wages, hours and working conditions." <sup>1</sup>

Other  
terms

Such is the general outline of what we mean when we speak of company unions. But there are other terms which are often used in confusing circumstances. Generally they are used as synonyms for the phrase "company union;" but because they have at various times and by various writers been used to carry specific meaning, I have avoided using them in a general way and have tried to keep their specific sense. I present herewith some of these terms and my understanding of them for clarification to the reader.

The word "company union" was not the earliest used; but it has perhaps the most to be said in favor of it as a general term to convey the idea of a plan with the characteristics already outlined. It was used officially in section 7(2) of the N.I.R.A. Its meaning is generally understood throughout industrial and labor circles.

Joint  
Councils

Of the other terms used, one which has a wider meaning than that denoted by the phrase 'company unions' as we will use it, is the term "joint council." Joint councils were ~~perhaps~~ the true form of employer-employee co-operation

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1-"Company vs. Trade Unions", editorial, Canadian Congress Journal, August, 1937, p.14.

plans from which company unions sprang after World War I. Joint councils are not necessarily company unions. They are merely councils in a particular plant which allow representatives of management and labour to get together to discuss the problems of a particular business. The employees and employers may both belong to national or international unions or associations before the council is set up as is the case in the Whitley Councils as practiced in England and Australia. Or they may be set up merely for one business, in which case a company union is almost inevitable. Here the term joint council will be used merely to indicate cases where employers and employees get together to talk over their particular problems, unless otherwise specified. Another chapter will go fully into joint councils and their place in this thesis.

Employee-  
Represent-  
ation  
plans

A term in fairly wide use is "employee-representation plan". This is a fairly good word to use; but, as we shall see, company unions later divided into two types,- the first with a joint council incorporating labour and management representatives at each meeting; the second allowing for meetings of representatives of employees to take place without management. The term "employee-representation plan" has come more specifically to apply to this latter group,

and will be used in that sense.

Employee  
Associations

"Employee association" also tends to apply in a specific case. Employee associations are generally those few organizations which have the characteristics of a company union but are not confined to one particular plant. They were found on the United States railroads in particular. In the case of employee associations, dues are paid and membership is applied for.

Shop  
union

The term "shop union" has all the merits of the term company union, except the use of the latter in statutes. It is hardly as satisfactory, however, where a large company composed of many "shops" or "departments" is operating all under one plan. Its use is generally best for small organizations.

Indus-  
trial  
Democracy

"Industrial Democracy" is used loosely by some writers, but it is advisable, I think, to confine its use to the Industrial Democracy plan as put forth by John Leitch in 1913<sup>1</sup>.

Shop councils, work councils, committees, etc., are all terms occasionally used. In general, the word company union is sufficient to cover all these specific terms.

The term "organized labour" will refer to trade unions and to industrial unions, as will the term "international unions."

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1-Leitch, Hohn, "Man to Man; the Story of Industrial Democracy", E. C. Forbes, New York, 1919

Now we have specific terms to use as tools to attack our problem, --we know what a company union is. But is the foregoing enough, I think not. The whole problem hinges around the fact that the company union has developed into something more than a basis for amicable employer-employee relations. The true idea behind it to-day was excellently put forth by Mr.D.R. Kennedy, whom Professor Furniss quotes as follows:<sup>1</sup>

"After all, what difference does it make whether one plant has a 'shop committee', a 'works council', a 'Leitch plan', a 'company union' or whatever else it may be called? These different forms are but mechanics for putting into practice 'family factory relations' and local shop expression. They can all be called 'company unions' and they all mean the one big fundamental point---the open shop."

Our task begins to shape up. With trade unions set on a definite policy of closed shop, their ~~an~~ program can not tolerate the company union. The study of the conflicting ideas arising will be the fundamental topic of this thesis.

1-Furniss, Prof. E.S., "Labor Problems", Houghton Mifflin, 1925.

See also Industrial Management, Feb. 1920, p.152 for article by Kennedy, D.R.

The Early History of Joint Councils  
and  
Company Unions.

First company  
Unions

As early as 1898, Wm. Filene's Sons Company, a Boston specialty store, had set up the Filene Co-operative Association which is recognized to<sup>have been</sup> be the first company union in the United States. It was originally a welfare society, but later expanded its role.<sup>1</sup> Other company unions formed soon after, were the Nernst Lamp Co., Pittsburgh, Pa. (1903) The American Rolling Mill Company., Middletown, Ohio, (1904) The Nelson Valve Company, Philadelphia, Pa., (1907).

The whole general attitude of management to employees had a predominant emphasis against collective bargaining, and these company unions were the exceptions, rather than the rule. That this was not the only attitude, however, became clear after the labour world was shocked by the dynamiting of the Los Angeles Times Building,<sup>in</sup> which several workers were killed. Arising out of this was the famous MacNamara Case; the MacNamara brothers being imprisoned and confessing to the crime. A Symposium conducted by Survey<sup>2</sup> showed the interest which employers were showing in the growing problem of peaceful negotiations and relations;<sup>3</sup> a study of returns gave the following general deductions. In general, the rights of labour could be obtained by four means: (1)- By force;

MacNamara  
case

Survey  
Symposium

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1-The "employee committee" type. "Characteristics of Company Unions", op. cit. p.7

2-Survey, December 30, 1911, Vol 27. p.1413

3-See also "Petition to the President for a Federal Commission on Industrial Relations", Ibid, p.1430

(2) by political expression; (3) by individual bargaining; (4) by collective bargaining with organized labour.

The decision in the MacNamara case, backed up by public opinion and both labour and management, was that taking the law into one's hands could not be tolerated as a proper means, and thus the first suggestion was no longer a practical one. The second suggestion had several advocates, but it was plain that the country was not ready for such an advanced stage, for organized labour was not supporting a party, and only comprised a small proportion of the total working force. Furthermore, the I.W.W. was becoming a feared organization in the United States at about that time. Individual bargaining was still considered the best means of obtaining the desired relations, but its breakdown due to unscrupulous employers had been the real cause behind the violence, and something better was to be sought. A fourth alternative was then offered as a solution by some writers. To present it here in full is to show that management was thinking of dealing with organized labour and realized the value of such co-operation.<sup>1</sup>

"The fourth alternative before working men of America and advocated by a vast number, is the organization of labor on a basis where it can effectively bargain with organized capital. It is held by the advocates of this position that our industrial democracy can be maintained only as organized capital will recognize organized labor. It is further held that if the moral force of good-will, fair play, and mutual consideration shall be added to the recognition of labor organizations, these two forces will work out harmonious co-operation between capital and



labor. What is needed now, these advocates affirm, is enlargement and strengthening of the labor organizations, with a frank avowal of ethical principle, and on the side of capital a reconsecration to the same ethical standards."

United  
States  
Steel

Corporation But many employers were not ready to go even that far. Mr. W. B. Dickson pointed out in a letter that the United States Steel Corporation had no union labour except for some Railroad employees. He felt that this could not always be the case, for conditions as they then existed "seem to place too much power in the hands of the employer."<sup>1</sup> But he also felt that the corporation was justified in trying to keep union labour out because organized labour was not co-operating with management.

"Until labor organizations demonstrate beyond question their willingness to abandon their fallacious theories and practices, such as the limitation of output, the dead level of wages, regardless of efficiency, the closed shop, to say nothing of their crowning shame, i.e., their readiness to resort to violence on the slightest provocation, we must refuse to be hampered by their arbitrary and unreasonable restrictions."

Here was an attitude which was particularly receptive to the idea of company unions. It held a desire that the employees have fair representation, but it was very suspicious of the motives of organized labour.

Preferential  
Shop

In the symposium another form of employer-employee relationship was disclosed besides those we have already discussed, -namely, the preferential shop which was found in the cloak-making industry

in New York.<sup>2</sup> The preferential shop was apparently the idea of Louis Brandeis, according to the article by Mr. Wm. Jay Schiefflin. Briefly, the idea was an open shop, in which the employer recognized and dealt with the union on questions of working conditions, wages, etc. He encouraged employees to join the union, and gave preference to union men for hiring. The rights of non-union men were recognized, inasmuch as they could be employed and would receive union wages, hours, etc.

Mr H.F.J. Porter in his letter<sup>2</sup> mentions that in the cloakmaking industry in New York City "there has been formed a joint board of control, composed of representatives of the employer, employee, and the public." In this organization, he goes on to say, "I see the nucleus of a movement which, if properly directed and intelligently managed is destined to be a pioneer in the right direction."

In British Columbia, as a result of the dispute of the British Columbia Telephone Company with its workers,

"In a statement furnished to the press it was declared by the company that on January 22, 1903, an agreement was made with the men in which the company promised among other things, to give preference in employment to members of the International Brotherhood of Electrical Workers."<sup>3</sup>

Such were the varied beginnings with which sincere employers and employees began the search for the proper

1-Schiefflin, Wm. Jay, Ibid, p.1424

2-Ibid, p.1426

3-Labour Gazette, Vol. VI, July, 1905, pp. 1030-31

solution of the struggle between labour and its employer.

John  
Leitch

In 1913, John Leitch set forth his industrial democracy plan<sup>1</sup>

and some twenty companies established this system within the five years following.

Wm. Lyon  
Mackenzie  
King &  
the Col-  
orado Plan

In 1915 appeared the pioneer form of the company union which was to become so prevalent in the United States and Canada. This, known as the "Colorado Plan", or "Rockefeller Plan", was put into effect after much bitter "feuding" at the mines of the Colorado Iron and Fuel Company, of which John D. Rockefeller Jr., was a director. The Plan was based on ideas presented by Wm. Lyon Mackenzie King who had formerly been Minister of Labour in Canada.

At the Colorado mines, the United Mine Workers of America were attempting, among other things, to gain recognition as the bargaining agent. The mine managers were emphatic in their refusal to deal with this union.<sup>2</sup> Mr. King, working on this understanding,<sup>3</sup> set forth his idea of a scheme whereby labour difficulties might be ironed out in this particular case.

Mr. King's  
Scheme

"Between the extreme of individual agreements on one side and an agreement involving recognition of unions of national and international character on the other, lies the straight acceptance of the principle of collective bargaining between capital and labor immediately concerned in any certain industry or group of industries, and the construction of machinery which will afford opportunity of easy

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1-Leitch, J., op. cit. Also, "Characteristics of Co. Unions"

2-It is important to realize that the directors left the settlement of this dispute in the hands of their mine managers. This point is clearly made in the article by John A. Fitch, "What Rockefeller Knew and What He Did" in Survey, Aug. 21, 1915, pp461-72

3-When testifying at an investigation of the dispute, Mr. King definitely pointed out that he understood that the Colorado officials would not recognize the union and

Survey, June 5, 1915, p.235

and constant conference between employers and employed with reference to matters of concern to both, such machinery to be avowedly constructed as a means on the one hand of preventing labor from being exploited, and on the other hand of ensuring that cordial co-operation which is likely to further industrial efficiency." <sup>2</sup>

Mr King stated that this was a hastily presented idea, he not being in full possession of the knowledge necessary to work out the proper solution. It would seem to have been a definite attempt to offer a solution which would give labour as much representation as possible in a situation where the employer refused to recognize the union. The fact that the mine managers were not willing to consider even this plan for a while <sup>2</sup> shows that it was at least an advantage over the individual bargaining agreements which had existed. This solution, as presented by Mr. King has had since its inauguration a profound effect upon the whole picture of labour relations.

Early  
Employee  
Committees.

Employee committees, both as part of trade union arrangements, and as an attempt to establish collective relations where trade unions did not exist, date back to the middle of the 19th Century. <sup>3</sup> They had been no doubt used in Canadian industry to settle many problems. I have searched carefully for references to occasions on which they were used prior to World War I, but have been unable to find any direct references. But the very fact

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1-Mr. King to Mr. Rockefeller Jr., Aug. 6, 1914. See Survey, Jan. 16, 1914, p.427

2-"--it (suggested representative scheme) would have to be avoided at that time, for it came too near meeting the demands of the strikers." Correspondence between Starr J. Murphy and Welborn, Fitch, J.A., op. cit.

3-Leiserson, Wm. M., "Encyclopaedia of the Social Sciences" 1931, vol. p. 123

that strikes were occurring without the workers being organized in all cases is clear evidence that employees were using some form of concerted effort that would act as the foundation for an employee-committee. Where trade-unions were established, they were not generally opposed to employee-committees, as Prof.E.S. Furniss points out.<sup>1</sup>

"Organized labor, while opposed to the foundation of 'company unions', does not object to a system of employee's committees elected within the shop if these committees are supplemental to a trade union agreement."

Early  
Joint  
Council

An early example of an attempt to use collective bargaining through a joint council was a case in Hamilton in 1903. In a letter to the Labour Gazette<sup>2</sup> Mr. S.Landers reported the following:

"The piano and organ workers strike is all settled and an agreement has been signed by both parties and those who desired have returned to work. The local Trades and Labor Council has submitted a plan to the Board of Trade asking that a joint committee be appointed to act as a conciliation board in time of labour trouble so as to avoid strikes; it is expected that the Board of Trade will act favorably and that the committee will be formed."

Prede-  
cessors  
of  
Whitley  
Councils

In England, there was a definite form of organized councils composed of representatives from trade unions and from employee associations as pointed out in an article in the Labour Gazette:

"Within the last ten years, numerous agencies have been created in Great Britain for the purpose of settling labour disputes without recourse to strikes. These agencies are divided into two

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1-Furniss, E.S., op.cit., p.598. See also Report of Executive Council of A.F. of L., Annual Convention, 1918.

2-Landers, S., Labour Gazette, Vol. IV, Dec.1903, p.510

3-This action approved April, 1904. Ibid, Vol.V., Jan.1905, p.735

classes called trade conciliation boards, or joint committees, and district conciliation boards. The former are composed of an equal number of representatives of employers' associations and trade unions, each business having its trade board."<sup>1</sup>

This article goes on to mention that the greatest development of conciliation boards was between 1897 and 1902.

Report of Inquiry into Industrial unrest

When the first World War broke out, it was only natural that Great Britain should have recourse to an even greater use of these joint councils to help settle her labour difficulties.<sup>2</sup> In a report in 1917 of a Commission of Inquiry into Industrial Unrest in the United Kingdom,<sup>3</sup>

Whitley report to be adopted

the commissioners recommended that the principle of the Whitley report should be adopted; and that each trade should have a constitution. In brief they were to consist of local and district councils formed on a basis similar to that already mentioned above. As joint councils had been in practice in Great Britain for several years already, they were nothing new and were quite successful.

United States Council of Defence.

The United States government, faced with similar problems to Great Britain, formed a Council of National Defence<sup>4</sup> on Labour which was substantially directed and controlled by representatives of the largest national unions. The statement of the Committee on Labour declared that "neither employers nor employees shall

<sup>1</sup>-Ibid, Vol. IV. Oct. 1903, p. 345

<sup>2</sup>-Ibid, Vol. XVII, Aug. 1917, pp. 570-1

<sup>3</sup>-Report given in British Labour Gazette for Aug. 1917. Summarized Canadian Labour Gazette Vol. XVII, Oct. 1917, p. 824. For Whitley Report See Vol XVIII, p. 827, or British Ministry of Labour Pamphlet HQ 7A.

<sup>4</sup>-Labour Gazette, Vol XVII, ~~Aug~~ Oct. 1917, pp. 819-21

endeavor to take advantage of the country's necessities to change existing standards."<sup>1</sup>

United States National Industrial Tribunal

The United States Government took strong steps when industrial unrest reached a high through the National Industrial Conference Board. A National Industrial Tribunal was formed, composed of three members from government, three employers, and three workers. The substance of their report was that those employers with union shops when the war began should make no attempt to change the status, nor should unions try to "close" an "open" shop.<sup>2</sup>

United States Shipbuilding Labor Adjustment Board

The Shipbuilding Labor Adjustment Board was organized in December 1917. Its composition was made up of one representative of the shipbuilding industry, one representative of organized labour, nominated by Samuel Gompers,<sup>3</sup> and one non-partisan member. The National War Labor Board began to function in April 1918. It consisted of five members representing industry and the railroads, five representing organized labour, nominated by the American Federation of Labor, and two non-partisan members.<sup>4</sup> There had been a great absence of discussion conciliation, and arbitration machinery within individual establishments. The boards attempted to set up such machinery without prejudice to existing or nonexisting union relations. In some cases, as under the Shipbuilding Labor

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1-Ibid, ~~XXXXX~~ p. 820

2-Ibid, p. 821

3-President of the American Federation of Labour at that time

4-Characteristics of Company Unions, p.11

Adjustment Board, shop committees were a part of trade-union machinery already set up and were a great help to unions and employers who preferred them to outside union agents.<sup>1</sup> In other cases, companies had refused to meet with committees of their workers, therefore awards setting up employee-representation plans were treated as a step towards industrial democracy by organized labour.<sup>2</sup>

Organized  
labour  
approves  
joint  
councils

"Through assistance from the outside, the Bethlehem Steel Workers may be able to make their shop committee the nucleus for an industrial constitution that will result in just as thorough an organization of that side of production in this plant which concerns employees as has existed on the side of management. A shop committee for the Bethlehem steelworkers may mean the beginning of industrial freedom."<sup>3</sup>

Wm. M. Leiserson further bears this attitude out:

"During the World War the United States War Labor Board established shop committees as agencies for collective bargaining in more than 200 plants. A.F. of L. which was represented on this board, intended that these committees should be dominated by the trade unions in the case of organized industries or should lead to the organization of unions where none existed."<sup>4</sup>

And further, in the study made by the 20th Century Fund,

"Since most of the employers were on government contracts, they put in boards to remain in good standing. Labor gave its support."<sup>5</sup>

In Canada, labour troubles increased steadily

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1-Ibid, p.17. This booklet of the U.S. Bureau of Labor Statistics is an excellent coverage of this particular period, and is generally excellent for the whole of the American company union outline.

2-Ibid

3-Compers, S., American Federationist, Wash., Sept. 1918, p.810

4-Leiserson, Wm. A. op. cit. p.123

5-20th Century Fund, op. cit., "History and Development."



Canadian  
Labour  
troubles  
increase  
during the  
war

throughout the war. Examination of Conferences of the Trades and Labour Congress, and of reports in the Labour Gazette, give no indication of discussion of a probable solution to be found in the form of joint councils during the war. Organized labour was supporting the government wholeheartedly,<sup>1</sup> however, and felt that the government was co-operating with it.<sup>2</sup> There is little doubt that information from Britain, and the publicity given the Colorado plan, had given employers in Canada definite ideas along these lines. The rather large number of plans which were shown in the Report of the Royal Commission of 1919<sup>3</sup> bears this fact out. That shop committees were put into existence as shown in the Report of a Board in a dispute between the Canadian General Electric Company, Limited, of Peterborough, Ontario, and its Machinists, Specialists, and Electrical Workers.<sup>4</sup> Clauses 14, 15, and 16, specifically refer to a shop committee.

Cl.14- "If any grievance arises between the parties to this contract the employer agrees to receive a committee of its employees from the same department affected, and if possible to adjust such grievance

15-"In case of a disagreement over the interpretation of this schedule, there shall be no cessation

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1-Annual Convention of the Trades & Labor Congress, 1915 Report of Proceedings.

2-Labour Gazette, Vol. XVIII, 1918, p.831. Report of Executive Council at 34th Annual Convention of Trades & Labor Congress, 1918

3-Ibid, Vol. XXI, Supplement, Feb. 1921

4-Ibid, Vol. XVIII, Aug.1918, p.721

Report of  
a Board in  
dispute at  
Canadian  
General  
Electric Co.

of work until negotiations between the highest representatives of both parties shall have failed to come to an understanding.

16-"No discrimination shall be shown against shop committees elected by the men to transact their business."

Appointment  
of Royal  
Commission  
1919

There was no real establishment of a joint committee, however, for there was no permanent arrangement, and it only dealt with this contract. Canada seemed quite far behind in this method of settling disputes, but the appointment 1919 of a Royal Commission on Industrial Relations<sup>1</sup> included as the fifth subject for investigation, the subject of joint industrial councils. There were three purposes behind the Commission, of which the third was "To investigate available data as to the progress made by established joint industrial councils in Canada, Great Britain, and the United States:

After this report, and the National Industrial Conference<sup>2</sup> which followed it, the problem of company unions begins to take on importance in the Canadian labour picture.

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1-For report, see Supplement to Labour Gazette, Vol. XIX, July, 1919.

2-For full report, see Official Report of National Industrial Conference of Dominion and Provincial Governments with Representative Employers and Labour Men, on the subjects of Industrial Relations and Labour Laws, and for the consideration of the Labour Features of the Treaty of Peace., Ottawa, September 15-20, 1919. Published by Dominion Department of Labour.

CHAPTER III

A Study of Royal Commission  
on Industrial Relations 1919.

Report of The report of the Royal Commission on Industrial Relations  
Royal  
Commission 1919, stated, with regard to its investigation of joint coun-  
cils, that there were three types then in operation:

- (a)-Whitley works Committees and Industrial Councils, in operation in Great Britain.
- (b)-What is generally known as the Colorado Plan, in operation in some parts of the United States and Canada, and
- (c)-Industrial Democracy, as put into effect by John Leitch in a number of factories in the United States.<sup>1</sup>

Application Of chief importance to our study is the application that  
of plans  
to Canadian had been made of these various plans to Canadian Industry at  
Industry  
that time. Along the lines of the Whitley Councils was the Joint Council at Toronto set up in the building trades.<sup>2</sup> The report further indicated that similar councils were projected for these trades in Ottawa and Montreal. In the report of the National Industrial Conference held at Ottawa, for the session of Sept. 18, 1919, Mr J.P. Anglin (Montreal) inferred that the Councils had not been organized in Montreal,<sup>3</sup> but stated:

"In Ottawa we have in the building trades an industrial council which is working splendidly. It was organized this spring---. In Toronto they have an industrial council in the building trades, which is working well, but is handicapped because some parts of the country are not organized in this way."

Along the lines of the Colorado Plan, section 81 of the report, states that organizations had been set up by the

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1-See Report of the Royal Commission, Supplement to the Labour Gazette, Vol. XIX, July, 1919. (Whitley Councils, sections 76-80 inclusive), (Colorado Plan, sec. 81), (Leitch Plan, sec. 83)

2-Ibid, sec. 80

3-Report of National Industrial Conference, 1919, op.cit.

Imperial Oil Company, The International Harvester Company, the Massey-Harris Company, the Vancouver Dairy Company, and others. In some of the above cases, at least, it would seem that the Canadian organizations arose out of the same movement in the American headquarters of the plants,<sup>1</sup>

There is no indication of the application of the Leitch plan to Canadian Industry in the Report. That there were other plans in operation was no doubt the case. When introducing the matter of Joint Councils at the National Industrial Conference, Sept 18, 1919, Dr. D. Strachan, of Imperial Oil, stated:<sup>2</sup>

"Since I have come to this Conference I have heard of plan after plan that east and west have adopted independently of us and independently of others, and they come to the same result--an opportunity for the management and men to come together for the purpose of settling their difficulties."

Early attitudes to plans

Section 84 of the report gives a summary of the results of the introduction of the plans which will prove to be particularly significant in the light of the future attitudes of government, labor and management to company unions.

"In the case of both the Imperial Oil and the International Harvester plans, both management and some employees expressed their entire satisfaction, and their confident belief that the plan would work harmoniously and well, and had brought about a great improvement in the relations between employer and employed. Other employees of the Oil Company and organized labour expressed disapproval because of the belief that the adoption of a Council was a scheme to get rid of the labour unions. By others a suspicion was expressed that the employer had some

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1-e.g. International Harvester. See Appendix I  
2-Report of Industrial Conference, 1919, cit., p. 151  
~~3-Report of Royal Commission, cit., p. 151~~

ulterior motive, not in the interests of labour.<sup>1</sup>

Recommendations of Commission

In its recommendations, the Commission points out several ways in which plans could be bettered, such as allowing employees a right to participate and co-operate in its formulation; allowing a provision for recall; provision for general meetings of employees; provision for arbitration against discrimination; a clarification of the point that such plans were not being introduced to supplant labour unions; provision for the selection of the employee representatives from the ranks of union men if the Union was established and the workers so desired.<sup>2</sup>

Recommendation for a bureau

In section 99, we find the following recommendation:

"We therefore recommend that the Government should interest itself in the development of these Councils and that a bureau should be established under the Minister of Labour which would compile all available statistics on this subject---"

In section 100, a recommendation is made that,

"Whereas a system has grown up which is agreeable to both parties, and under which harmonious relations have been maintained, it would be unwise to substitute any other machinery. It is only where no such machinery is in operation, or where there appears to be no need of a change that the establishment of Industrial Councils is recommended."

Summary of Royal Commissions attitude

In section 101 we see the summary of the general feeling of the Commission towards the Councils:

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

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1-Report of Royal Commission, cit., sec. 84.  
2-Ibid, sec. 85-91

Report of  
Commission-  
ers Pauzé  
and White

In the report of Commissioners Pauzé and White, there are further references to the advantages of Joint Councils, along with a study of the Imperial Oil Plan as established at Sarnia and Halifax. One of the advantages, they claimed, was the fact that the company representatives could explain why the money could not always be spent as might have been liked. At the same time, they pointed out, the company was practically bound to act upon the unanimous recommendation of the Council. It is interesting to note further, however,

Opposition  
by Organ-  
ized Labour

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

They advise against the establishment of Whitley Councils as they do not feel that the plan is suited for Canadian conditions.

"The Colorado plan or a plan similar to that now under experiment by Imperial Oil and others, would in our opinion be more workable." 1

Recommend-  
ation of a  
Conference

Returning to the main report, Section 107 finally suggested that:

"A conference should be held in the near future in the city of Ottawa. To this conference we suggest that the Premiers, or other members of the Governments of each Province, together with representative labour men and representative employers, be invited for the purpose of considering the whole question, and, if possible, arriving at a unanimous decision."

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1-Report of Commissioners Pauzé and White, June 25, 1919.  
See Supplement to Labour Gazette, Vol XIX, July, 1919.

National  
Industrial  
Conference  
1919

In Ottawa, on the dates of September 15-20, 1919, such a conference was held. That the proceedings of this conference should be carefully studied by all who are in any way interested in the labour movement in Canada, I cannot too strongly recommend. For here we find, brought into the open, the feelings of the three chief factors in all industrial relations, Labour, management, and government, as well as municipal representatives who put forth the views of a fourth element, the community. It was at this conference that the attitudes of the representatives of these four factors were so clearly shown with regard to Joint Councils; and it was here that the study of ideas and ideals pro and con, Company Unions in Canada had their true beginning. It is only by an intimate understanding of these attitudes that we may effectively study, and constructively criticize, the effects that the company union was to have upon the entire history of labour in the future. The close correlation between Canadian and American methods of business, further allows us, through a detailed study of this conference, to be in a position to understand the true motives behind the many different forms which joint councils were to assume. At this conference we find idealism constantly being searched by the light of

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real facts,- on the one side by the hard-headed business men, and on the other by the equally hard-headed leaders of employees. At this conference, business, labour and government had an opportunity to see just what each faction really felt. The future would be filled with idealism, scepticism, criticism and hypocrisy, but in the report of that conference, we see the fundamentals from which the company union arose, and the fundamentals against which, having served its purpose of clarifying ulterior industrial motives, it is bound to crash and collapse.



CHAPTER IV

The National Industrial  
Conference of 1919.

Collective  
Bargaining

One of the most controversial problems which will arise in this study, will be to obtain a clear conception of the meaning of the term "collective bargaining". A good example of the various interpretations that could arise came out at the National Industrial Conference. The report of the Royal Commission had defined collective bargaining as follows:

Definition  
by Royal  
Commission

"Sec. 62. Collective bargaining is a term which implies the right of workers to group themselves together for the purpose of selling their labour power collectively to their employer instead of making individual agreements.

"Sec. 63. In its simplest form collective bargaining is the negotiating for, and reaching of, an agreement between some employer and some particular groups of employees, through their respective craft unions.

"Sec. 65. Collective bargaining is the negotiation of agreements between employers or groups of employers and employees or groups of employees, through the representatives chosen by the respective parties themselves."<sup>1</sup>

Employers'  
Attitude  
&  
Definition

Mr A. B. Weeks (Vancouver) representing the Canadian Northwest Steel Co., Ltd., in his analysis of these points, stated:

"In an analysis of these three definitions we find some divergence of opinion as to the scope of collective bargaining and as to the manner of its application.

"Again the degree and character of organization and recognition of organization would appear to have an important bearing."

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1-Report of Royal Commission, cit., 1919

Speaking on behalf of the employers present, he went on to say:

"We accept and concede to the employees collective bargaining as set forth in the following definition:

Collective bargaining is the negotiation of agreements between the employer and the employees, or groups of employees, through their chosen representatives selected from among their number, based on the plant unit as the unit of production. In the selection of representatives of the employees no discrimination should be practised between union and non-union employees."

A very quick study of this last statement shows the prevalent attitude towards labour relations which made the introduction of joint councils on the company union basis attractive to the average employer as the best form of collective bargaining machinery that could be set up on all sides.

Plant as Bargaining Unit

In the first place, and most important, the emphasis <sup>was</sup> ~~is~~ on the plant as the unit of production. In view of the lack of real organization in labour circles in most industries up to that time, each manager was convinced of his right to handle his own affairs in his plant, without having to consider conditions in other plants throughout the industry. Organized labour on the other hand desired to better the conditions of all workers, and at least to bring the status of suppressed workers up to the standards of those craftsmen working in the

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1-Report of Industrial Conference, cit., 1919, p.129

same capacity in plants were better working conditions prevailed. Already, the inherent weakness of a craft union when applied to an industry composed of a heterogeneous mixture of skilled and unskilled workers, was beginning to show. Management was quick to see this weakness, and use it for an argument against organized labour. In its place they offered the plant as the ideal form of organization for collective bargaining negotiations.

Joint councils were suited to this form of organization, and management approved. Had a form of industrial organization been proposed by Labour, there is little doubt but that it would have carried great weight. Plants within any particular industry must compete for labour. But differences in competition factors between widely divergent industries which employ the same craftsmen, i.e. electricians, could put employers in one of the industries in a position where he could pay a higher wage than in another. And further, working conditions in the two industries might differ very widely due to the nature of the work, making non-pecuniary factors of importance, although the union did not stress them. There will be a more complete discussion of this matter as we develop this thesis. At the moment, it is sufficient to show that management's dissatisfaction with craft unions as the basis of labour negotiations was apparent; and that in its place, the plant was being advocated. The company union was inevitable. Dr. G. Strachan (Sarnia), a representative of Imperial Oil, which already had a form of joint council

in operation along the lines of the Colorado plan, emphasized management's attitude on this matter:

"It (collective bargaining) seems to me to operate in a very simple way, and that is, by the plant. I do not believe there is any other way that it can be carried on, and carried on rightly, than that the employees in the plant, whether union men or non-union men, approach the management through their regular representatives and they sit down together around a common table. The great question is not the machinery, but the fact of the conference-- that they are able to talk face to face about the things that concern not only the man, but the industry and its natural worth to the country."<sup>1</sup>

Importance  
of "no  
discrimi-  
nation"

The second point of importance in Mr. Weeks definition of collective bargaining <sup>WAS</sup> is the emphasis that there should be no discrimination between union and non-union employees. As we have pointed out above, this has always been a big reason for management's disapproval of organized labour. It has resented having to deal with representatives of an organization which does not always represent all of the employees. At many points during the conference, this view was emphasized. In many cases, even recognition of the union was steadfastly refused. These facts are of supreme importance in our study, for we shall see, as we proceed, that this attitude of management was another prime reason for their welcoming of company unions.

Mr. W.L. Best, speaking on behalf of labour, at the Conference mentioned a case of non-recognition, and incidentally, an example of the "yellow-dog contract,"<sup>2</sup>

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1-Throughout the conference Dr. Strachan spoke as a man motivated by high ideals. Mr. Moore, of the Trades and Labor Congress commented on this. There is little doubt but what the Imperial Oil plan was motivated by a sincere interest in the worker, and an attempt to set up a satisfactory system of bargaining in the absence of industrial unions.

2-The definition given in the Canadian Congress Journal, August, 1937, p. 31, is as follows:-A contract offered by management to individual workers pleading themselves

which was not new, but was to play an important part in employee-representation plans. His reference is to a public utility which is operated by a private corporation.<sup>1</sup>

"They have also refused to recognize the union; and only very recently, when the attempt was made to organize in that industry, they called in many of the workers, a large number of whom I understand are females, requesting them to sign an article of agreement stating that they would not join any organization except one named by the company itself."

Management's point of view was again put forth by Mr.

F.P. Jones (Montreal):

Closed  
vs  
open shop

"No manager can be successful, either personally or for his company unless he recognizes the rights of the public, the rights of the workers in that industry, and the rights of the stockholder; all three have to receive serious consideration.

As far as the employees in any concern go, I think, with all the speakers, that they have a perfect right to organize, but when any set of employees come and say to any industry in this country that none but they shall be employed, and so derive of employment the man who does not happen to see eye to eye with them in that proposition, I say you are interfering with the freedom of the Canadian people, and I do not believe that any legislation will ever or ever could stand long on the statute-books that took away the personal freedom of our Canadian people."<sup>2</sup>

Here we see in two speeches, another of the fundamental problems in which the company union was to play an important part, i.e., the controversy of the enforced closed shop vs. the enforced open shop. Labour's objection to the latter was as strong as management's objection to the former. Were joint councils the solution?

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not to join a labour union.  
1-Industrial Conference, cit. 1919, p.144  
2-Ibid, p.146

Introduc-  
tion of  
Joint  
Council  
Discussion

The pros and cons of the merits of joint councils were the next matters on the agenda of the conference, introduced by Dr. D. Strachan:

"I believe I am for the first time in this conference introducing a matter that is not contentious. I believe, moreover, that I am introducing a matter that touches the very heart of the occasion for which we are gathered here today."<sup>2</sup>

There is little doubt that management and labour both felt that joint councils would be a great aid to industrial relations. But the opinion of Dr. Strachan that the matter would not be contentious was much too optimistic. The contention arose not over the merits or demerits of joint councils, but over the representation of them with regard to labour. That labour had come to realize that the joint council could be a threat to their organization becomes clearly apparent. For this reason, I feel that it is necessary to examine in detail the speeches of the proponents of both sides of the question. As I pointed out in my preface, my main purpose is to show how the company union evolved in Canada; particularly in the light of economic factors. Once an understanding is reached as to the reasons for the evolution, and a clear conception is held of the attitudes of the elements entering into the problem, the true significance of the company union as a milestone in the history of labour will be apparent.

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1-Ibid, p.149

Imperial  
Oil  
Plan

Dr Strachan goes on to put forth management's views on the joint council plan, and as an illustration, uses the plan at Imperial Oil.<sup>1</sup>

"I do not believe this country is ready, I do not believe the Royal Commission themselves were ready, and I do not believe the industries are ready, to have any particular form of industrial councils recommended at the present time.---

I suppose it is fairly well known that the the Imperial Oil Co., put into operation a joint industrial council or an industrial plan as it is called. This is not the Colorado plan, it is not the Rockefeller plan, if there is such a plan; it is not the Whitley plan; it is not the Leitch plan; it is simply the Imperial Oil plan. It was put into effect because of the condition that we found in our own plant."

He goes on to speak of his opinion of the struggle for union recognition:

"You men have been working for the recognition of the union. Do you know what you ask for? Do you know what you want? It is not the recognition of the individual soul, and that is what I, if I were you, would fight for.---I should fight that I should be recognized as a man; and that is what this plan that we have put into effect does to-day."<sup>2</sup>

Proposed  
Solution  
to Indus-  
trial con-  
flict

Dr. Strachan then puts the plan forth as a solution for labour unrest:

"Neither our labour nor our executives are dreamers enough, however, to believe that they have found the panacea for all the ills of the industrial world. It is difficult to devise machinery for the adjustment of the human relations, but in the practical operation, the Industrial Representation plan of the company has proved a great advance over any other attempt at the solution of modern industrial problems which has come under my observation."

"---It (the plan) may be criticized, and I am sure it will; it may be found fault with by some

1-Ibid, p.150

2-Ibid, p.151

of you men, and I am sure it will, because you do not understand it--that is the reason you will find fault with it. But I want you to recognize this one great thing, that men on one side and men on the other side, will confer in a human, personal way, and try to settle their difficulties as man to man."<sup>1</sup>

"---If we get any fair chance, and if the boys that we are dealing with are willing to play the game as fair as we want to play it, and--I say this deliberately--if they are willing to play the game as fair as the directors that I know want to play it, I have no hesitation in saying it will be a success."<sup>2</sup>

There is little doubt here that the persons advocating this plan were sincere. Here were men who had not had a chance at representation, being given the opportunity. Trade unionism was not a satisfactory method of representation to the man or to the company. This attitude of sincerity was prevalent throughout the early stages of the joint council form of company unions. Why, then, did the trade unionists object so strongly? They were, after all, out for the benefit of the worker, were they not?

Labour's fears Mr. Tom Moore, president of the Trades and Labour Council, put the position of labour in the clearest manner possible, and foretold with accuracy the dangers<sup>in</sup> which the plan would involve the organized labour movement.<sup>3</sup>

"It is very difficult to criticize or analyze the plans or ideas of one who, you feel confident, is sincere in what he is preaching, and I am well satisfied that the last speaker (Dr. Strachan) without a shadow of doubt, believes absolutely with the deepest sincerity in all that he has said. I am well satisfied that he believes without a shadow of doubt that almost the panacea for the time being has been found in the solution that has been attempted in the plant over which he has control.--"

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1-Ibid, p.151

2-Ibid, p.152

3-Ibid, p.152



"When we speak of this important subject of Industrial Councils, I believe that we are speaking of something which marks an epoch in industrial social life, which means not only to us, but to all the breaking down of the barriers of industrial autocracy."

Mr Moore goes on to speak of the dangers of the plan:<sup>1</sup>

"There are many ways of destroying trade unions, and they have nearly all been tried except the one of agreeing to them but seeing that they do not operate and function; and this is the design of the plans which are based on the Rockefeller plan.---You will find that (no discrimination clause) common to them all; and what does it mean? It means that you say to your employee that he can belong to a Trades Union if he likes, but so far as the matters which Trades Unions are formed to function upon are concerned, it is unnecessary for him to belong to the union, because you have substituted something in your plan that replaces it. It might be that the spirit in every man is so strong for Trades Unionism that he would survive under a condition of that kind, but we usually find that if, in the earlier days of the plan of that kind, it so operates that the average man thinks that he is going to accomplish something without the co-operation of his fellow-workers outside of that particular plant. Therefore, knowing that, knowing what its ultimate operations lead to, I say deliberately that that single clause if it were made general, would mean the destruction of Trades Unionism.

You may ask: "Why should you be afraid of that if it accomplishes the industrial peace which we are after."---We do not want industrial peace which is brought about by industrial submission---Conflict occurs sooner or later where plans of that kind have been put into operation, because we know that once the power of the Trades Union has been destroyed, there is no real protection behind the man who constitutes the members of the Councils of that description---The employer does not relinquish one ounce of his power to control his industry

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1-Ibid, pp. 153-54

through the operation of these Councils; but little by little the worker separates himself from other workers, he relinquishes his power until the time arrives when they are once more in equal balance, and the employer can benevolently continue, or he can unscrupulously deal with his men and reinstate all the autocracy that he had previously possessed."

Trades  
Unionism  
an ex-  
perience  
of  
centuries

Trades unionism, Mr Moore goes on to say, "is not an experiment of nine months; it is a human experience of centuries."<sup>1</sup> He pointed out that the representative who came from the trades union spoke not his individual opinion, but that of the other workers. "But when you came to the individual representative in this so called plant system, you are destroying that unity, that conference between the individual representative and the rest of the workers, and sooner or later, conflict occurs."<sup>2</sup>

Mr. Moore insisted that if the joint council scheme was to work, the worker representatives must be trades union men. To emphasize his point, he referred to experience in England and read an extract from the Whitley Councils report:

"----It is also of the highest importance that the scheme making provision for these committees and councils should be such as to secure the support of the Trades Unions and Employers' Associations concerned. Its design should be a matter for agreement between these organizations."<sup>3</sup>

Suggested  
Foundation  
for joint  
Councils

His suggestion to management of a foundation for the joint councils was as follows:-

"Say to them (workers) 'We recognize that the basis of future co-operation is organization. You are

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1-Ibid, p.153

2-Ibid, p.155

3-ibid, p.155

not organized. We are not forcing you to organize, but we give you the fullest liberty and freedom to do so, in order that you may co-operate with us. We are willing to take your representatives, when you are organized, as the basis of the representation on these Councils. Say that, gentlemen, and you will have no trouble so far as the operation of the Councils is concerned."<sup>1</sup>

Attitude  
of Labour  
to Joint  
Councils

At the same time, he admitted that labour was certainly not completely organized, but stated that this should not be a hindrance to the establishment of councils provided that employers advise and help employees towards a condition in which they would be finally organized.<sup>2</sup>

"--We have no desire to hinder men because they are unorganized from having a Council; we have no desire to say to the employers that they must organize their men into Trades Unions before a Council is established; but we do say that if the men of themselves, or the women of themselves, desire a Council, it should be given to them. The Employers should declare that--they regard the establishment of a Council under unorganized conditions as only a temporary measure, and they want to encourage the employees and advise and help them towards forming an organization, so that the best results may be achieved."<sup>3</sup>

In conclusion, Mr. Moore asked that the conference request that the committee bring back a report based on what he had pointed out:

"Let us ask the Committee to come back with a report that councils should be established and a bureau organized; that the basis of those councils should be Trades Union representation wherever the Trades Union exists, and that where it does not exist the fullest and frankest assistance towards the establishment of organized conditions should be given by the employer and the employee alike."<sup>4</sup>

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1-Ibid, p.156  
2-Ibid, p.157  
3-Ibid, p.157  
4-Ibid, p.157

I have quoted quite extensively from Mr. Moore's speech in order to prepare a background for what was to come in the near future. It is an amazing fact that almost all the problems that arose out of the use of joint councils by industry to forestall organized labour, and to keep the open shop, were foreseen by Mr. Moore and condensed into one speech which he gave at that conference. It is a high tribute to the man who gave Canadian organized labour its great start to realize that he was so clearly able to understand the problems which would arise (and did arise) from the mis-use of this apparent "panacea" for industrial unrest; and presented them so ably at a time when organized labour in general was confused as to the real problem which these new organizations would bring forth.<sup>1</sup>

Discussion  
of  
Rockefeller  
Plan

During his speech, Mr. Moore had spoken of the Rockefeller plan: "The base of the Rockefeller plan is the non-recognition of trades unions. I make that statement knowing full well the responsibility of a statement of that kind."<sup>2</sup> It was only natural, Mr King being present, that he should rise to attack this statement.<sup>3</sup> During the course of his speech, he pointed out that it was his intention to give the men the right to join the union.

"I suggested that in any plan they (Colorado office) drafted they should insert a clause stating that every man should have the right to join a union; and that should be one of the foundation principles of the plan,

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- 1-The problem was recognized by the American Labour movement as Mr. Moore himself pointed out (p.156). But Mr. Moore here presented the over-all picture in clear, sane language, and further, had warned Labour, Management, and the Government, and the Community of their coming responsibilities.
  - 2-Ibid, p.153.
  - 3-his speech and that of Mr. Moore are well worth reading by the student of labour to get an insight into the real problems underlying humanitarian labour ~~work~~

whatever it might be. That is the reason why that clause is in the Colorado plan. It is not there to take away from any man the right to join a union, but to give to every man a right which he had not had before."<sup>1</sup>

"---I would have had no part in the concern one way or the other if it had been even remotely intended for the purpose of fighting the unions."<sup>2</sup>

He went on further to show that the plan had actually helped unionization:

"A very large percentage of the mines are organized."

and again:

"---the representatives on the joint committees to-day are very largely union men."<sup>3</sup>

Mr Hay (Winnipeg) rose at the conclusion of Mr King's speech and stated:

"I want---to state that as a representative of labour I am strongly opposed to the Rockefeller plan."<sup>4</sup>

Defence  
of Imperial  
Oil Plan

Because Mr. Moore had linked the Rockefeller plan which he had said was based on non-union recognition, with the Imperial Oil Plan<sup>5</sup>. Dr. Strachan rose again to point out that at Imperial Oil the plan had not arisen out of any strike or threat of strike. He stated that relationships had been good for twenty two years without a strike, lockout or serious trouble. He emphasized that the purpose of the plan was purely to give the employees representation and an understanding of the problems. It would seem that the purpose had been to allow the management of the

schemes. See Ibid, p.155, and 157 especially. See also "Employee Representation in Coal Mines", Selekman and Van Kleek, p.355

1-Ibid, p.159

2-Ibid, p.160

3-Ibid, p.160

4-Ibid, p.162

5-Ibid, p.153

large company a chance to come in contact with the men,-- a contact which had been lost when the company grew too large.

"We introduced this into a plant that we might let the employees understand that we were anxious to come nearer to them, and anxious that they should come nearer to us, and it was out of the very spirit of the times that this thing grew."<sup>1</sup>

The Real Problem

As Mr. Moore had pointed out, there was little doubt that Dr. Strachan spoke sincerely. But at the same time, the fact remained, that without the necessity, or at least the fostering of union representation on the councils, the trade-union movement would stand to lose. And when its power was gone, the company unions remaining would stand only on the good wishes of the employer. What Dr. Strachan had overlooked was that what labour really sought was co-operation and a square deal, not patronage; or, again, as Mr. Moore so ably pointed out, not "industrial peace by industrial submission."

The report of the Committee was brought in on Sept. 19, 1919.

Report of Committee

"Your Committee is of the opinion that there is urgent necessity of greater co-operation between employer and employee. We believe that this co-operation can be furthered by the establishment of Joint Industrial Councils. We therefore recommend that a Bureau<sup>2</sup> should be established by the Department of Labour of

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1-Ibid, p.165

2-Ibid p.178. Mr. Welsh pointed out at the request of the Chair that ~~xxxxxxx Bureau xxxxxxx~~

"It was the intention of the Committee that it (the Bureau) should be established in connection with the Department of Labour."

Ibid, p.179

the Federal Government to gather data and furnish information whenever requested by employers and employees or organizations of employers or employees that whenever it is desired to voluntarily establish such councils, the fullest assistance should be given by the Bureau."

CHAPTER V

DEVELOPMENT OF COMPANY UNIONS AFTER 1919

Use of  
Term  
"Company  
Union"

It is notable that Mr. Moore at no time referred to "company unions" during the Industrial Conference. But that he had what we have defined as the company union in mind when he spoke of non-union joint councils, there is no doubt. Mr. Moore was greatly guided in his argument by what had taken place at the A.F.ofL. convention in Atlantic City in 1919. In fact he makes reference to this conference when addressing Mr. King of the subject of the Rockefeller plan.<sup>1</sup> At this convention Resolution #201 was introduced by request of the National Committee for organizing the Iron and Steel Workers.<sup>2</sup> In this resolution, the term "company union" is used to apply to joint councils of the Rockefeller type. The term has been rarely found in labour terminology in Canada, however. The Labour Gazette refers to Employee-Representation plans, or indexes subjects as Joint Management, or Industrial Councils. The lack of distinction that arises between union and non-union joint councils often causes confusion, but at the same time it is rather a good indication that the Labour Department of Canada was not placing an emphasis on union or non-union representation, the joint council on which management and labour could get together, being the chief matter of interest.<sup>3</sup>

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1-Industrial Conference, cit., 1919, p.165

2-Saposs, David J. "Headings in Trade Unionism", George H. Doran, N.Y. 1926, p.249. See also Proceedings A.F. of L. Convention, 1919, pp 249-50

3-See below, letter from Miss Margaret Mackintosh, p.78



Difficulties  
in study of  
Company unions  
in Canada

Because of this lack of emphasis on the distinction between the two types, the growth of Company unions is rather difficult to trace in Canada. In the United States literature, the terminology is quite clear, and figures for the growth of company unionism have been accurately compiled by the United States Bureau of Labour Statistics, and by several foundations interested in Labour relations.<sup>1</sup> It will be useful to quote these figures as we proceed, as due to the keen interest evidenced by Canadian and American business men in each other's dealings with labour; successful experiments in one country are generally being put into practice by the business men of the other

Bureau to  
study Joint  
Councils

The recommendation brought in by the Industrial Conference on Joint Councils had advocated the setting up of a Bureau in conjunction with the Department of Labour. This Bureau was accordingly set up; and the announcement of the investigations which they had carried out was made in Bulletin Number 1, Joint Councils in Industry, the first of the Industrial Relations Series.<sup>2</sup>

Joint Councils  
with organized  
Labour

Mention is made of several cases in which the joint councils were set up in conjunction with organized labor. Examples given are the Canadian Railway Board of Adjustment #1, which was an agreement between the railways

Railways

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- 1-Characteristics of Company Unions and Labor & the Government are excellent references.
  - 2-Joint Councils in Industry, Bulletin # 1, Industrial Relations Series, Department of Labour, Ottawa, Canada. Printed as supplement to Labour Gazette, Feb., 1921

of Canada and six of the railway employee brotherhoods.<sup>1</sup>

Building Industries

Another case is the National Joint Conference set up in 1920 which consisted of five representatives from the Association of Canadian Building and Construction Industries and five members from the international unions. Local boards were set up to deal with disputes and already existed at Ottawa, Toronto, London, and Hmailton.<sup>2</sup>

Men's Clothing Industry

Joint action in the Men's Clothing Industry at Montreal and Toronto had taken place with the Amalgamated Clothing Workers of America. The first step in their scheme was a Board representing the workers; an employees' organization without representation from the employers. This was considered matters for the business managers of the Union. A further possible step was the Labour Adjustment Council, consisting of employers and employees, which would consider all matters on which the business manager of the union and the general manager of the company failed to agree.<sup>3</sup>

But although these few instances show cases in which joint councils had resulted in recognition of the unions and co-operative employer-employee representation on an organized basis, most of the cases examined were joint councils peculiar to the individual plant, with no union recognition, and hence generally developed into company unions.

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1-Ibid, p.9

2-See Joint Conference of the Building and Construction Industries in Canada, Bulletin # 3, Industrial Relations Series, Department of Labour, Ottawa. Issued as a Supplement to the Labour Gazette, May, 1921

3-Joint Councils in Industry, cit., p.10

Observations  
of Bureau

A general survey of the plans brought forth this  
observation:<sup>1</sup>

"It is observed that the objects of the different joint industrial councils and committees reported to the Department are, generally speaking, (1) to provide means whereby on the one hand employees may crystallize their thoughts, and present their views to the management, with respect to wages and working conditions, and on the other hand to provide the management with a means whereby it may better know the preferences and appreciate the points of view of the workers; (2) to provide the means for exchanging ideas and suggestions, and to develop further a spirit of co-operation; in short, to secure the largest possible measure of joint action between employer and employee in any matters pertaining to their common welfare."<sup>3</sup>

Industries  
Utilizing  
Plans

A report of the companies instituting the plans followed, which showed that they were generally favorable to management.<sup>2</sup> A list was given of the industries in which joint councils had been introduced including abbatoirs; agricultural implements, automobile, bridge and structural iron, brush manufacturing, building and construction, clothing, engineering, oil, packing, rubber, telephone, woollen goods, industries; and railroads, as well as Civil Service in Saskatchewan.

Plans  
noted  
in Royal  
Commissions  
Report

In the Report of Commissioners White and Pauzé of the Royal Commission previously considered, a reference was made to some established, and some contemplated plans, among the former being Imperial Oil, and among the latter, the International Harvester, Proctor & Gamble, and the Steel Company of Canada.<sup>3</sup> The plan at the International Harvester was later outlined in the the Saskatchewan Gazette (and some pages...)

1-Ibid, p. 20 6

2-Ibid, p. 8. See letter from Miss Mackintosh, p. 78

3-Report of Commissioners Pauzé and White. op.cit.

Contemplated  
Plans

Labour Gazette.<sup>1</sup> Several additional plants were said to have established plans, or to be contemplating them by 1921.<sup>2</sup> Some of these were the Bell Telephone Co., the Gray-Dort Motors Ltd., Gutta Percha Rubber Co., Kerr Lake Mining Co., Manitoba Bridge and Iron Works, Massey-Harris Co., Robb Engineering Works Ltd., Spanish River Pulp & Paper Mills., Saskatchewan Civil Service.<sup>3</sup>

Plan at  
Consolidated  
Mining &  
Smelting

In 1932 the Labour Gazette carried an article on the Consolidated Mining & Smelting Company's joint council at Trail B.C. which had been established just after the Whitley Commission made its report in 1917.<sup>4</sup> A co-operative management plan was set up at the S.C. Johnson Co., Brantford around 1920.<sup>5</sup> This was not the usual type of company union. Only common stock was sold and employees were allowed to purchase it. By 1932 the report stated that stock was almost entirely held by the 60 employees of the plant. Their motto was "J.F.L.A.", which stood for "Johnson's First, Last and Always". It was, however, strictly a company organization.

S. C. Johnson  
Company plan

British  
Empire  
Steel Co.  
plan re-  
jected

In September, 1922, at the British Empire Steel Co., a proposal was put forth concerning the establishment of a works committee by the general superintendent when in conference with a committee of employees.<sup>6</sup> Both management and workers were to draw up a plan. The

1-Labour Gazette, Vol. XIX., April 1919, p.440

2-Ibid, Vol XXI, March, 1921, p.495

3-See Joint Councils in Industry, cit., p.8

4-Labour Gazette, Vol. XXXII, June, 1932, p.636

5-Ibid, Oct. 1932, p.1047

6-Ibid, Vo. XXIII, Jan., 1923, p.5

plans were eventually rejected, However, the chief difference arising over the method of electing committees. A vote of all employees was taken in December, on the general question of works committees, with the result that the proposition was dropped.

Laurentide  
Council

1922 also saw the inauguration of the Laurentide Council in the Laurentide Co. Ltd., Grand Mere, P.Q. This was definitely a company union as an examination of its constitution reveals.<sup>1</sup>

Dominion  
Iron &  
Steel Co.

In September 1923, an Employee Representation plan was set up at the Dominion Iron and Steel Co., Ltd, Nova Scotia, and operated quite successfully, from the employer's point of view at least.<sup>2</sup>

Number of  
workers  
covered in  
United  
States

"Employee Representation on Works Councils", a report issued by the Department of Manufacturing of the Chamber of Commerce in the United States pointed out that employee representation had been practically unknown before World War I. In 1926, however, 1,359,078 workers were covered by these schemes, existing in more than 900 Works Councils of about 432 separate companies.<sup>3</sup>

James Pender  
& Co., Ltd.

Another form of co-operative management that might be termed a company union was formed at the James Pender and Co. Ltd. plant in St. John, New Brunswick. In 1923 a workmen's council, known as "Pender Co-operation Plan"

1-Ibid, Vol. XXV, Dec., 1925, p.1180  
2-Ibid, Vol. XXVI, July, 1926, p. 665  
3-Ibid, Vol. XXVII, July, 1927, p.716

was set up. Later in 1925 it appeared that the company would lose the West Indies trade in nails, and an arrangement was made whereby management and workmen made mutual concessions temporarily for the common interest. Income was divided 75% to the workers and 25% management. Wages were only 87% of the former level for a time, but the trade was saved and the men felt that they were a part of the business.<sup>1</sup>

Dominion  
Iron and  
Steel Co.

In 1928, a further report on the company union set up in the Dominion Iron & Steel Co., showed satisfactory progress to that date. The statement is made, however, that the council was modelled on the Whitley Plan. An examination of the constitution as previously noted, indicates that this was quite definitely not the case. The plan follows the Rockefeller scheme more closely,<sup>2</sup>

Investiga-  
tions of  
Ontario De-  
partment of  
Labour

Under the heading of Industrial Relations, Miss Marion Findlay, senior investigator of the Ontario Department of Labour, gave a summary based on enquiries made by the Department into the ways in which scientific management had been met by representative employers.<sup>3</sup> Under the heading of Joint Councils and Committees, she states that out of a total of 300 firms in Ontario which replied, 21%, employing 48% of the workers, have well-organized works councils which were reported to be

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1-Ibid, Vol. XXVIII, March, 1928, p.282. See also Hughes, George B. "Profit-Sharing in Canada", McMaster University, Hamilton. p.39

2-Labour Gazette, Vol. XXVIII, Jan., 1928, p.43

3-Survey of Industrial ~~Management~~ Welfare in Ontario, Toronto, 1929. See also, Labour Gazette, Vol. XXVIII, October, 1928, p. 1109

beneficial to both sides. It is quite fair to assume that a large proportion of these councils were company unions, particularly since they were apparently established in the larger firms, as indicated by the percentage of workers employed.<sup>1</sup>

Company  
Unions in  
Fibre  
Board  
Industry

The Labour Gazette of September 1933 mentions the establishment of an industrial council for the fibre board industry. An industrial council was formed at Gatineau Mills, P.Q., one of the plants of the International Fibre Board Ltd., a subsidiary of the Canadian International Paper Company. The council consisted of three company and three workers representatives, with the general manager as chairman, but with no voting power. One of the workers was to serve on a general Industrial Council made up of representatives from all the mills of the Canadian International Paper Company; the Council to meet at Montreal. The plan was also applied at the Three Rivers Mill and the Dalhousie Mill. It had recently been adopted by fifteen plants of the International Paper Company of the United States.<sup>2</sup> This appears to be an example of an industry wide company union chiefly <sup>where</sup> because one company owned all the mills in the industry.

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1-A further indication is that no joint councils except the one on the C.N.R. were given any great publicity by the unions. They usually made the most of successful joint councils.

2-Labour Gazette, Vol. XXXIII, Sept. 1933, p. 872

CHAPTER VI

TWO ATTITUDES TOWARDS COMPANY UNIONISM

Employers  
and Labour  
agree

The recommendation brought in by the National Conference showed that labour and management were agreed upon one point at least,-- that joint councils where management and labour could get together and talk over problems, were a great step forward in the progress toward industrial democracy. But at this point, the representatives of organized labour and many of the employers began to differ widely, chiefly on three main points. The first was that management felt the plant to be the bargaining agent; the union wanted the trade. The second arose out of this--that is, the management felt that a representative from each department, regardless of the trades he represented, could do a better job for that particular plant. The union stuck to organization by trades. The employees themselves, particularly in male production industries, often sided with the employers as a strong point for company unions. The third was that management felt that as long as the right to join a union was not being denied a man, there was no particular reason why it should endeavor to deal with organized labour as the official representative of the men, unless all men workers were members of the organization.

Disagree

Management's  
View



Labour's  
view

The trade union on the other hand, felt that the employees would think that the union was no longer necessary if plant councils became wide-spread. Organized labour was not being ~~entirely~~ selfish; rather it was looking farther than the actual company unions that were established, and saw clearly that the only strength of the company representative, acting strictly within the plant, lay in the threat of the trade union should the employee-representation scheme not prove satisfactory.<sup>1</sup> Therefore, as labour clearly saw, it was only the power of organized labour which forced management to make their plans good, and to make them work.

Resolution  
#201-A.F. of  
L.

We have already noted Mr. Moore's reference to the A.F. of L. convention, 1919, where resolution #201 was approved unanimously. This resolution was worded as follows:<sup>2</sup>

"Whereas, many steel corporations and other industrial institutions have instituted in their plants, systems of collective bargaining akin to the Rockefeller plan; and

Whereas, extensive experience has shown that while the employers are busily carrying on propoganda lauding these company unions to the skies as a great improvement over trade unions, they are at the same time just as actively enforcing a series of vicious practices that hamstring such organizations and render them useless to their employees ."

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1-See below, p. 148, Lever Brothers experience  
2-Saposs, David J., op. cit., pp. 249, 250, 251.

The resolution then goes on to name the practices which come under six headings, a summary of which is given below.

Unfair  
Labour  
Practices  
arising out  
of Company  
Unions

- (1)-Unfair Election and Representation- in which the claim is made that committees are loaded with bosses who not only do not personally represent the men, but negate the influence of the real workers' delegate.
- (2)-No Democratic Organization permitted-All independent organizations and meetings are prohibited on pain of discharge
- (3)-Intimidation of Committeemen-Committeemen who make a stand are discharged. Committee degenerates into a subservient group.
- (4)-Expert Assistance Prohibited- Employers when dealing with employees enlist aid of very best brains procurable. Yet men cannot have help of trade union officials. Worker's committee inexperienced and helpless.
- (5)-Company Union Lacks Power- Company union has hardly a pretense of organization; is unaffiliated with other groups of workers in the same industry; destitute of funds; and unfitted to use the strike weapon. As a result it cannot fight for the men's rights.
- (6)-Company Diverts Aim- Discussion of wages, hours and working conditions are taboo on pain of discharge for the committeemen who dares insist upon them. Committees are kept busy on fake safety-first movements, problems of efficiency, handing bouquets to high company officials, etc.

The resolution further states:

"Whereas in view of the foregoing facts, it is evident that company unions are unqualified to represent the interests of the workers, and that they are a delusion and a snare set by the companies for the express purpose of deluding the workers into the belief that they

have some protection and thus have no need for trade union organization, therefore be it

Resolved;- that we heartily condemn all such company unions and advise our membership to have nothing to do with them; and be it further.

Resolved;- that we demand the right to bargain collectively through the only kind of organization fitted for for this purpose, the trade union, and that we stand loyally together until this right is conceded to us.

Company  
Unions at  
Bethlehem  
Steel

In an article in the Machinists Monthly Journal (U.S.), October, 1919, David Williams went into some detail to draw a comparison between the joint council scheme set up in the shipbuilding yards of Bethlehem Steel with Union men as employee representatives, and the company plan in the Steel Works where non-union employees were elected as representatives to the company joint councils.<sup>1</sup> Williams pointed out several reasons why the management favoured the company union.

"The company makes the constitution, decides how the committeemen shall be elected, creates all kinds of sub-committees, provides for the meetings of these committees on the premises of the company; also insists upon having equal representation with employees on Election Boards when Employes' committees are elected, and finally insists that a Joint Committee of a small number from both the employees and company shall act as a final board whose decisions shall be binding on any matter brought before it for action."<sup>2</sup>

The reasons for the objections of the union to such practices are fairly obvious. A particular objection was raised with regard to the last point, for, as the author pointed out, the procedure with organized labour

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1-Ibid, p. 243. See also, Machinists Monthly Journal, 1919, pp. 897-9

2-Saposs, op. cit., p. 244

is to refer any final decision to the rank and file Williams mentioned that although most of the men were members of the Amalgamated Association of Iron, Steel, and Tin Workers, the company refused to recognize their committee, giving jurisdiction to the Company union committee. The men went on strike. "With the result that this company plan works so well that the entire plant is tied up."

Wages  
Higher  
in or-  
ganized  
plant

He goes on to make a very telling point, by quoting figures to show that in those trades common to plants operating under both forms of joint councils, the wages paid to the workers in the union organized shipyards are higher.<sup>1</sup> He concludes with the following:<sup>2</sup>

---"All kinds of substitutes such as profit-sharing, Shop Committee Plans, Company Plans of Collective Bargaining, etc., are offered because these substituted are controlled by the companies, while the employees think they have organization, and the companies are safer in their methods of exploitation than if no organization existed in these plants. But the workers must wake up to the dangers facing them in these company unions and fight them to a finish, or a state of industrial slavery will be established in our big steel mills before it is realized by the employees."

Such was the general attitude of organized labour to the non-union Joint councils, or company unions. It was not long before they began to run into even more trouble as organizers were repulsed time and again in

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1-ibid, pp-248-9  
2-ibid, pp-248-9

plants where these organizations had been established.<sup>1</sup>

Company  
Unions  
over-  
Criticized

There is little doubt that many of the claims unions made about the evils of company unions at this stage were somewhat over-exaggerated. Most of the company unions were established in plants where employees had had no organization whatever, and the desire on the part of management was to help the workers. Although many were deliberately introduced, on the other hand, to defeat organized labour, even here, some results had to be shown.

"--a company union turns the light on in what otherwise would be dark places, and as a result brings to light abuses which would otherwise have gone uncorrected. For this reason, no company can afford to adopt a representation plan unless it is prepared to face the resulting disclosures and to correct the abuses."<sup>2</sup>

Reports  
from  
other  
coun-  
tries  
advise  
organi-  
zation

The trade unions appreciated the original idea behind the plans, but they insisted that without union representation, the plans could only serve to subvert trade unionism, and in reality provide a poor substitute for the benefits that could be derived if organized labour were representing the employees. Canadian and American labour was particularly anxious to fight for union representation in view of the recommendation that employers and employees be organized with regard to the Whitley Councils of England.<sup>3</sup> And in New South Wales, a recommendation had been made that encouragement be given to the gradual transfer of industrial

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~~XXXXXXXXXXXX~~

1-An example is the defeat of the International Ladies' Garment Workers, Labour Gazette, Vol. XXI, Mar., 1921, p. 283  
2-Fairley, L., Op. cit., p. 27.  
3-See above, p. 22.

courts to industrial councils and shop committees. To this end, the appointment of a Board of Trade with representatives of employers and of workers in equal numbers had been recommended.

Reports  
from  
Hans  
Renold  
Ltd.

The reports from Britain showed that the union committees were most satisfactory. A report by C.G. Renold, Managing Director of Hans Renold Ltd., of Manchester bears this out. At his plant, a committee of representatives duly elected by the various departments was formed, and called the "welfare committee." The Trade Unionists, feeling that the scheme was one to undermine them, also formed a committee and requested recognition. It was given and union questions were reserved for this "shop stewards" committee.

The welfare committee was rather disappointing, the author stated, due to lack of interest. "The history of the shop stewards' committee, however, was very different. Renold expressed the opinion that this should be the only committee. "This time we found a real response and for that reason I have come to the conclusion that it is not worth-while bothering with any but organized labour; if employees have not the 'guts' to get into a union, really they are not worth bothering about."<sup>1</sup>

With evidence such as this, it is small wonder that organized labour felt that it alone could represent the workers on the joint councils, and condemned the company

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1-Labour Gazette, Vol XIX, April, 1919, p.440

unions which obstructed them.

Labour's  
real  
fear

Such was the general attitude of the trade unionists at the time of the National Industrial Conference. It is therefore understandable why Dr. Strachan met with several good arguments when he introduced the matter of joint councils despite his feeling that the matter would not be controversial. He had stated that organized labour did not understand the plan and would therefore criticize it. Criticize they did, but not because they did not understand it, but because they understood only too well the troubles that it would bring to unionism. That their propaganda was at times over-critical is only a further indication of the real fear they had of the dangers that the company unions presented to their movement.

Confer-  
ence on  
Industrial  
Relations  
Feb. 1921

A careful examination of the Report of a Conference on Industrial Relations, held February 21st and 22nd, 1921,<sup>1</sup> gives the employers side of the company union picture. It was composed of employers or industrial relations men who had set up employee-representation plans in their companies. This conference is of importance, for a study of the reports on plans existing at that time allows the student of labour relations to compare systems, and at the same time draw conclusions as to the general nature of the ideas behind the plans. It is for the student to discover why,

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1-A Report of an Industrial Conference on Industrial Relations, Bulletin # 2 in the Industrial Relations Series, Department of Labour, Ottawa. Issued as a Supplement to the Labour Gazette, Vol. XXI, March, 1921.

when both sides were in favour of the general idea of employee-representation, the plans did not prove to be the solution, or a part of the solution, to the problems of industry.

Inter-  
national  
Harvester

Mr A.H. Young, Manager of Industrial Relations at the International Harvester Co., Chicago, Ill. first addressed the conference. The plan he outlined was typically a company union, but of particular interest was the opportunity for reference to the rank and file.

An instance is mentioned in which the Council had reached a deadlock, but the president of the company had been able to make a compromise solution.

"They (the Council) returned and said that they found themselves unanimously in favour of accepting his proposition, but before doing so, wished a recess of three days to consult their constituents and then returned and said that every man had thought it a fair proposition---"1

The importance here lies in balancing this particular opportunity for reference back to the men against the general criticism of the trade unions that such decisions rendered by the councils had to be accepted as final in the steel industry, and the rank and file did not have a chance to vote on the final issues. It would appear that the International Harvester Company made a sincere attempt to make their representatives responsible to the workers themselves.

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1-See appendix I for outline of International Harvester Constitution. See also Report of Conference op. cit, 1921 pp. 491-92



Gray-Dort  
Motors

Mr. Wm. Gray, Vice-President and Assistant general Manager of the Gray-Dort Company, Chatham, Ontario, then presented the information on his company's plan. This was a definite company scheme,--company dominated, with no desire to recognize the union, and no particular attention paid to the ideas of the employees on the scheme.

"Contrary to the usual procedure, we did not ask our employees to vote whether or not they should adopt the same, but simply stated that we intended putting it in effect."<sup>1</sup>

"---Following the nomination, the election was held January 13th (1920). There was not a great deal of enthusiasm displayed, and, in lots of cases, the plan was not welcomed any too much, but was looked upon with a great deal of indifference."<sup>2</sup>

Mr. Gray describes an attempt of the union in April, 1920, to gain supremacy. He states that the Works Councils had a fight on their hands, but succeeded in getting the following resolution through:

"That the employees of the Gray-Dort Motors Ltd., back their Works Council with their unqualified support for the purpose of giving it an opportunity to demonstrate its ability to cope with all industrial situations, such try-out to be at least of a period of one year from its inception, January 1, 1920, to the absolute exclusion of all other organizations."<sup>3</sup>

This resolution carried, Mr Gray states, by a majority of ten to one.

He mentioned further that the committee had co-operated in wage reductions. AS to payment of the representatives,

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1-Ibid, p. 493

2-Ibid, p. 493

3-Ibid, p. 494

Chatham  
Industrial  
Relations  
Committee

he informed the conference that since the men were on piece-work, they were paid \$5.00 per month to make up for time lost in listening to complaints on the job. He goes on to state that the Chamber of Commerce in Chatham had formed an Industrial Relations Committee, since two or three other industries had Works Councils there. This Committee consisted of four members of the Chamber of Commerce and four of the workers elected by different industries throughout the city and was to act as the final arbitration board. This Committee had canvassed the city with the idea of starting every manufacturer on that scheme. About sixty per cent of the large industries had signed up, and some had already instituted Works Councils. Mr Gray pointed out, in reply to the question of the Chairman, that about 35% of their workers were organized in his plant in the Aircraft and Automobile Union. It was not recognized, however.

Massey-  
Harris

Mr. George Valentine, assistant general manager of Massey Harris, Ontario, spoke on their Industrial Councils which were started May, 1919.

"They came into being at a rather trying time--just on the eve of the May-Day strike of that year." But, he

added that management had been working on the council plans beforehand, using the Colorado and Whitley plans as Models. Most of the salient features came from the International Harvester plan.

"Our plan or constitution of our Council, therefore, very closely approximates theirs, and is along the lines of the Colorado plan."<sup>1</sup>

At first, he pointed out, the men had an attitude of watchful waiting, but later they felt convinced of the fairness of the Company and its representatives.

"Their difficulty (i.e. of the representatives of the employees on the Council) was to get that feeling across to their constituents who had not such opportunities as they.

"Our experience has been that the elected men, the employee representatives, have been more than fair in their attitudes."<sup>2</sup>

Position  
of  
Foremen

One of the most important things that was discussed at this conference was the position and attitude of the foreman in the employee-representation scheme. It came up on several occasions, and Mr. Valentine mentions it here: <sup>3</sup>

"To the employee, the foreman is the Company. Every one of our foremen and superintendents now recognize that if his act will not stand investigation, it may and probably will come before the Council, and so almost unconsciously they are more careful than they otherwise would be not to act arbitrarily."

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1-Because The Canadian Department of Labour did not use the term company union when describing any of these plans, it is sometimes difficult to tell whether plans were really company unions. But linking a Canadian Scheme with the Colorado Plan which was definitely termed a company union by both Government and Labour in the United States, places us on firmer ground.

2-Report of Conference, cit., 1921, p. 497.

3-Besides references to the problem of foremen not discussed here, see also Survey, Aug. 15, 1915, Fitch, op. cit.

If these supervisory officials felt that the company union gave the workers too great a voice in the operation of the company, it is not hard to see that management, even had it so desired, would have had almost an impossible task in introducing joint councils schemes based on organized labour as the representatives of the men. Education would have to be gradual.<sup>1</sup>

Canadian  
Consoli-  
dated  
Rubber  
Company

Mr. John Frye, in charge of Industrial Relations for the Canadian Consolidated Rubber Company Ltd., Montreal, spoke on the councils in his organization.<sup>2</sup> Their plan was proposed to the Factory Managers, to the Staff Representatives, and to a Committee of Employees. It was presented to the employees through bulletins or direct talks. "At the time of the employees holding their nominations and elections, they were asked to signify their approval or not of operating under the proposed Factory Council by-laws.

He gives the scope of the company's operations as being eighteen factories. The factory managers favoured the plan and there was one operating or being established in practically all plants. The plan was in general the company union type, but later discussion by Mr. Frye shows that the unions favored the plan, as they were allowed to participate actively".

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1-See Lever Brothers for e.g., below, p.148. Also International Harvester, etc.

2-Report of Conference op.cit., 1921, p.499

"---with regard to representatives of the labour unions on our industrial councils, I may say that at Granby we have all the representatives of the International Union, and I think we have all the Representatives of the National Catholic union,"<sup>1</sup>

Union  
Partici-  
pation

He goes on to tell of union participation at Montreal and Kitchener. At the latter place, "--we have a member of the trades council, and also the president of the Boot and Shoe Worker's Union. He mentions that the union displayed suspicion at first, but co-operation of the management resulted in the approval of organized labour.

"I think the Trades and Labour Council at Kitchener proposed a resolution that none of the members of the union should be employee representatives in this works committee. That resolution, however, was very much overruled; and there has been no further question on this point. It was explained to me that the question was taken up with the workpeople and they said: 'Here is absolutely a works council; we are only 15% organized; there is no reason whyb we should not be in this with the other 85%,' so they practically took their own head for it."

Councils  
In French  
Canada

Another interesting point made by Mr. Frye was that little or no trouble had been experienced when setting up councils in French Canada; in some cases bilingualism being insisted upon, and in others the language of the majority being used.

Imperial  
Oil

A report was given by Mr. P.F. Sinclair, in charge of Industrial Relations at the Imperial Oil Co. Ltd. Toronto,<sup>2</sup> giving more information on the plan which Dr. Strachan

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1-Ibid, p. 508  
2-Ibid, p. 510

had earlier introduced at the National Industrial Conference. Mr Sinclair stated that there were, at the time he spoke, fourteen councils established, four of which had been started the fall previous. One of these was entirely French speaking. He read several interesting excerpts from letters written by employee representatives all across the country, expressing satisfaction with the scheme. He mentioned that the number of meetings was being cut down to one per month, as fewer problems were arising.

Super-Swift  
Canadian  
Company

Speaking of the plan at the Super-Swift Canadian Co., Toronto, Mr. H.H. Stedman stated that the plan there was of the same general nature as the others. There was no mention made of recognising unions. The plan had been established in November, 1919.

Gutta  
Percha  
& Rubber  
Company.

It is interesting to note that Mr. J.H. Coffey of the Gutta Percha & Rubber Ltd. Toronto, called the organization at his plant a company union. The employees had a factory committee entirely operated by themselves, with their own secretary. Grievances were taken to the foremen. If no satisfaction was received, they were taken to the secretary of the factory (workers) committee who gave the information to the secretary appointed by the management for their committee.

The latter conveyed the information to the superintendent of the department.

"If the foreman cannot settle the question and the superintendent cannot settle it, then it is referred to council,---and there are not very many matters that have to be settled by council."<sup>1</sup>

Mr Coffey had illustrated earlier<sup>2</sup> how the plan grew out of meetings of groups of employees on different questions. At their last meeting in 1919 a decision had been made to draw up a constitution which was adopted in April, 1920. The Company gave the employees the right to decide for themselves how they should be represented on the council and the methods of procedure to be used.

Employer  
domination  
at a  
minimum

This is very definitely a company union, but the element of employer domination is reduced to a minimum. In his book, Labor Problems from Both Sides, Professor Malcolm Keir, in giving the negative side of the question "Do Company Unions Serve Labor's Interests" begins with the following remark:

"One of the strongest arguments against company unions is that there is no record of one started spontaneously by workers; all of them have been instituted by employers, or upon an understanding that employers favored this kind of union."<sup>3</sup>

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1-Ibid, p. 514

2-Ibid, p. 513

3-Keir, Malcolm, "Labor Problems from Both Sides",  
Ronald Press, N.Y., 1938

It would be extremely difficult to state that this union was started by the employees on the basis of the information given by the man responsible for industrial relations in the plant, but it would seem from the large amount of leeway given to the men in the preparation of the plan, and from the way in which it arose, that the employees had a great interest at least, and worked actively to get the plan started. It is important to note that the rubber industry was not highly organized at this time. The plan was very advanced for this particular stage in industrial relations, due to the separate committees for employees and employers, allowing each to get together to prepare their arguments and gather information before approaching the joint meeting. In return for such freedom for the employees, the company jealously guarded its autonomy:

Autonomy  
Guarded

"One reason why we so studiously left out the question of arbitration was because we did not want to even hint that we would not compose our own differences without outside help. This may be a weak point or a strong one; it is a question of a point of view or feelings, not facts. We favor the idea of settling our own differences in our own organization and not referring them to anyone outside."<sup>1</sup>

The problem presented to a union organizer in a case of this kind would be immense. And in view of the good representation the employees received, they would not

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<sup>1</sup>-Report of Ind. Conference, op. cit., 1921, p.515



feel that the union could offer much more. At the same time, organized labour could point out, the very strength of the organization was founded on weak ground, the patronage of the employer. On large issues of policy they would be isolated and alone.

Bell  
Telephone  
Company

Mr. W.H. Winter, General Superintendent of the Bell Telephone Co., mentioned difficulties that his firm had had in getting supervisors to accept the plan. But in the summer of 1919, it was put before the employees at meetings in various centres and a practically unanimous acceptance was secured.<sup>1</sup> Not too much effort was spent on a constitution, a draft agreement being given to the largest bodies of employees to enable them to make additions or changes. This agreement was entered into with forty five plant councils.

He placed emphasis on regular meetings, and the duty of the company to ensure that matters of interest were brought up. He mentioned the reaction of the organized unions in the city of Toronto:

"----In the spring of 1919, our staff (Toronto) was very largely organized, but regardless of that, at a meeting of about 400 employees, they voted in favor of plant councils. The President of the Council made the statement that it did not in any way affect their status in unions."<sup>2</sup>

1-Ibid, p. 515

2-Ibid, p. 516

Union  
Represent-  
ation at  
Intern-  
tional  
Harvester

It is interesting to note that Mr. F.T. Day, secretary of the Hamilton Harvester Industrial Council, mentioned that at present their employee representatives were composed of six unions and two unorganized workers.<sup>1</sup> He pointed out that these met separately at least once a month before the monthly joint council meeting. This would prevent employer domination to a large degree as an organized program could be worked out in advance.<sup>2</sup>

Algoma  
Steel

The address by Mr. J.D. Jones, General Manager of Algoma Steel, Sault Ste. Marie, Ontario, gave an outline of their scheme of industrial relations, which, while not an organized industrial council, functioned somewhat along these lines. He mentioned that the education of foremen had been one of the most difficult problems. With a more satisfactory working out of their program, he indicated that they would be able to install an organized plant council.<sup>3</sup>

He spoke of a fear of agitators which had been expressed by some:

"We do not care whether there are agitators on the committee or not. We let them come in with the rest of the boys and we present to them cold hard facts, and they have to stretch things pretty far before their co-workers will be carried away".<sup>4</sup>

1-Ibid, p.519

2-They are now dealing with organized labour entirely.

3-Report of Conference, op.cit. 1921, p.522

4-Ibid, p.522

Spanish  
River  
Pulp &  
Paper Mills

The report of Mr. R.M. Olzenden, Secretary, Dept., of Industrial Relations, Spanish River Pulp & Paper Mills Ltd., Sault Ste. Marie, pointed out the difficulties of starting any sort of plan where, of their 7,000 employees, some worked in the mills and many worked in the woods.

Complete  
Union  
Represent-  
tation

In the first place, he pointed out, their employees were all organized under two unions; the International Brotherhood of Pulp and Sulphite Workers, and the International Brotherhood of Paper-makers. Both unions were recognized by the company. He indicated that as they were dealing with completely organized labour, their problem was different from the other employers, present

One of the main arguments of the unions against industrial councils was that councils were taking over discussion of wages and hours, matters which they felt should be settled by regular union committees and International officers. Mr. Olzenden agrees with their argument.

"I believe that if we handle these matters of wages and hours and working conditions as we always have handled them, and turn our councils into constructive bodies, we will really get more of what is in the minds of our workers."

The main task at the Spanish River Company at that time was the education of the men to accept the councils as

a good thing. There was no intention to attempt to institute them if the men did not want them.<sup>1</sup> That the plan was not one eventually to offset unions, is shown by his reply to a question by Mr. T.A. Stevenson (Dept. of Labour) asking as to the opinion of the unions on the formation of the councils.

"We went into this matter very carefully because we wanted to make sure that there would be no obstacles in the way of the councils. Therefore we have seen personally the Presidents of the two International unions. We discussed with them our various plans, outlining in detail everything we proposed to do, and asked what they thought, and we secured from them letters to their various orders saying that they heartily approved the Spanish River idea of councils and desired that their men should do everything possible to advance the councils."<sup>2</sup>

Such a situation as outlined here was, and could not become a Company union. This is the ideal form of labour-management co-operation which organized labour was trying to promote and support. A very important point to note is that there was no attempt on the part of management to substitute the councils for the trade unions. Matters of wages and hours were still matters for discussion between union representatives and management. Councils were intended to supplant, not supplant, trade unions.

Mr Quirk addressed the conference on the general attitude of employees to the councils, gathered from talking with the men in the various companies where the plans were in operation.

Reports  
of  
Mr. Quirk  
Dept, of  
Labour

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1-Ibid, p. 526  
2-Ibid, p. 526

"I had an opportunity of meeting the employees in many companies,---and the opinion which I arrived at as to what the employees think is probably expressed as well as it could be expressed in the words 'Works Councils remove all grounds for dissatisfaction, suspicion and discontent'. Those to whom I spoke were men with long records---They expressed their opinions freely, and the essence of what they said to me was: 'We have removed suspicion.' This impressed me more than anything else, and I mention it for the purpose of corroborating what has been said as to the success of industrial councils.<sup>1</sup>

A Resolution was passed at the conclusion of the conference:

Resolu-  
tion  
from  
Confer-  
ence

"It is the consensus of opinion expressed by the members of the conference that the work thus far conducted in the field of industrial councils justifies a continuation of the confidence of both employee and employer."<sup>2</sup>

Observa-  
tion of  
Results

There is little doubt that as a new institution the councils were meeting with success. But their effect upon organized labour was to weaken it greatly, except in cases where unions were already very well-established. The attitude of both men and employer for quite some time was that the company union schemes could supplant the organized union. As illustrated by the conference, there were many heavy expenditures on the part of the companies.<sup>3</sup> They were for the most part justified on the basis of the better relationships resulting. But as time went on, in many cases they were not to prove sufficient. Management and employee co-operation was wonderful unless matters of

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1-Ibid, p.535

2-Ibid, p.541

3-See Hughes, G.E.,op. cit., for examples of these schemes.

opposing policy arose. Then something more than an isolated company union was needed to give the workers a voice.

Summary  
of views  
expressed  
by Miss  
Margaret  
Mackintosh

At this point it would be advisable to quote from a letter of February, 1947, received from Miss Margaret Mackintosh, Chief of the Legislation Branch of the Canadian Department of Labour. This letter more or less confirms the deductions formed to this point on the subject of joint councils and company unions.

"-----there may be some confusion between what are properly joint councils and what are company unions. The joint councils recommended by the National Industrial Conference, 1919, which got the idea from the Report of the Committee on Relations between Employers and Employed in Great Britain (Whitley Committee) were intended to be councils representative of the employers and the trade unions in the industry. In the case of a single employer's establishment, the term 'works committee' or 'works council' was used instead of joint council. These plant organizations were also intended to represent the employer and the union, but in Canada some employers took up the idea in whose plants no unions had been organized. In some cases the scheme was not necessarily an anti-union one, but was started in good faith where there was no union organization.

"The bulletin of this Department 'Joint Councils in Industry', February, 1921, was prepared by myself in as far as the information relating to countries other than Canada was concerned, and you will note that there was an attempt to draw a clear distinction between councils established to supplement collective bargaining and trade unions and the employees' representation plans that were being formed on this side of the Atlantic. It was because

this latter development came to be looked on by the trade unions in Canada as an anti-union one that the appropriation which Parliament had voted for several years to assist in the organization of such councils was cut off by this Department."

Conclusions As Miss Mackintosh points out, and as we have indicated

above, not all the employers in the United States and Canada were opposed to dealing with the unions. The railroads in Canada had recognized the union for some time, a fact which Mr Moore had pointed out at the National Industrial Conference.<sup>1</sup> A Report of an Employer's Industrial Commission of the United States Department of Labour made the following finding:<sup>2</sup>

"(2)----While many manufactures welcome organization of workmen in their factories (shop or works committees), they want to limit the activities of such bodies to purely local grievances and decidedly desire that the committee members come under the discipline of their unions."

This attitude was one which led to close co-operation from the organized labour.

On the other hand, advocates of the shop committee did not hesitate to try to use this plan of industrial relations as a substitute for unionism.. The following excerpt is a good example:

"The shop committee encourages unionism. It is not the unionism of the past, inadequate, imperfect, struggling sometimes blindly towards juster relations between capital and labour. The shop committee,

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1-See ~~in~~ Report of Industrial Conference, op.cit, 1919, p.154

2-Labour Gazette, Vol. XIX, May, 1919, p.571

meaning thereby the idea of joint shop, and industrial committees and councils, is a substitute for grade unionism. It is a substitute which the unions and employers will welcome."<sup>1</sup>

That unions did not prove to be as enthusiastic in their reception as anticipated here has been definitely pointed out. They were not willing to trade an experience of centuries for an experiment of months.<sup>2</sup>

The report of the Annual Convention of the Canadian Manufacturers' Association held from June 20-23 at St. Andrew's, New Brunswick, 1922, gives the attitude of employers after the boom period of the post-war had subsided.<sup>3</sup>

Attitude  
of Canadian  
Manufacturers'  
Association  
1922

"Your committee feel that the development of works councils is in accord with the policy of the employers of Canada as laid down at the National Industrial Conference in September 1919, to the effect that dealings between employers and employees should be within the particular plant or unit in industry." (They had previously recommended some form of co-operative working between the employer and employees.)

Manitoba  
Employers  
ask for  
Union Res-  
ponsibility

Employers in Manitoba, accepting the methods laid down for dealing with organized labour through the industrial Conditions Act of that province<sup>4</sup> requested Premier Morris to advocate legislation (1922) that would require individual disputes to be referred to the Manitoba Joint Council of Industry before strikes or lockouts be called and also that labour unions be

1-Stoddard, W.L., "The Shop Committee". See Labour Gazette, Vol. XXII, Sept, 1922, p.1067

2-See above, p.42

3-Labour Gazette, Vol. XXII, Aug, 1922, p.846

4-Ibid, Vol. XXXIII, Oct., 1933, p.972



held responsible for the illegal actions of their individual members. There is no doubt that the illegal actions of union members, was one of the reasons why the employers were utilizing company unions as a means of avoiding dealings with organized labour.

Work  
Councils  
Accepted  
all over  
the world

The subject of works councils was not confined to this continent and to Britain. It had met with approval all over the world. But on the continent of Europe, most employers accepted the trade union as the representative of the employee. In the free city of Bremen, for example, a Chamber of Labour was created in 1921, organized along the lines of Whitley Councils. Organized labour represented the workers.<sup>1</sup> A report of a committee on Works Councils of the Association for Labour Legislation at Geneva, October 13th and 14th, 1922, was discussed and it was agreed that generally speaking, the councils had contributed to industrial peace.<sup>2</sup>

Some views  
on Company  
vs. trade  
Unions

In an article in the American Economic Review,<sup>3</sup> Henry R. Seager gives a summary of the general principles of company unions as contrasted with trade unions, as they appeared to him in 1923. He noted that there had been an increase in the number of company unions and a marked decline in the membership of trade unions. The former were

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1-Ibid, Vol. XXII, Jan., 1922, p.7

2-Ibid, Vol. XXIII, Jan. 1923, p.6

3-Seager, Henry R., "Company Unions vs. Trade Unions" American Economic Review, March, 1923.

better fitted, he felt, to provide greater efficiency, economy, and continuity, and hence were highly commended by employers. However, "they are not at all fitted to contend against the grasping type of employer for more favorable wages, hours, or working conditions----".

Company  
Unions  
for  
Public  
Utilities

He pointed out that in public utilities where conditions of working were more and more being laid down by law, there was a field where the company union could be profitably used. His hope was for a combination of national unions and shop committees as the employer becomes more enlightened.

This was what was actually to occur to a certain extent when the C.I.O. came on the scene, but due to better organizing ability on the part of labour, rather than enlightenment on the part of employers.

Further  
Reports  
from  
Canadian  
Manufac-  
turer's  
Association

Throughout this entire period, the Canadian Manufacturers Association approved of the co-operation arising out of the works councils, but they made no attempt to insist upon co-operation with organized labour, and on the contrary, seemed to be more and more in favour of company unions as a substitute for trade unionism. They point out the merits of the shop committees in their reports:<sup>1</sup>

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1-Industrial Relations Report, 52nd Annual Meeting of the Canadian Manufacturers Association, Toronto, June 11-14, 1923

"Thus in many cases in the United States and not a few in Canada, when during the period of deflation, wage deductions became necessary, on the situation being explained to the shop committee, the men's representatives themselves voted in favour of the reduction. It will be agreed that no more searching test could be applied to the soundness of the shop-committee idea."

Investi-  
gation  
of union  
& non-  
union  
Joint  
Councils  
by Earl J.  
Miller

A rather complete article on the problem of union and non-union councils was made by Earl J. Miller in 1924 for the University of Illinois Studies in the Social Sciences .<sup>1</sup> His purpose was to arrive at an estimate as to the comparative merits of joint schemes based on recognition of existing trade unions; and typically American schemes based on non-union employee-representation. He pointed out that all the various types of committees were designed to counteract the subdivisions of labour under modern industrial conditions. He quoted from a statement made by Mathew Woll, Vice-president of the A.F.of L.

"The trade unions fully recognize that there are many questions closely affecting daily life and comfort in the success of business, and in no small degree, efficiency in production, which are peculiar to the individual work-shop and factory. Confined to these purposes----shop committees as supplemental branches of the trade union movement, are not alone favored, but recommended."

Mr. Miller went on to state that in his opinion, joint union councils had handled the same problems in the same manner as non-union councils, but

<sup>1</sup>-Miller, Earl J., University of Illinois Studies in the Social Sciences, Vol. X, # 3 & #4. See Labour Gazette Vol. XXIV, Oct. 1924, p.845.

"---the total accomplishments of non-union councils have been insignificant in comparison with the accomplishments of the unions."

Union and non-union movement antagonistic.

He found that union and non-union councils represented two antagonistic movements. He gave the opinion that although no-discrimination clauses occur in most non-union schemes, the proviso was based on the employer's belief that the joint plans will create indifference among the workers in their attitude towards the union. This is the very point that Mr. Moore had made four years previously when the councils were being instituted.<sup>1</sup>

He felt, in conclusion, that many benefits had been gained for those workers who might otherwise have had no representation. Further, company unions had resulted in increased efficiency and emphasized to management the necessity for treating the human factor with respect. But he stated that the union councils had provided all that and more. It is impossible to get away from the fact that councils are of greatest benefits as supplements for the organized labour movement, but as substitutes can only cause eventual misunderstanding and mistrust.

Non-union Councils Threaten Trade Unionism

"The non-union council movement, if the present rapid rate of increase continues along, cannot fail to check materially the growth of unions. It is in this direction rather than destroying the existing unions, that its effects will be most harmful to the plans of organized labour."<sup>2</sup>

1-See above, Chapter IV, pp 140 et seq.

2-Miller, E.J., op. cit., ix. See Labour Gazette, cit., p.846

Dealing  
with the  
Union on  
the C.N.R.

One of the best examples in Canada of the fine results which could occur from dealing with organized labour was the plan used on the Canadian National Railroads. In February 1925, following the plan of the Baltimore and Ohio Railroad, a Joint-Management scheme was put into effect in the C.N.R. shops at Winnipeg. Both labour<sup>1</sup> and management<sup>2</sup> were enthusiastic about the results. The plan spread to Moncton, Stratford and London very quickly, soon becoming an outstanding example of labour-management co-operation which several American railroads emulated. Detailed analysis of this plan on other similar union-management schemes falls outside the scope of this thesis. They are quite important however, in bearing out the claim of labour, that, given the right to represent the workers and to consult with management, they would, could, and did get results. It was shown by these results that the argument, which stated that company unions were necessary because dealings with organized labour was unsatisfactory, was not necessarily valid.

Union  
Co-oper-  
ation in  
the  
Clothing  
Industry

Actually, the trade unions spared no effort to co-operate with management when the going was tough. Sidney Hillman, of the Amalgamated Clothing Workers, stated:<sup>3</sup>

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1-Labour Gazette, Vol. XXIV, May, 1924, p1181  
2-Ibid, Vol. XXVIII, May, 1928, p. 489  
3-Ibid, Vol. XXV, Aug., 1925, p. 758

"There are hundreds of manufacturers in the clothing industry who are unfit to manage a peanut stand. Some of them honestly cannot pay decent wages for the sufficient reason that they do not know how to run their business properly without exploiting labour. Time and again, in literally numberless cases, we have had to lend them our experts to fix up their payrolls, to straighten out incredible tangles, to introduce the elementary efficiency methods. We help them for an excellent reason; the clothing workers must have a living out of the clothing industry just as their employers-----"

Joint  
Councils  
Approved  
Company  
Unions  
Condemned

Convention after convention of unions in the various trades expressed their appreciation of joint councils, but condemnation of company unions. There is little doubt that in many cases, the latter became out and out union substitutes, and became increasingly popular for this purpose as time went on. In the United States organizations existed for building, selling, and guaranteeing non-union plans. Mr C.S. Ching of the United States Rubber Co., N.Y. when a guest at the Conference, spoke of this and criticized such commercialism in labour relations.<sup>1</sup>

Company  
union  
plans  
bought  
& sold

"---you can go to them and but these things and they are guaranteed to work. All that, Sir, is very ridiculous and absurd when you stop to think that all you are endeavoring to do is to have some means whereby it is possible for all the people in the plant to give their view-point to the other fellow and get his."

From this it is plain to see that although employers

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1-Report of Conference cit, 1921, p.502.

and industrial relations men, who were really trying to help the men to understand their problems, were instituting what they believed to be a fine organization when they instigated company unions; many others, not so scrupulous, showed no hesitation in purchasing stock plans set up with no particular regard for the workers, and in many cases, as was perfectly obvious, with the main purpose of avoiding union organizers.

Company  
Unions  
Discussed  
by A.F. of L

Much of the discussion at the A.F. of L's convention in 1926 and 1927 was around the subject of company unions. These were held to be artificial creations and a menace to the trade union movement which must be overcome.<sup>1</sup> Voluntary trade union representation, allowed to co-operate with the employers, it was stated, was the true form for which the company union was no substitute. Denial of freedom of contract and choice were accusations/levied against employers. The so-called American plan was stated to be very un-American. At the 1927 convention, the following statement was made with regard to the company union:

"--it is an agency for administering the affairs of a company and is not an economic and social force."<sup>2</sup>

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1-Annual Convention, A.F. of L., 1926, Resolution # 66  
2-Ibid

Welfare  
plans by  
added by  
employers

As union criticism increased, further strengthening features were added to company unions by employers in the form of welfare schemes. Sale of common stock to workmen, insurance, pensions, and so forth are other examples of inducements offered with company unions. Organized labour, while recognizing that the men received benefits from these, pointed out that the unions provided even better schemes in most cases; and most important, the man who had worked several years for a company, found himself bound by investments that he would dislike to lose. In cases of group insurance, etc., the entire company union might be afraid to strike lest the members lose this benefit.<sup>1</sup>

William  
Green

Mr. William Green, President of the A.F. of L., wrote an article for the "Federationist"<sup>2</sup> in 1926 which summed up the union attitude towards company unions. He began his article with the following statement which is indicative of the attitude of organized labour at that time.

"The company union movement admits the need of labour management co-operation, but rejects the means to that end---Even though such employers may realise the necessity of having employees organized in order to deal with them efficiently, they feel that they must control any such organization."<sup>3</sup>

He emphasized the general union criticism of employer control.

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1-Keir, Malcolm, op. cit., p.155

2-Reprinted, Canadian Congress Journal, Vol. XXII, # 6, June, 1943, p.23

3-Ibid, p.23



"The outstanding difference between company unions and trade unions may be summed up in one word--consent.---Company unions are planned and brought into being by management. they are imposed upon the workers from without."

On the other hand, he pointed out, "trade unions are planned and fostered by the workers. Everything connected with them is representative of the will of the workers."

One of the chief difficulties the company union always encounters, due to this fact, is that "because it is not the product of their consent and initiative, wage-earners do not have the same feeling of trust and confidence toward it that they have in organizations of their own making."

Many claims had been made on the part of employers for the efficiency developed by company unions. But Mr. Green stated that actually a great deal more could have been done had management been working with organized labour.

"The individual effort of even the most enlightened employer can not maintain as high a production impetus as the collective efforts of management and unions."

Domination  
by  
Employers

That some employers were definitely dominating in their attempts to establish company unions came out in the cases which were tried before the Supreme Court of the United States around 1930 under the provisions of the United States Railway Labour Act. This act

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stated that the employees should be permitted to choose their representatives without "coercion and influence." An interesting case concerns a decision rendered on May 26, 1930, which sustained the contention of the Brotherhood of Railway Clerks in their action against the South Pacific Lines in Texas and Louisiana; the point at issue being the Railway's refusal to obey the Railway Labour Act's provisions as mentioned above, and on the contrary, constraining employees to become members of a company union, restraining them from joining a union of their own choice.

During the proceedings the company defended itself by contending that the Railway Labour Act was unconstitutional as it sought to prevent either party from influencing the other.<sup>1</sup>

"The Company's attorneys emphasized that point in the most hard-boiled fashion in their brief. They contended that the Southern Pacific had a 'constitutional right' to coerce its employees."<sup>2</sup>

In the May 1927 issue of the Labour Gazette,<sup>3</sup> a summary was given of the Report of Delegation appointed by British Government on Industrial Conditions in Canada and the United States. In this report it is evident that the delegation chiefly studied relationship between employers and organized labour. For

Report of  
British  
Delegation  
on Canadian  
and American  
Labour Rela-  
tions

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1-Labour Gazette, Vol. XXX, June, 1930, p.731

2-Ibid, p.732

3-Ibid, Vol. XXVII, May, 1927, p.519

For example they speak of co-operation between work-people and management in individual plants to deal with individual difficulties, but go on to say "while providing for the common rules of each industry to be settled by other means." "Other means" would no doubt mean through the trade union mechanism. A further comment on this delegation's report comes in the October issue of the Labour Gazette, bearing out the above.<sup>1</sup>

"---Employers call in their workpeople, set up works councils, give them functions and responsibilities, and seek to put the personal and corporate relations of the industry upon a basis of good will and confidence. The trades unions, on their side, have met this movement half way---They do not renounce the desire of a new and better ordering of industrial society, but they are ready to co-operate in increasing production..

Issue that  
of true  
collective  
bargaining  
agent

Propaganda favouring better employer-employee relationships, came from both sides. But always, the dividing line between the general run of employer and union articles came through the issue of what constituted the true collective bargaining agency for the workers,--- the manufacturers making no mention of any particular type of representation, or, going further, insisting on the plant as the unit for workers by means of the trade union to prevent employer domination and to build

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1-Ibid, Oct. 1927, p. 519

build up the overall strength of the labour movement.

Some  
Employers  
convert  
to organ-  
ized  
Labour

As time went on, some employers switched over from company unions to dealings with organized labour, for example as did the management of the Rocky Mountain Fuel Company.

"---every practical step we have taken is based on our recognition of labour's right to organize independently in an organization of its own choice and deal collectively and on equal terms with capital."

At the same time, more and more company unions were set up in plants which had formerly had individual bargaining. The workers were gradually learning the advantages of collective dealing. It still remained necessary for the unions to maintain a policy of intensive organizing work to interest men who were satisfied with the new found freedom which the company union provided over their previous status, and to point out to employer and employee alike the real advantages of collective bargaining.

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1-This was a statement of policy made by Miss Josephine Roche on taking over a controlling interest in the Rocky Mountain Fuel Company. Previous to her interest, there had been severe strikes, due in part to refusal to deal with the union. Her co-operative schemes were reported to have been quite successful. See Labour Gazette, Vol. XXVIII, June, 1928, p.565. See also, Ibid, Vol. XXX, 1930, p.1236, and New Republic, Oct. 29, 1930

CHAPTER VII

The Company Union and The Government

Economic  
Conditions  
after World  
War I

It is necessary at this point to review quickly the general economic and social situation of the period following World War I to understand the rapid growth of company unions. After the war there was a great demand on the part of the workers for a voice in industry, and a desire to get away from individual bargaining which was unsatisfactory as a basis for labour negotiations. In both Canada and the United States this resulted in an immediate upsurge in the enrollment of the unions.<sup>1</sup> The new recruits were easily obtained, for full employment reigned, in the rush to supply the large volumes of consumers' goods needed. Where trade unionism had been established however, as in England, and in some of the industries in Canada and the United States, (such as construction), the desire for better labour relations to get better production led to the idea of the Whitley Councils and of the Joint Councils which we have considered.

Management  
reaction to  
labour pressure

Labour began to press its demands which it had suppressed agreed to/during the war. Management of large industries became alarmed, even as they are becoming alarmed in an almost identical situation to-day. Many of the workers in mass production industries did not desire the craft unions,

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See Report of Industrial Conference, cit., 1919,  
ex Mr. Tom Moore's speech, p.155

and when joint councils based on the plant as the unit for negotiation were suggested by management, the idea was readily accepted. The success of these schemes was in most cases immediate, as the true ideals behind them were sound. Mr. King had stated that his development of the Rockefeller plan was not meant to defeat unions, nor was <sup>the</sup> this/reason for the introduction of most early schemes. As Mr. Green has pointed out,<sup>1</sup> employers did not object to dealing collectively with their employees, but they did desire to control the organization. All of non-union schemes contributed to defeat of unions.

Depression  
1921

The depression of 1921 hit the unions hard. The slump in prices was unavoidable and wages had to be reduced. The strike weapon lost much of its effectiveness in the face of the economic crisis. The unions were more than decimated, and company unions were offered as a substitute to the dissatisfied workers.

Where the company union had already been established, its strength in weathering the storm lay in the fact that it cost the worker nothing by merely existing, whether it helped him or not. Dues were necessary to support the trade union, a worker lost interest quickly when the union allowed a cut in pay to take place. Striking as indicated, was also failing to obtain its purpose. What did this new recruit obtain from the dues he paid to support the trade union?

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1-See above, pp. 88 and 89

Company  
Union exists  
through  
depression

in  
To the workmen/a company union, the problem of dues was non-existent, or at the most negligible. It is true that when this depression came and wages were cut, he might have lost interest in the company union as a bargaining agent; but he did not ask for the removal of the institution. It cost him nothing, and it had given him better working conditions, with perhaps the benefit of several of the welfare plans in existence. He might have become indifferent to the company union, but he took what he could get for nothing; and so the company union, supported by the employers, existed through the crucial period, ready to take office again when it was possible for management to allow it to function fully once more.

1922 - 29  
Increase of  
Company unions

After the period of recession, due to the peculiar nature of the period of prosperity following, wages rose, but prices remained fairly stable. The company was able to give the worker all the breaks. The period was one in which the emphasis was placed on the human factor.<sup>1</sup> Company unions were made a part of various welfare schemes. Employers' organizations began to gain strength and membership, and advocated the plans as a part of their platform for better relations. The worker did not particularly feel the need for the union if his company organization was a good one, - as many were. The period was an ideal one for the growth of company unions. In the United States, available figures show

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1-Characteristics of Company Unions, cit., p.84

that the increase was from 690,000 workers covered under 385 plans in 1922 to 1,547,766 workers covered under 399 plans in 1928.<sup>1</sup> It is of course quite obvious that the plans in existence in the latter period were in many cases completely different from those in earlier existence. In many cases they were set up in the larger industries during the later period. At the same time, the enrollment in the trade unions barely ~~just~~ held its own, and the conventions of this period were full of condemnation of the company union schemes.

The crash of 1929 ~~threw~~ everything, including labour relations, into chaos. And out of chaos arose a new type of company union, employer-dominated, and vindictive. The old plans which managed to endure this depression such as they had the one of 1921, existed mainly because they had become such an integral part of the welfare schemes of the company that they could not be abandoned. But they were very few in numbers. Most plans folded up or lapsed into non-entities with regard to labour relations. The trade union memberships likewise fell off.

All labour was pinned beneath the wreckage of a huge machine which had toppled and fallen. Out of the disorder struggled a bitter man—the worker. And he set forth really to strengthen his position, this time through organization. The time was ripe for a new type of labour union, and it was not long in arising. Labour through <sup>the</sup> franchise, insisted upon being entered to.

1-U.S. National Industrial Conference Board, "Collective Bargaining through Employee Representation.", Table 1, p.16

Crash of  
1929

The new  
worker



The new  
Company  
Union

N.I.R.A.  
Section  
7 (a)

In the United States steps were taken to do just this. And in defense, employers turned to Company unions upon an even larger scale than before, as a protection against the new order of the day.

The chief legislation which had effect upon that part of the labour relations picture in which company unions predominated, was section 7(a) of the U.S. National Industrial Recovery Act of 1933. Several books have been written on this particular phase of the problem alone, and there is no intention here of presenting any more than a brief outline of the results of this legislation. This controversial clause in the Act stated:

In order to improve the standards of labour; every code of fair competitions must provide:

1-That employees shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from the interference, restraint, or coercion, of employers of labour, or their agents, in the designation of such representatives, or in self organizations or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection;

(2) That no employee and no one seeking employment shall be required as a condition of employment to join any company union or to refrain from joining, organizing, or assisting a labour organization of his own choosing; and

(3) that employer shall comply with the maximum hours of labour, minimum rates of pay, and other conditions of employment prescribed by the President.

Result of  
this enactment

What was the result of this enactment? On the surface it was the clear go-ahead sign for organized labour, and they took it as such. But there were loopholes which management was quick to find. The following analysis of this situation made by Lincoln Fairley is worthy of quotation:

1-International Labor Office, "Social and Economic Reconstruction in the United States"

"---the federal government felt it necessary to step into the picture to guarantee the rights of collective bargaining. --- it employed language which dodged the issue of precisely what was meant by collective bargaining. Negotiations between union officials and employers ordinarily leading to agreements are certainly collective bargaining. But can the committee meetings held under the joint committee type of company union be considered collective bargaining? Or, does the formation and operation of a company union by the company constitute "interference, restraint, or coercion." 1

Trade Unions  
Increase

By October 1934 the total organized strength of the A.F. of L. had jumped by 1,700,000 over its 1933 enrollment.<sup>2</sup> Many small trade unions likewise had spectacular increases in membership. Many vertical unions began to spring up in the mass production industries.<sup>3</sup> Some were affiliated with the A.F. of L. and some were not, the latter being independent unions.

Employee  
Associations  
Increase

But employers rapidly threw up a defense. It was a different type of company union from the old joint council idea. The emphasis swung to independent employee's associations where management and employees met ~~separately~~ separately. On the service they appeared to give the workers a free voice. But actually they were company dominated, and collective bargaining was only as effective as the employer wished it to be.

The number of company unions in the United States increased rapidly. In a study of 126 unions made by the U.S. Bureau of Statistics after the passage of N.I.R.A. the following table was prepared.<sup>4</sup>

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- 1-Fairley, Lincoln, op. cit., p.38
  - 2-Monthly Labor Review, Feb., 1935, pp.352-355
  - 3-Fairley, Lincoln, op. cit., p.39
  - 4-Characteristics of Company Unions, cit., p.78, table 7.

Period of formation of company unions covered in field study.

Period of formation / of Co.		Period of formation / Co.	
Unions		Unions	
1915-19	14	1930-30	1
1920-23	9	1933-July 1935	96
1923-29	5	Total	126

It is important to note that at this time only a few were survivors of those which had been established in the early periods. Nevertheless it is quite clear that company unions were utilized to a much larger extent by U.S. employers when N.I.R.A. opened the way for labour to insist upon compulsory collective dealings.

Survey by the I.L.O.

In the survey made by the International Labour Office it was pointed out that although organized labour interpreted the Act to mean that union organizers could enter all industries and ~~deal~~ trade with the government backing.

"it found that open-shop employers placed a different interpretation upon section 7 (a). They maintained that, while they were forbidden to interfere with unionization or to require adherence to a company union as a condition of employment, they were not prevented from offering company unions to their workers." A movement to inaugurate company unions spread through open-shop industries." 1

In-adequacy of Craft Unions

Organization on a craft basis was not adequate for the problems facing it. As J. Raymond<sup>Walsh</sup> points out in his book "C.I.O." 2 the workers did not want craft unions in some of the mass production industries. Yet when the national industrial unions tried to move in and organize these industries, they were hampered continually by the lack of support, and even

1-International Labor Office, op. cit., p.230  
 2-Walsh, J.R., "C.I.O.", W.W. Norton & Co. Inc., N.Y. p.35

restraining attitude of craft unions who were afraid of losing the craft as the basis of organization and bargaining.<sup>1</sup>

Furthermore, in mass production industries a large proportion of the workers were unskilled labourers. The craft union offered these men no protection. Therefore they embraced the company union as some sort of protection, and their interest was actually cultivated by management. The craft unions failed on another score. They could not build up esprit de corps in a firm where so many different types of workers were employed. Workers produced Ford cars, they were Ford men. They wanted the Ford union, which understood all the problems of the automobile factory to deal with Ford management. They did not want militant craft unions, with numerous business agents preaching varying policies. The company union was a better organ for their relations than was the craft union. It filled the gap until labour leaders realized the value of industrial unions.

The delay was <sup>almost</sup> fatal. The Courts could not move fast enough to handle cases which did flood in, claiming company domination. Sometime management did attempt to set up company unions without too much obvious domination, but at other times they were set up regardless of section 7 (a). The main idea was to give a semblance of collective bargaining without having to deal with the unions. Many of the cases never came to court.

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1-Ibid, p.33

Schechter  
case, and  
and of  
N.I.R.A.

Finally in May 1935, the decision of the U.S. Supreme court in the Schechter case, invalidated the National Industrial Recovery Act and the system of codes and labour boards set up under that act.

"The whole N.R.A. experience may be summed up by saying that the passage of the Recovery Act under the circumstances of the time had the effect, on the one hand, of assisting labour organization, and, on the other, of arousing to action those employers who feared unionization. It was proved that Section 7 (a) was inadequate and could not be enforced." <sup>1</sup>

In 1935, 40% of the workers were covered under individual bargaining agreements, 49.6% under company union schemes, and 10.4% under trades union agreements. <sup>2</sup>

The National Industrial Conference Board made the report that "individual bargaining has not in any way been eliminated by section 7 (a) "and" that employee representation plans have expanded greatly both in the number of companies affected and particularly in the number of employees covered." <sup>3</sup>

C.I.O.  
and a  
new  
technique

The important factor to note is that the company unions established were almost entirely of the employee committee type. All that was needed for such organizations to become a part of a National Industrial Union, was this joining together. With the coming of the C.I.O. a new form of leadership stepped into the organized labour picture. Here was an organization on the same basis as the company unions--the industry. Instead of attacking

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1-Fairley, L., op. cit., p.47. See also Characteristics of Company Unions, cit., p. vii  
2-Twentieth Century Fund, op. cit.,  
3-National Industrial Conference Board, "Individual and Collective Bargaining, 1933, p.30

the company union and attempting to split its membership up into crafts as the A.F. of L. had had to do, the policy of the C.I.O. was to work on the employee representatives themselves, of which The Steel Workers' Organizing Committee is a good example. One after another, the company unions joined the internationals to form large vertical unions covering entire industries. And these big unions began to get results.

A New  
Government  
Policy

Two further incidents occurred which were to aid the C.I.O. in their organization. During the depression, men interested in labour had been elected to state and Congressional offices by the masses of unemployed. The aid of the government began to swing behind organized labour.

The Wagner Act

The other arose out of this and took the form of concrete legislation. The Schechter case had meant the end of the validity of section 7 (a). But it had caused labour to go after even more comprehensive legislation in the form of the Wagner Bill. This was enacted into law as the National Labor Relations Act July 5, 1935. This Act was a very comprehensive piece of legislation.

Canadian  
Views on  
the Wagner  
Act.

Labour men began to use it as a model for desired legislation in Canada.

"The right of self-organization, and the guarantees against an employer's interference with the rights of his employees are not closely linked together as in the Wagner Act." <sup>1</sup>

The above is an example taken from the November, 1943 issue of the Canadian Congress Journal. In the same article, the following statements were made, indicating labour's interests in similar legislation in Canada.

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1-Canadian Congress Journal, Vol. XXII, # 11, Nov., 1943  
p. 17

"The Wagner Act in the United States starts with a clear statement of its premise, that a strong trade union movement is essential to industrial stability and should be encouraged. It goes on, in Section 7, to set out the right of employees to self-organization and to collective bargaining through representatives of their own choosing, then in Section 8 it provides guarantees of these rights by forbidding employers from carrying on a specified list of 'unfair labour practices.' The second of these unfair labour practices—is 'to dominate or interfere with the organization or administration of any labour organization or contribute financial or other support to it.'<sup>1</sup>

It seems to be the opinion of the writer of the above article that such legislation bars company unions. But as Lincoln Fairley points out, the legislation does not declare company union illegal. At the same time it does make it illegal for employers to 'dominate', 'interfere', or to 'contribute' financial or other support. What made it effective was the fact that the courts upheld this legislation to the degree that disestablishment of company unions was ordered. A summary of some of the cases is given in the above mentioned article in the Canadian Congress Journal, and by Mr. Fairley in his treatise.<sup>2</sup>

Canadian  
Problems

While these important happenings were taking place in the United States, what was occurring in Canada? Records of the establishment of company unions in Canada are not available. But articles here and there in the journals of organized labour show that the problem was becoming acute in Canada with an increase of company unions paralleling the growth in the United States. Legislation was slow to come here, and when it did come

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1-Ibid, p.17

2-Fairley, op.cit.,p.48

it was not as effectively enforced as was the Wagner Act.<sup>1</sup>

Canadian  
Legislative  
Problem

It is necessary to pause for a moment and consider the different problems in Canada with regard to law-making from those which exist in the United States. Here the British North America Act gives the provinces the power to enact legislation relating to civil rights, among which are the rights of contract and the right to freedom of association. Other matters include rights to local works and undertakings with certain exceptions, such as transport and communication facilities extending beyond a single province. Since most labour laws impose conditions on the contract of employment or the operation of workplaces, they are normally a provincial matter.<sup>2</sup>

We see therefore, that over-all federal legislation would require an amendment to the British North America Act. In most of the provinces, employer interference has been forbidden on the surface at least, but except in Saskatchewan, there is no actual way of ensuring that company unions do not exist, unless it be by a small fine. No particular measures are provided to prevent a company union from being certified as a bargaining agent, except in those cases where it is stipulated that employers shall not contribute financial aid to, or dominate, employee organizations. To prove effectively that either of the following conditions exist is usually difficult.

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I  
1-Logan and Inneman, "A Social Approach to Economics", University of Toronto Press, Toronto, 1939, p.534  
2-Wartime Orders in Council Affecting Labour, revised edition, 1943, Department of Labour, Ottawa.



Canadian  
Labour and  
the Company  
Union

An editorial in the August, 1937 issue of the Canadian Congress Journal stated:<sup>1</sup>

"The company union is formed by the company to prevent organization in the real union and is favoured because they know there is nothing to fear from such unions."

This is the first of several points made in the editorial which is attempting to point company unions out as a menace toward legitimate organizations.

"With the tremendous swing towards organization among the workers of Canada, many employers are attempting to foist company unions upon them instead of the regular trade union."<sup>2</sup>

After the period of the 1930's there is little doubt but that unions took the attitude that company organizations had only one purpose—to kill the trade unions. In many cases, however, their views were as distorted as were those of management when considering the organized union.<sup>3</sup> We do know, however, that even the best-intentioned non-union schemes often turned into those which, rather than preparing the way for trade union representation, were most active in blocking and substituting for it. Again, on the other hand, almost all the unions set up by companies in the early period have been converted to real trade unionism to-day.

1-Canadian Congress Journal, Vol. XVI, # 8, Aug., 1937, p. 13.

2-Ibid, p.13

3-An example of an extreme view which credits the employers with only the worst motives in establishing joint councils, is that by Frank Morrison, Secretary-Treasurer, A.F. of L. . See Ibid, p.25

~~4-Canadian Congress Journal, Vol. XVI, # 8, Aug., 1937, p. 25~~

Joint Councils  
and Organization  
in Quebec

The unions in Canada continually petitioned for legislation which would allow employer-employee relationships to be formed on the firm foundation of a strong trade union movement. On August 5, 1932, at the Annual Convention of the Federation of Catholic Workers of Canada, held at Sherbrooke, P.Q., the following resolution was adopted:<sup>1</sup>

"Proposing that the Provincial Department of Labour should convene employers in the various industries of Quebec, with a view to establishing joint industrial councils."

In 1934, the Quebec Collective Labour Agreements Extensions Act made law a scheme whereby agreements were to be enforced by joint committees, which were to be incorporated bodies financed by the employers and the employed with power to collect information and to sue for unpaid wages and damages. Organized labour represented the employees, and the employers organized to effectively deal with it.<sup>2</sup>

Canadian  
Legislation

Complete collective bargaining agreements were slow to come. As late as 1943, in the November issue of the Canadian Congress Journal, we read:<sup>3</sup>

"Experience during the past few months has demonstrated clearly the absolute necessity for a clear-cut guarantee against an employer's interference with the right to

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1-Labour Gazette, Vol. XXXII, Sept. 1932, p.985  
2-See "Labour Legislation in Canada, A Historical Outline of the Principal Dominion and Provincial Labour Laws", Legislative Branch, Department of Labour, Ottawa, August, 1945  
3-Canadian Congress Journal, Vol. XXII, # 11, Nov. 1943, p.17

free organization by encouraging forms of employee organization which he can (either directly or indirectly) control or influence, so that they will be less effective collective bargaining agencies for his employees than a union of their own free choice would be."

The report goes on to say that Canadian provincial legislation, unlike the Wagner Act, nowhere accepts the principle that self-organization, free of employer influence and control, is to be socially desirable and to be encouraged.

Early  
War-time  
Legislation

With the entry of Canada into the War, the Canadian Government realized that to gain labour's co-operation, certain concessions by way of accepted legislation would have to be made. Such legislation would prevent labour disputes over generally accepted principles, and in general lead to more production. It would furthermore, have to be issued as needed from the Dominion Executive, and, as we have pointed out, would have to take the form of orders-in-council, issued under the emergency powers granted during the war. Although for some time the Government was loth to take steps which would in any way interfere with the provincial regulations on the matters of labour and contract, two steps were taken almost immediately to aid in the production from war industries.

Amendment  
to the  
Criminal  
Code

One of these was section 11 of the provisions of Chapter 50,3, George VI, "an Act to Amend the Criminal Code."

This amendment, making it a criminal offence to dismiss a worker solely for union activity, came under Dominion jurisdiction and was hence immediately in force. The difficulties of proving that union activity was the sole cause of discharge, did not make the amendment a very great aid to organized labour, however. But it did serve to make employers more cautious before discharging men who were agitators.

Extension of  
I.D.I.A.

In November, 1939, the Industrial Disputes Investigation Act was extended to cover disputes in war industries under P.C. 3495.<sup>1</sup> It was necessary in this case for the provinces to adopt it for provincial dealings, and this was done by Statute in the provinces of Alberta, Manitoba, New Brunswick, Nova Scotia, Ontario, Quebec, and Saskatchewan to disputes which were within provincial legislation. Under this Act, a Board of Conciliation had to be called in for compulsory investigation of the dispute before a strike could take place.

Overall  
Effects of  
Boards of  
Conciliation

The application of the Board was a big factor in preventing strikes, for both sides were eager to get matters straightened around and gotten with production to win the war. The reports of the different boards are invaluable as sources of information on labour relations during this period. But unlike the National Labour Relations Board of the United States, these boards could only make recommendations, the idea of their originator, Mr. Mackenzie King, being that the weight of public opinion would force

acceptance of the recommendations. The Boards, consisting of a member chosen by the employees, one chosen by the employer, and an impartial chairman agreeable to both, rendered many unanimous and helpful decisions. But in other cases, particularly on the matter of union recognition which was to become one of the most important reasons for requesting a Board, and was generally closely connected somewhere with a company union, a minority report was given by the non-concurring member.<sup>1</sup> The result frequently was that if the decision went against the employer because the chairman had sided with the employee's member, the employer's member generally indicated, in his minority report, all the legal loopholes by which the majority decision could be sidestepped; such loopholes usually taking the form of the highly technical legal reasons which he put forth as the minority point of view. The same thing occurred, of course, when the decision went against organized labour. As a result, despite decisions of the various boards, causes of disputes were not actually cleaned up, and the only real result was that the issue was so clouded that strikes were avoided. Many of the post-war strikes have arisen out of disputes occasioned by recommendations of boards made during the war.

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1-For example, see Report of Board of National Steel Car below. Volume III of the Labour Gazette contains many reports of Boards in which similar instances can be found.

1940  
Conference

A conference of the Prime Minister, other ministers, and representatives of labour was held in the summer of 1940. <sup>1</sup> The object of this conference was to have the government clarify the position of labour in the country so that full co-operation might exist between labour, the government and employers. At this conference, Mr. Moore pointed out that employers had, in many instances, refused to co-operate with organized labour.

In his reply to this, the Prime Minister asserted that he would help all he could to protect the hard won freedom of labour, particularly since the war was one for freedom. He then stated that he was prepared to have an order in council issued setting forth the principles which should govern industrial relations in war time "as an obligation that should be lived up to by all parties concerned".

P.C.  
2685

The result was P.C. 2685, "A Declaration of Principles for Wartime Regulation of Labour Conditions". In the preamble, the purpose of the Order was set forth:

"It would conduce to the removal of misunderstandings and to the extension of common interests and national purpose were a declaration to be made by the Government at this time of certain principles for the regulation of labour conditions during the war, the acceptance of which by the employers and work people would make for avoidance of industrial strife and the utmost acceleration possible in the production which is so essential in present circumstances."<sup>2</sup>

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1-Labour Gazette, Vol. XL, 1940, p. 531  
2-June 19, 1940. See Labour Gazette, p. 673, July, 1940

Statement  
Of  
Principles

The principles which are of interest to our study are to be found in sections 6 & 7 which stated that employees should be free to organize into trade unions free from any control by employers or their agents, and that employees through officers of their trade unions, or through representatives chosen by them should be free to negotiate with employers.

Controversy

The controversy which arose immediately was over the weight which the word "should" was to carry with employers. The order in council was, therefore, merely a statement of an ideal situation for industrial relations in war time which the government hoped the employers and employees would live up to noblesse oblige. Needless to say, this was not the immediate reaction from employers who had company unions operating in their plants. Labour was still helpless. A Board of Conciliation might recommend union recognition, but many employers did not agree with the Government's "Principles".<sup>1</sup>

Employer's  
Objections

The objections to dealing with organized labour which employers put forth are really a complete topic for study themselves, as are the arguments which labour puts forth against them. As such they are beyond the scope of a treatise on Company unions. At the same time, the principle of union recognition, which was to become a predominant factor in union management disputes of the war years, is of primary importance where the alternative to union recognition is recognition of company union.

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1-See articles in Canadian Forum of this period, especially by Mr. G.M.A. Grube and Mr. J.L. Cohen, K.C. for Labour's point of view. See also "Collective Bargaining in Canada" by J.L. Cohen, published by Steel Workers Organizing Committee, Toronto. Mr. B.K. Sandwell upheld the views of employers in his editorials in Saturday Night, of the corresponding period.

Mr. Sandwell, in an article "Collective Bargaining in Canada" outlined some of these objections: <sup>1</sup>

"The unions held that the Government is committed by its past declarations to compel union recognition. The employers are pretty confident that whatever its past declarations, the Government will not compel union recognition."

Mr. Sandwell's arguments are based on the fact that to compel recognition of a union is to compel negotiation a legally responsible party and a legally irresponsible party. He admits the new deal has done this in the U.S.A. without doing much to make the union legally responsible; but he is of the opinion that the two parties are incompatible, and that compulsory "yoking" of them was the cause of much of the trouble which was being experienced at that time in the United States.

The author covers P.C. 2685 and acknowledges Mr. King's opinion that the order should govern employers and employed. His discussion of this very neatly sums up the position of many employers: <sup>2</sup>

"This order has been interpreted by labour as meaning that the employer can raise no legitimate objection to negotiating with any union which can present a reasonable claim to being the organization chosen by the employees. Such interpretation (which is not conceded by the Government) is violently opposed by many employers on the ground that the particular unions with which they are asked to negotiate are either (1) unable or unwilling to carry out the collective agreements which would be arrived at; (2) not genuinely representative of the workers; and/or (3) not loyal to the war policies of the Dominion."

Discussion of  
Employers'  
Arguments

All these arguments were used on different occasions by various employers. The third argument was often used unjustly

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1-"Collective Bargaining in Canada", Sandwell, B.K., Saturday Night, Oct. 4, 1941, p.10. Note that P.C. 7440 had been passed at this date. This merely emphasizes the difficulty that was experienced before P.C. 2685 was made an order by P.C. 7440.

2-Ibid. p. 10



an attempt being made by some employers to swing public opinion in war time against unions as disloyal because they threatened to strike to gain the recommendations of a Board of Conciliation; recommendations which they considered to be giving them only their rights, but which the employers stubbornly refused to grant. The second argument might have been cleared up had the boards always taken a vote to determine the bargaining agent as did the American board. Of course, even in a case where a vote was held, the union could be made to appear as if it did not have a majority in the few departments for which it was claiming recognition, because there was a general tendency to take the vote for the whole plant, rather than just the departments. It was quite obvious that when many employers took attitudes similar to that taken by Mr. Sandwell in his article, whether the arguments were fairly taken or not, there was not going to be much hope of seeing an over-all observance of P.C. 2685 in Canada.

Industrial  
Dispute  
Commission

The June, 1941 issue of the Labour Gazette<sup>1</sup> carried a report of two amendments to the Industrial Disputes Investigation Act. The second amendment, by order in council P.C. 4020, and subsequently amended by P.C. 4844 and P.C. 7068<sup>2</sup> established a three-man Industrial Disputes Commission. The purpose of this body was to make an immediate preliminary investigation into

1-Labour Gazette, Vol. ALI, June, 1941, p.613

2-Ibid, July, 1941, p.797

threatened labour disputes. It was hoped that it could effect a settlement and avoid the expense and delay of a Conciliation Board; if not the latter, at least it would have prepared the ground for the Board.

The first few trials of this commission did not impress labour. Mr. Cohen pointed this out in "Collective Bargaining", and Mr. Grube emphasized the fact when he reviewed Mr. Cohen's book:<sup>1</sup>

"The fears I expressed in the Forum at the time-- that this commission meant more delay and might do away with conciliation boards in favour of something worse--were evidently justified. But even I did not foresee that the government commissioners would try at every turn, to establish company unions."

In actual fact, however, the formation of this commission did not mean that conciliation boards were done away with, for in many cases the Commission recommended that a Board be established.

Canada  
Packers  
Dispute

One of the instances where the Industrial Disputes Commission was called in was at the Canada Packers, Toronto. This dispute, covered from Labour's point of view, is given prominence in an article by Ross Murray in the February, 1942 issue of the Canadian Forum.<sup>2</sup> The main point of the argument is that the Commission suggested and was able to establish a plant council,<sup>3</sup> which in the eyes of the union was an obvious substitute for both the plant committee which had formerly been established by management,

1-Canadian Forum, Oct. 1941, p.219

2-Ibid, Feb. 1942, p.334. "The End of the Canada Packers Myth" by Ross Murray.

3-Labour Gazette, Vol. XLI, Sept. 1941, p.1089--Report of Commission.

and the union which had called the Commission. Union members were assured that they could keep their union membership without fear of discrimination, and the union president in particular was assured that he would not be dismissed.

As it turned out, the author continues, the union men were elected to the Plant Council. They adopted the Lever Brothers contract<sup>1</sup> as a basis for their negotiations. The president of the union, as a member of the Council, was asked by them to get the demands by negotiation. When he attempted to do so, he was asked to resign from the Plant Council by the company, who continued to treat the new organization as they had the old plant committee. The president thereupon tendered his resignation, but received a unanimous vote of confidence from the Council to carry on. Shortly after he was discharged for apparently other reasons by the company. There is small wonder that Labour termed this a company union, for the element of company domination is quite obvious.

P. C.  
7440

As a result of the non-compliance of employers with P.C. 2685, organized labour campaigned for some enforcement of the order in council. The principles were made compulsory by order in council P.C. 7440, issued in December, 1940. This was legislation with regard to wage control and bonuses, and contained further regulations for the guidance of conciliation boards. It is at the

1- See below, page

end of the order in council that the definite legislation with regard to P.C. 2685 is put forth:<sup>1</sup>

"His Excellency in Council by virtue of the same recommendations and under and in virtue of the War Measures Act (Chapter 206, R.S.C., 1927) is pleased to order and it is hereby ordered that all agreements negotiated during the war period shall conform to the principles enunciated herein and in the said Order in Council of the 19th of June--P.C. 2685."

This order was to apply to all industries covered by the Industrial Disputes Investigation Act and its extension to wartime industries under P.C. 3495.

Results  
of  
Legislation

It would seem, then, that such legislation would compel recognition of a union as a bargaining agent if the union had a majority. But in actual fact, the Government did not do very much to enforce the legislation.<sup>2</sup> It did not compel recognition of the union when its own conciliation board had recommended recognition, nor did it prohibit a strike for recognition when its board had refused to recommend recognition. It would seem that this state of affairs arose out of just the peculiar difficulty which we have mentioned with regard to the boards,--namely that the minority reports were invariably filled with legal loopholes for avoiding the enforcement of the recommendations of the majority. It is not to be implied from this that the members making

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1-Labour Gazette, Vol XLI, Jan. 1941, p. 24

2-Sandwell, B.K., "The Recognition of Unions", Saturday Night, Sept. 20, 1941.

minority reports were deliberately attempting to upset the majority decisions; on the contrary, they were merely expressing the reasons why they felt that they could not side with the majority. It was the use which the employers and unions made of these reports which caused the trouble.

One of the loopholes used, for example, was that which came up when recognition of the union was recommended. The minority report offered that this did not mean that a formal agreement with the union was necessary, as the right to join a union implies the right not to join, and unless all the workers belonged to the union, a formal agreement could not be compelled.<sup>1</sup>

Imperial  
IRON  
Corp.

The findings of the majority of the Board of Conciliation which had been requested by the employees<sup>2</sup> of the Imperial Iron Corporation Limited, St. Catharines, Ontario, were that the employees be allowed to form a trade union and make an agreement. "--and we recommend that this company recognize this union."

The finding of the minority (employer member) report, however, insisted that the company should have the right to negotiate with ~~its~~ its own employees alone, and that the phrase "recognition of the union" did not necessarily imply that a formal agreement between the parties had to be made.

1- Minority Report of a Board of Conciliation between the Imperial Iron Corporation, Ltd., and its Employees. Labour Gazette, Vol XLI, pp. 888-90

2- Report of Board of Conciliation--Ibid--p503.

Fairfield and  
Sons

A case which pretty well explains the attitude of employers toward the matter of negotiation with outside union representatives as shown in this statement found in a Report of a Board of Conciliation in the Dispute between Fairfield and Sons (Winnipeg) and its Employees. It was contained in the company's reply to the men's demand for union recognition.<sup>1</sup>

"(g)- That the company understands the law to be that negotiations may be carried on by its employees through representatives who are employees and therefore have something immediately at stake in the working of the mill."

Contrasted below is the finding of the Board:

"We therefore think that the union represents the majority of the employees, and as a union, has the right to negotiate with the company with a view to reaching a collective bargain, and that it is entitled to carry on such negotiations through the representatives which it chose at or before the beginning of the dispute.<sup>2</sup>"

Union Re-  
cognition  
a Cause of  
Strikes

Strikes for union recognition were predominant following P.C. 7440. In some cases it was the establishment of unions in plants where individual bargaining had held sway, but in others it was a desire for a showdown between the legitimate union and a company union.<sup>3</sup> Of the twenty-four applications for a board listed in the May, 1941 Labour Gazette (this month chosen at random from the period); twelve of the boards were asked to settle problems where union recognition of a union agreement was the main issue.

1-Report of Board at Fairfield Sons, Ibid, p. 517

2-Ibid, p. 517

3-See above, p. 116, Report of board at Imperial Iron, Ibid, p. 503

Trades &  
Labor Con-  
gress review  
P.C. 2685 as  
enforced by  
P.C. 7440

The Trades and Labor Congress at its 1943 convention reviewed the results of P.C. 2685 and drew the following conclusions, lamenting the lack of Government action on the order:

"Notwithstanding its endorsement of the 8th principle, 'that employees should be free to organize trade unions free from control by employers or their agents,' company-dominated unions continue to exist as before, with the Government apparently indifferent to their detrimental effect on war production."<sup>1</sup>

National  
Steel Car  
Corporation

An incident which caused confusion in the minds of both labour and management as to the sincerity of the Government in enforcing its legislation, occurred at the national Steel Car Company, in Hamilton, 1941.<sup>2</sup> The dispute here was over union recognition. The Steel Workers' Organizing Committee (C.I.O.) claimed a majority. A Board of Conciliation was called. One of the recommendations of the majority report of the board<sup>3</sup> was that a secret ballot be held to assure the right of the D.W.O.C. to claim a majority. This suggestion was opposed by the minority report of the minority member. The company refused subsequently to supply the facilities to allow the Department of Labour to take the vote. Some employees went on strike, April 27th.

The Minister of Labour set six p.m., April 29th

1-Report of the Proceedings of the Trades and Labor Congress of Canada, 1943, p.35

2-A full account of this dispute can be found in the Labour Gazette, Vol. XLI, 1941--pp. 527-30; 536-42; 878.

3-Ibid, p. 527

as the date by which the company must comply with the Board's recommendation.<sup>1</sup> They failed to do so, and an official of the department, S.J. Brunning, was put in charge as controller, under special order in council P.O. 3040. Work was resumed.

Originally the S.W.O.C. had asked for recognition in only four departments, but the Board had recommended a vote of the entire plant. This was held May 8th. The S.W.O.C. obtained a very large majority for the entire plant,<sup>2</sup> and so applied for a Board which would consider them as representations of the entire plant. But the controller announced that he would not enter into any negotiations or collective bargaining agreements with any union.

At the suggestion of the Board, briefs were filed. The brief of the controller contained the following:<sup>3</sup>

"The matter of union recognition cannot be dealt with at the present time in view of the fact that the plant is being operated by a controller appointed by the Government.

He then went on to state his proposed policy for operating the plant.

"I propose, as Government Controller of the plant, forthwith to ask the employees of the company to appoint a representative committee to meet me at the earliest possible date and discuss the question of wages, hours, and any other pertinent matters, so as to arrive at an equitable understanding."

1-Ibid, p. 538

2-Ibid, p. 878

3-Ibid, p. 878



Labour's  
Dissatisfac-  
tion

There appeared to be a great inconsistency with a Government policy which ordered management to deal with the bargaining agent of the majority, yet in turn refused to deal with the agency. And the substitution was, to all appearances, nothing more than a "Government" company union. It was an added stimulus to all employers who had been using company unions as a means of avoiding relations with organized labour.

P. C.  
10802

This inconsistency was no doubt a strong determining factor in the issuance of a new order in council, P.C. 10802, December 1, 1942<sup>1</sup>, which extended P.C. 2685 to crown companies established in Canada since the beginning of the war. This enactment clearly stated, section 6, that a crown company or officer or agent may negotiate to obtain a collective agreement with its employees; provided that representatives are the properly chosen representatives of the trade union to which the majority of its employees in its plants or plant of department of plants, or craft appropriate for collective bargaining, belong. Such bargaining to take place whether such representatives are accompanied by persons not employees of the company or not; but are representatives of a trade union of which the employees' union is a part. The Minister of Labour is given the power to determine through reference to an Industrial Disputes Inquiry Commission whether an organization is to be accepted as the bargaining agent.

Provincial  
Legislation

The next legislation of importance was that enacted by the provinces. One of these pieces of legislation was the Ontario Collective Bargaining Act of 1943.

F.A. Brewin  
and the  
Ontario  
Collective  
Bargaining  
Act

Before this bill was enacted, Mr. F.A. Brewin of the Canadian Commonwealth Federation wrote an attack on the proposed draft in which he paraphrased a letter printed in the February issue of New Commonwealth 1943.<sup>1</sup> This had been apparently sent out after a meeting on January 3, 1943, of 462 members of the Ontario Division of the Canadian Manufacturers' Association. The letter explained that the Industrial Relations Division of their organization had had four conferences with the Ontario cabinet minister and had made representations, one of which Mr. Brewin presented as follows:<sup>2</sup>

"1-Any Collective Bargaining Act should permit continuance of employee representation plans, work councils, i.e. company unions. As unions claimed only 15% of industrial employees in their membership, care should be taken to protect the bulk of employees in the state of unorganized bliss they are now enjoying."

Mr. Brewin pointed out that in the C.C.F. version of a suitable Act the problems which were being faced by organized labour due to indefinite legislation were taken care of. Their outline of the ideal legislation was approved, with some changes, as the collective aspiration of the individual workers of the province, is

1-Brewin, F.A., "The Ontario Collective Bargaining Act," Canadian Forum, March 1943, p. 349  
2-Ibid, p-349

given briefly below. It is important, for it is an outline of legislation which would definitely outlaw company unions.

"-----provides for the creation of an Ontario Labour Board with full authority to enforce collective bargaining; designate bargaining units, and to punish and restrain the various subtle and less subtle methods of evading genuine collective bargaining. For example, the Company union, the darling of the Canadian Manufacturers' Associations, and the pet device of all anti-union employers, is outlawed and agreements with such organizations are nullified".<sup>1</sup>

Here we see that the company union has reached sufficient importance that it was used as a part of a political platform. As it turned out, the Collective Bargaining Act was enacted at that session of Parliament by the Liberal Government then in power.

Delegate  
from T. &  
L. Congress  
to Ontario  
Legislature

Before enacting the legislation, the Legislature set up a select committee to hear representations from organized labour. The delegate from the Trades and Labour Congress, during the course of his speech, stressed these points: <sup>2</sup>

"We recognize that independent unions are entitled to maintain their separate existence and to enjoy the benefits which flow from bona fide trade union organizations. Such unions are our allies on the production lines. But let me assert here that we reject emphatically, any alliance or association with that illegitimate child of industrialism-the company union."

and again he stated:

"Let me then place before you, our unequivocal position in the matter; we want no bill  
and we oppose a bill which will give legal

1-Ibid, p. 345

2-Report of Proceedings, 1943, p.114

protection or recognition to company unions, so that anti-union employers may seek to destroy us at their leisure under the benevolent protection of the law. If industrial peace and harmonious relations are paramount considerations, this Committee will perform a public service in rejecting any pleas for inclusion of company unions in a collective bargaining bill."

The Collective Bargaining Act of Ontario was enacted on April 14, 1943.<sup>1</sup> It begins with two definitions which we have noted to be of importance in our discussions.

"In this Act

(a)-'bargain collectively' shall mean to negotiate in good faith with a view to the conclusion of a collective bargaining agreement and so to negotiate from time to time during the term and in accordance with the provisions of a collective bargaining agreement, and 'bargaining collectively' shall have a corresponding meaning.

" (b)-'collective bargaining agency' shall mean any trade union or other association of employees which has bargaining collectively amongst its objects, but shall not include any such union or association, the administration, management, or policy of which is dominated, coerced, or improperly influenced by the employer in any manner whether by way of financial aid or otherwise."

Section 6 states that the employer must bargain with the duly appointed representatives of the collective bargaining agency certified by the Act. In section 13 it is stated that a collective bargaining agency with a majority may apply for certification, and that an employer may apply for an order to

1-Labour Laws in Canada, 1943, Legislative Branch of the Department of Labour, Ottawa, pp24-26.

determine which agency is the correct one. A Labour Court of Ontario was set up as a branch of the High Court of Justice for Ontario.

Labour's  
Reaction

How did Labour react to this bill? The following is an extreme statement made by a delegate at the 1943 convention of the Trades & Labor Congress:<sup>1</sup>

"We have a Collective Bargaining Bill in Ontario and we are in a worse position than we ever were. If you want to present a case you have to get a lawyer and it costs approximately \$300 before you can get into the courts. We should use our economic power to make our employers deal with us. We should forget some of this legislation and go out and organize the workers."

In actual fact, the results were about the same as those under Section 7(a) of the N.I.R.A. No real steps were taken to ensure that there was no domination in the collective bargaining agency before certification. Employers merely evolved more subtle ways of setting up company unions so that they appeared to have been originated by the workers.

British  
Columbia  
Conciliation  
and Arbitra-  
tion Act  
1943

The "Industrial Conciliation and Arbitration Act of British Columbia, re-enacted in 1943, was cited by delegates to the above-mentioned convention as a model collective bargaining act.<sup>2</sup>

Recommend-  
ation of  
Trades &  
Labor Con-  
gress

Before enactment, the B.C. executive of the Trades and Labor Congress had recommended the adoption of several principles, one of which was:

1-Ibid, p. 190

2-Ibid, pp. 186, 189

"Unfair labor practices such as the promotion of company unions and discrimination against Union members used by certain employers to avoid collective bargaining and Union recognition should be banned by law and effective penalties for the culprits and compensation for the victims be provided." <sup>1</sup>

As far as I was able to interpret the Act, there was no provision made for compensation for victims made in the Act; however a fine is provided to be levied against persons guilty of unfair labour practices. A summary of the important parts of the amendments is contained in the Report of Proceedings for the Trades and Labor Congress, 1943. <sup>2</sup>

"As the Act formerly stood, an employer was required to bargain collectively with the representatives elected by a majority of his employees belonging to a trade union prior to December 7, 1938, and the employer was required to bargain through the officers of the trade union. This bill strikes out 'December 7, 1938', so that the employer is required to bargain through the trade union, even if the majority of his employees became organized into a trade union after that date. Where no trade union exists, the employer still bargains with the representatives duly elected by the majority of his employees."

<sup>1</sup>Trade union is defined in such a way that it confines that appellation to well-established units of a National or International trade union body.

P. G. 1003,  
1944

As the war progressed, it became increasingly obvious that some form of over-all Dominion-wide legislation to present a co-ordinated labour policy

1-Ibid, p.148

2-Ibid, p.152

was essential. To this end, on February 17, 1944, order in council P.C. 1005 was enacted;<sup>1</sup> an order governing Wartime Labour Relations Regulations. This act required an employer to negotiate in good faith with a trade union or other bargaining agents acting for the majority of his employees. It also forbade certain unfair labour practices and interference with trade unions in organization. The order applied to industries within Dominion jurisdiction, including Crown Companies engaged in the production of war supplies, and to such other industries within the jurisdiction of a province as the province wished to include. Legislation to incorporate this latter function was passed in New Brunswick, Nova Scotia, Ontario, Manitoba, and British Columbia. In Manitoba and British Columbia earlier provincial statutes were suspended while the Dominion regulations were in force. In Ontario "The Labor Relations Board Act, 1944" authorized P.C. 1005 to apply to certain ~~employers~~ and employers. This act repealed the Collective Bargaining Act 1943, but sets out that all trade unions or employees' organizations which obtained certification as bargaining representatives under the ~~repealed~~ Act were to be deemed to have been certified under P.C. 1005.

The legislation provided for a Wartime Labor Relations Board to be responsible for general policy

and the determination of the question of representatives for collective bargaining. Provision was made for agreements between the Dominion and the provinces for the creation of provincial administrative agencies which would have been normally within provincial jurisdiction. Such agreements were made between the Dominion and all the provinces except Alberta and Prince Edward Island.

Reaction  
of Trades  
& Labor  
Congress

In a summary of the legislation given to the Annual Convention of the Trades and Labor Congress, 1944, the following statement is given as a conclusion:<sup>1</sup>

"While it has been made an offence under this Order in Council for employers to foster company unionism, nevertheless company unions as such are not specifically made illegal by the regulations."

The legislation was a step in the right direction, but as indicated above, Labour would have liked to have seen an enactment which would have prohibited company unions. At the 1946 Convention of the Trades & Labor Congress, the following recommendation was made for Labor Relations Regulations:<sup>2</sup>

"That the Act (P.C. 1003) be amended to definitely prohibit company unions."

Reaction  
of the  
Canadian  
Congress  
of  
Labour

The Canadian Congress of Labour, had, in their pamphlet outlining their Programme for Political Action based on a resolution passed at the Fourth Annual Convention held at Montreal, September, 1943,

1-Report of Proceedings, 1944, p.70

2-Report of Proceedings, 1946, p.128



already insisted that company unions be outlawed:<sup>1</sup>

"A national labour relations act should--make collective bargaining mandatory and outlaw company unions."

We have mentioned above the recommendation of the Canadian Congress of Labour, made in its "Report of Special Committee of the Executive Council on P.C. 1003", approved by the Council of the Congress on January 15, 1945.<sup>2</sup> It is again quoted in part to emphasize labour's insistence on the actual elimination of company unions from collective bargaining.

Recommendation of Executive Committee

"It is important to make sure that the term 'collective bargaining agency' is clearly defined so that any company union or similar entity in connection with certification."

Since P.C. 1003 is scheduled to go by the boards on May 15th of this year, there will be no longer any over-all federal legislation for the Dominion. It would, therefore, be well to make a brief summary of labour legislation as it affects our problem, and will stand when this war-time legislation is taken out of force.

Prince Edward Island Legislation

Prince Edward Island, in 1945 declared that workers were free to organize in trade unions. Further, the employer of 15 or more workmen is compelled to bargain with a trade union or association representing the majority choice of eligible workers.<sup>3</sup> This legislation is in force to-day.

1-See Pamphlet "Political Action by Canadian Labour" Canadian Congress of Labour, 1943, sec.16, p.11.

2-See above page 8

3-Legislative Branch, Department of Labour, Ottawa, op. cit., ~~XXXXXXXXXX~~ August, 1945, p.10

Nova  
Scotia

In Nova Scotia, labour legislation is based on the Trade Union Act of 1937.<sup>1</sup> This Act enforced bargaining with a trade union:

"sec. 5- It shall be lawful for employees to bargain collectively with their employer or employers and for members of a trade union to conduct such bargaining through the trade union and through the duly chosen officers of such trade union. Every employer shall recognize and bargain collectively with the members of a trade union representing the majority choice of the employees eligible for membership in said trade union, when requested so to bargain by the duly chosen officers of said trade union, and an employer refusing so to bargain shall be liable to a fine not exceeding One Hundred Dollars for each offence, and in default of payment to thirty days imprisonment."

That this act did not outlaw company unions was shown by the representation made to the Provincial Government, February 7, 1945, by the Trades and Labor Congress, in which, with regard to the Act cited, they stated:<sup>2</sup>

"This Act should be amended--so that Company Unions would be outlawed under its provisions."  
Unio

New  
Brunswick

Labour in New Brunswick was protected before P.C. 1003 by the Labour and Industrial Relations Act of 1938,<sup>3</sup> which made it legal for employers and employees to organize for lawful purposes, and for employees to bargain collectively. Threat of intimidation or discrimination because of union affiliation is forbidden. The Trades and Labor delegation from New

1-Labour Legislation in Canada, 1937, p.122

2-Report of Proceedings, 1946, p. 84

3-Labour Legislation in Canada, 1938, p.37

Brunswick similarly, in September, 1943, asked that this Act be amended.<sup>1</sup>

"Amendment of this Act was again requested to bring employees of the Crown under the provisions of the Act and force employers to recognize and bargain with properly constituted organizations of their employees."

Two Acts  
in  
Quebec

In Quebec, two Acts govern the rights of workers when P.C. 1003 is not in force. It was in Quebec that the first statutes dealing expressly with collective bargaining were passed, namely the Quebec Professional Syndicates Act of 1924 and the Quebec Collective Labour Agreements Extension Act of 1934. The former provided for the enforcement at law of a collective agreement to which a syndicate was a party.<sup>2</sup>

The Collective Agreements Act, as it is now called, provides for the application, by statutory order, to non-parties, the terms of a collective agreement voluntarily entered into by one or more employers or their associations and one or more trade unions or "groups of employees". This Act is enforced by joint committees, as discussed above<sup>3</sup>, and is unique on this continent, although its principles are widely accepted in other countries including New Zealand and South Africa.

The Quebec Labour Relations Act of 1944 requires employers to negotiate with the representatives

1-Report of Proceedings, 1944, p. 97

2-Legislative Branch of Department of Labour, Ottawa, op. cit. Aug, 1945- p.9

3- See above p.106

of a trade union or association. By a 1945 amendment, the union must include a majority of the workmen.<sup>1</sup>

Ontario  
Legis-  
lation

The terms of the Ontario Collective Bargaining Act have been covered. Briefly summarized they made collective bargaining compulsory where the employees were organized in a trade union or in an employees' association, which included the majority of the workers. This Act was repealed, but the Labour Relations Act of 1944 enacting P.C.1003 as provincial legislation would stand if the Federal legislation is withdrawn.

Manitoba

In Manitoba the Strikes and Lockouts Prevention Act<sup>2</sup> provided in 1940 for the right of workers to bargain collectively, but did not provide for compulsory bargaining, nor for the elimination of company unions. The Act is not very satisfactory and on December 17th, 1943, before P.C. 1003 was adopted, the Manitoba executive of the Trades & Labor Congress reported to the provincial government.<sup>3</sup>

"The Government was urged to introduce a collective bargaining bill at the present session of the legislature and to this end a draft bill was submitted for their consideration."

The suggested legislation was not enacted. It was pointed out that for seven years the Manitoba Government

---had been urged by labor to sponsor such legislation which, summarized, would provide

1-Changed from the former majority of 60% to 50%

2-Labour Legislation in Canada, 1940, p. 101

3-Report of Proceedings, 1944, p. 114

adequate penalties for an employer who interferes in any way with his employees joining any legitimate labor union, and would definitely outlaw company sponsored labor unions and would make collective bargaining compulsory by law on the part of the employer, with the union which the majority of its employees had selected as their bargaining agent." 1

The Report of the 1946 Convention of the Trades & Labor Congress contains the following presentation which was made December 8, 1945, to the Manitoba Legislature: 2

"Company sponsored unions should be outlawed and collective bargaining should be made compulsory by law between the employer and the union chosen by the majority of his employees as their bargaining agent."

Saskatch-  
ewan Legis-  
lation  
Advanced

Saskatchewan, on the other hand, has perhaps the most advanced legislation for the prohibition of company unions which has been passed on this continent. It is even more specific than the Wagner Act, and, enacted by a C.C.F. government, naturally follows a platform similar to that which Mr. Brewin presented above. 3 I quote herewith from a letter kindly prepared for me by W.K. Bryden, Deputy Minister of Labour of the Province of Saskatchewan, dated November 27, 1946.

Letter  
from the  
Deputy  
Minister

"Saskatchewan---completely freezes out company unions. This is done by the following provisions (1)-Section 8(b) of the Trade Union Act makes it an unfair labour practice for an employer to interfere with the formation or administration of a labour organization or contribute financial or other support to it. Section 5(d) gives the Board power to make a restraining order preventing an employer from continuing

1-ibid, p. 114

2-Report of Proceedings, 1946, p.100

3-~~Manitoba Legislation~~ See page 121, above.

to engage in this or any other unfair labour practices.

(2)-Section 5 (f) gives the Board power to take remedial action in the event that a company union is established, that is, the Board has the power to disestablish such an organization.

(3)-A company union is prevented from being certified under the Act (determined as the representative of the employees in any bargaining unit). This is done by the virtue of section 5(b) which provides in effect that only a trade union may be certified, and in section 2, para 10, the term "Trade Union" is specifically defined to exclude a company union."

Mr. Bryden goes on to explain how the Trade Union Act of 1944, Saskatchewan,<sup>1</sup> is superior with regard to the elimination of the company union to P.C. 1003.

"P.C. 1003 as well as other provincial statutes prohibit employers from interfering with or dominating labour organizations, but the penalty for violation is only a fine, which is not nearly as effective as a restraining order, in preventing recurrence. Moreover there is no provision for the remedial action of disestablishing a company union which may be established, and there does not appear to be any effective means of preventing a company union from being certified through the guise of bargaining representatives."

He points out that there have been no applications to the Labour Relations Board for disestablishment of a company union. But there was a recent case in which a company union was in effect held ineligible for certification under the Act.

Results  
of Sask-  
atchewan  
Trade Union  
Act

"Briefly, the background of this case was as follows. A legitimate trade union applied to be determined as the bargaining representative for a certain group of employees. There was at the time an agreement in effect between the employer and another organization, and under the Trade Union Act an application by a new union for certification cannot be made while an agreement is in force except during

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1-See Labour Legislation in Canada, 1944, pp87-90

the period between sixty and thirty days before the expiry date of the agreement. In this case, however, the Board found that the organization which had entered into the agreement was a company dominated organization, and therefore its agreement constituted no bar to the application.

"If it wished, the legitimate organization could now apply for the disestablishment of the organization which had been found by the Board to be a company dominated organization. However, the union apparently considers such action unnecessary and apparently is satisfied that the company union has already been squeezed out of the picture."

Alberta  
Legislation

Alberta provided for freedom of association in the Industrial Conciliation and Arbitration Act of 1938<sup>1</sup> which made organization for lawful purposes by employers and employees permissible and required an employer to bargain with representatives of the majority of his employees. In 1942 the Act was re-enacted and its scope somewhat broadened. One of the problems that organized labour found, arose not from this Act, but from the Societies Act of the province. At the 1944 conference of the Trades & Labor Congress, mention was made of the report of the delegation to the provincial legislature in February, 1944.<sup>2</sup>

"Dealing with collective bargaining and union recognition, the delegation pointed out that the Societies Act of the Province had proven detrimental to Labor in as much as it had been used on occasions to charter dual organizations and to divide the real trade union movement."

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1-Labour Legislation in Canada, 1938, p. 86

2-Report of Proceedings, 1944, p. 126

The Industrial Conciliation and Arbitration Act was amended in 1944<sup>1</sup> and substituted more complete machinery for collective bargaining. The Board of Industrial Relations may decide in cases of dispute whether a particular group of employees was an appropriate unit for collective bargaining. These amendments met with the approval of organized labour.<sup>2</sup> Under these amendments a clearer distinction may be drawn between a trade union and an employer's association.<sup>3</sup>

British  
Columbia

We have already covered the Industrial Disputes and Investigation Act of British Columbia as amended and shown the general approval by organized labour of the statutes.<sup>4</sup>

Summary

In conclusion we may say that organized labour in most provinces and in the Dominion is freely granted the right to organize and to represent the worker. There is no doubt but that more legislation along this line will be shortly forthcoming. It is important to remember that P.C. 1003 is still in effect at this writing; and with regard to provincial statutes, that the Ontario Statute has been repealed, while those of British Columbia, Manitoba, New Brunswick, and Nova Scotia have been ~~repealed~~ suspended.

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1-Labour Legislation in Canada, 1944

2-Report of Proceedings, 1946, p. 229

3-Labour Legislation in Canada--see section 1 (bb) of the Alberta Industrial Conciliation and Arbitration Act.

4-Due to quite severe labour trouble in British Columbia, new legislation was enacted in March. I have been unable to secure a copy of the actual legislation, but reports indicate a middle of the road policy has been followed. Of particular importance to this thesis is word that the company union has been outlawed. This fits in with the recommendation of the Trades & Labor Congress mentioned above p. 125. On the other hand the union has received some definite checks.



CHAPTER VIII

CONCLUSION

~~XXXXXXXXXX~~  
~~XXXXXXXXXX~~

The answer to  
a compromise

I have attempted to show in this short summary the outstanding social and economic factors which led to the conception of the company union, its growth, ~~and~~ and present status. The company union arose in answer to a need for compromise,--for a compromise between the large, mass-producing corporation, and the large numbers of workers who made mass production possible.

The idea be-  
hind joint  
councils

The employer in many cases wished to have a closer contact with ~~and~~ his employees, for thus he would be able to get ideas for new methods of production, and, at the same time, quite often save himself serious trouble by clearing up petty grievances before they had grown into problems. I am firmly convinced that these were the main reasons why the joint council idea received such enthusiastic support from the many large employers immediately following World War I.

Labour's views

Labour, on the other hand, although willing to encourage any means of better worker-management relations that was feasible, feared, quite justly, that the non-union council schemes inaugurated would be substituted for union-management agreements. They knew that the principle of the Whitley Report, which was what the Canadian Government had in mind when it began its serious efforts to encourage Joint Councils, had as one of its main recommendations the fact that both

sides should be organized. Yet in Canada, neither workers nor employers were fully organized. ~~Therefore~~ Labour, therefore, feared that non-union joint councils, based on the plant as the unit of production, would weaken their ranks, and the hard-won gains they had made for labour as a whole would be lost. Thus the first basic difference of opinion between sincere employers and sincere labour representatives arose over the establishment of non-union councils.

Employers  
object to  
craft  
unions.

The employers in the mass production industries did not approve of the craft organization of trade unions. They very definitely desired the plant as the basis of organization. And the non-union joint council, or company union, was the obvious answer. Here ~~they~~ their employees were given a chance to band together to bargain as a group with management, and at the same time, two objections/~~in~~ <sup>which</sup> dealing with organized labour ~~were~~ evoked, were removed.

A problem  
avoided

The first was that of dealing with outside representatives who were often not sympathetic to the particular troubles of the company, as these labour men were attempting to get over-all rates for their trade. And in many mass-producing firms, the early period was one in which it was often necessary to operate at a loss for a time, until the firm~~s~~ had reached their points of maximum efficiency. Many firms on this continent had this problem, cutting prices to win, first, the local market from foreign competition, and then the foreign markets themselves. The policies were ostensibly

long run, and as transportation facilities and resources became reduced due to expansion, they intended to raise wages. Insistence upon over-all high wages at that early stage would have greatly increased their problems at the moment, and so they sought to maintain individual bargaining first, and later, company bargaining where they could explain their problems and plans to company union representatives who would be more sympathetic than were trade union agents.

The example which has been noted of the success of this idea at the James Pender Company<sup>1</sup> shows its workings quite clearly, and there is no doubt but that other even larger companies used the same policies.

~~xxxxxx~~  
~~xxxxxx~~ The company union has no doubt served as an aid in the establishment of many marginal firms. The economic problem arose, of course, as to just how long such practices should be carried out after the expansion had gotten underway; and the social problem as to whether the expansion of any industry at the expense of the workers was worthwhile. Capital's answer to this latter problem is that labour should be as prepared to take the risks as is capital when building an industry. But the labourer's existence is a day-to-day, week-to-week problem which is not easily adapted to a long-run view. Furthermore, a worker who ~~works~~ works for low wages during the establishment stage of the industry, must continue <sup>at</sup> ~~in~~ the same job ~~that~~ in

---

1-See above, p. 53

the same firm for the rest of his life to get any benefit out of his sacrifice. The social implications of such an argument are far beyond the scope of ~~such~~ this thesis.

Another problem avoided

The other problem which was overcome (if the plant was ~~used as the basis for negotiations~~) used as the basis for negotiations, was the one mentioned several times in the earlier pages, -i.e., that with the company union all the workers in the plant were represented in an over-all contract which affected all trades, rather than being represented by many different unions, all with their own ideas as to wage rates and working conditions. Furthermore, employers claimed the right to set their own wage rates for all types of labour, as this enabled them to get an over-all picture of their wage costs which they could count on in planning production. A manager in a very competitive industry, hiring, for example, electricians for particular jobs, resented having to ~~pay~~ pay higher wages because there was a temporary boom in the construction industry. His attitude was that if the men stayed with him for the wage which he was paying, it was not of much significance whether it was a union rate or not. If another industry raised its wage, then his electricians had the right to go to work in that industry. That was the chance he took in setting what he considered to be a fair wage based on the marginal productivity of the worker to him. If, due to outside competition, he could not get sufficient ~~electricians~~ electricians, only then should he have to raise his wage. This then, was the economic principle of free competition, and the employer insisted that in a free enterprise economy he should be allowed to take his chances as to whether his

wage rates were sufficiently high enough to hold his workers; while his workmen should be free to weigh other considerations, and decide for himself whether he wished to go or to ~~stay~~ stay.

Coming of  
the C.I.O.

With the coming of the C.I.O., however, industry-wide bargaining placed a different slant on the situation. The uniform rate was no longer by the trade, but for the particular job all ~~xxx~~ through the entire industry. Thus the problem of having to pay higher wages due to increases in other less competitive industries was eliminated to a large extent. At the same time, the argument of the employer who is trying to build up a business still stands, but whether he is justified in refusing to deal with a union for ~~xxxx~~ that reason is not a problem which we can solve here.

Labour  
objects

Labour, as might be expected, was as strenuously opposed to organization on a plant basis as management was in favour. Their approach to the problem is really found in two progressive phases, the advent of the C.I.O. making the dividing line. With craft unionism, Labour advocated the craft as the only bargaining agent. That management in many industries had a ~~xxxx~~ legitimate objection to this claim there is little doubt. The main argument of labour ~~at~~ in this earlier period, therefore, was based on the fact that labour organized by plants was isolated and alone.

Such organization served only to weaken the union movement, which was after all the real power which made the company union possible. Without the

threat of trade unionism, the company union would quite probably never have been evolved, and it is quite certain that had trade unionism been crushed, the company union schemes would not have had long to live. As isolated organizations, such plans gave the workers no real power, for the ~~irk~~ threat of the strike weapon was non-existent. Furthermore, in their isolation, company unions took little interest in national or international attempts to benefit labour as a whole, and as such were really parasites on the legitimate trade union movement.

Mass production a mania

Mass production and "efficiency" methods have ever been a mania of employers on this continent. Larger and larger corporations, fighting for supremacy, were ~~xxxxxx~~ forced to use every possible method to retain their position. And one of the greatest of these was the tremendous expansion of the assembly line and mass production, a process which received its first real impetus during World War I.

Influx of immigrants

Mr. King, in the later days of the war, indicated in one of his famous letters to John D. Rockefeller Jr. that following the war, there would be a large influx of immigration ~~xxxx~~ to this continent which would seriously hamper the labour movement. Such an influx did occur. The result was cheap labour for the mass production industries. And for some time, in the attempt to seize world markets, this immigrant labour was treated without too much thought for the human factor. Wages were low and men were fighting for jobs. Working conditions ~~xxxxxx~~

were not good when measured by usual American standards. But to the ~~an~~ new immigrant~~xxxxxx~~ the conditions were, in most cases, better than those which he had left behind. And so, suffering from a language handicap, from a fear of job loss, and with a feeling that although the work was hard, he had a chance to make good; he was not a very good prospect for a militant trade union organization, even if he was a skilled worker, able to meet trade qualifications. On the continent of Europe, many employers carry out a definite policy of encouraging their men to join the unions. Yet on this continent the immigrant found the employers violently opposed to unionism, and not above firing a man and blacklisting him for carrying out union activities. To such a confused worker, the company union looked like a good substitute, and a carefully planned company program often made them staunch "company men".

C.I.O. and  
unskilled  
labour

With the coming of the C.I.O., and an increase in the education ~~and~~ of the worker, accompanied by a clearer understanding of his rights, ~~an~~ the opportunity arose for unskilled labour to have a voice. Much of the labour disturbance of the present day arises around the fight ~~of~~ of the C.I.O. for better conditions for its unskilled members who had long been neglected.

Purpose of  
company unions  
fulfilled

With the coming of the C.I.O., ~~one of the main~~ the company union has actually filled a purpose in

the development of better labour relations. At last a form of industrial organization had arisen, stimulated, I have no doubt, by the very definite threat ~~of the~~ of the vertical company union to the horizontal craft union movement. The industrial union was labour's answer to the company union, among other things. Its effectiveness and appeal to the workers was immediate, as the sensational growth of the C.I.O. indicates. Company unions, as well as independent unions, realized in the early days of industrial unionism, as many are realizing ~~today~~ today, their inadequacy as bargaining agents, and they turned their organizations from weak substitutes for collective bargaining agents, into powerful locals of the parent organization.

C.I.O. and  
the A.F. of  
L.

There should be no mis-guided conception that the company union existed in the mass production industries alone, or that the C.I.O was the only answer to company unionism. The A.F. of L. has also continually waged war on company unions, and, as we have indicated, the Trades & Labor Congress has made continual representations ~~to the~~ to the Dominion Government to have company unions outlawed. It was the groundwork laid by the A.F. of L. propaganda attack which brought the company union to light as a menace to unionism. The unionization of railroads in the United States is a good example of the defeat of company unions by the A.F. of L. and legislation.

But it was in the large mass-production industries such as the automobile, rubber, and oil that the large



company unions existed which were serving as models to the smaller companies, and it was their propaganda and economic pressure which was giving the company union much of its strength. The C.I.O. did provide the organization which was able to break down these large company unions. Both the ~~fixix~~ C.I.O. and the A.F. of L. have made such inroads on the territory once held by company unions that they have lost a great of their importance as an obstacle to fight organized labour. I do feel that the company union had a decided place in the forming of the present day labour picture as it forced labour to adapt its methods to the needs of the workers.

Views of  
the Trades  
& Labor  
Congress

It was mentioned above that the Trades & Labour Congress have made representations to the Department of Labour to get legislation to outlaw company unions. The following excerpt is taken from the 1943 Report of Proceedings:

"---If there is to be any hope~~fixix~~ of effective and genuine collective bargaining, freedom of association must be put beyond dispute."<sup>1</sup>

or ~~fixix~~ further:

"We are firm in our view that counterfeit spe~~fixix~~ of so-called employee-organizations, usually known as the 'company union' (and also as a plant council, or works council, or employees' committee) should be denied any standing under a Collective Bargaining Act. The company union (the phrase ~~fixix~~ incidentally is a contradiction in terms) is a device for forestalling or undermining genuine trade union organization. In one aspect, it is the application of the principle of the yellow dog contract on a large scale. It is essentially a parasitic organization enjoying and seeking to camouflage its real purpose by imitating trade union organization and techniques. It comes into existence under the inspiration of the employer and is influenced, dominated, or sup-

"ported financially and other wise by him. It is not truly a workers' organization; it has no real power to make its own decisions and the scope of its activities is subject to the employer's whim. A Collective Bargaining Act cannot by its very nature, if ~~truly~~ truly a Collective Bargaining Act, give any status to any group of employees in the organizational activities of which the employer is directly or indirectly concerned."<sup>2</sup>

Company unions  
still exist

There are still many company unions in ~~Canada, however.~~ Canada, however. Re-organization of the labour movement has to a large measure removed the objections of many employers who are generally urging their workers to swing over to union co-operation. They as well as the workers wish to enjoy the benefits of such co-operation, which are ~~numbered~~ numerous when a co-operative and not hostile feeling exists between management and the union.

Other employer objections.

There are other employers, however, who still absolutely refuse to allow an outside union to have any interest in what they consider to be their private business. Such employers have evolved a defense against unionism ~~marking~~ centering around several arguments which have some real bases of fact.

Communist domination

One of the first of the objections which, incidentally, is often voiced broadside without much investigation, is that many of the unions are dominated by Communists. This is a serious objection, and a difficult one to answer. That there is a very legitimate basis for these claims in some very particular cases, has been recently made plain. It

would seem that clearing this element from the labour unions should be a task for the voting worker in the union. ~~Here~~ refusal on the part of a few employers to deal with the unions will only lead to strife and perhaps strengthen the argument of the Communists.

Breakdown  
of dem-  
ocratic  
principle

~~Another~~ Another argument often arises out of the point that labour members should clean up their own organizations. Labour unions, although ostensibly democratic, are not always so in practice. Often a few rabble-rousers, or over-energetic leaders can swing a vote, particularly since only a small proportion of members actually turn out to union meetings, except in times of dire crisis. The strike at the Ford plant last year is a good example, for on the second vote taken on the issue about returning to work found nearly double the number of ballots cast as did the first.

Unions not  
responsible

The main argument is that unions are not responsible. This has two implications. The first is that the union is unable to control its members who often commit illegal acts for which the union does not take responsibility. The Ford strike is again cited as an example of this point. The second implication is that the union cannot be sued for breach of contract. The company on the other hand is a legal entity, and on signing a contract, becomes liable to see that their side of

the contract is carried out.

This last point has ever been a stormy issue. I do not propose to take the time to go into it here. But it is one of the first arguments put forth by management in favour of dealing only with their own employees. In serious cases, with an industrial agreement, ~~xxxxxxx~~ if one of the companies does not co-operate with the union, and the strike vote is not effective enough, the union will call out the remaining plants of the industry on a sympathy strike. If these other plants have been maintaining the terms of their contract ~~xxxx~~ with the union, such a move is a breach of these contracts. The company has no recourse, however, as the union cannot be sued on these grounds.

These are all arguments which cover the entire field of labour relations, and each in itself could be the subject of a thesis. But they are problems which employers and labour must work out, and any ~~xxxx~~ legislation must keep them in mind. I mention them here merely to bring to the fore the fact that they do exist and are determining factors which will be of importance in the future position of company unions.

Labour  
improving

As we have mentioned, although these are the feelings of many employers, others have found that unions have, when co-operated with, given the best possible service to the employer. Such employers have found that labour unions realize the problems which exist, and are trying to do what they can to

solve the problems without losing any of their hard-won rights. Such employers realize that in the long run, dealings with organized labour pay off in dividends. With industry-wide agreements, wage rates are stabilized and turnover of personnel is reduced.

**Arbitration** It is the sensational strike cases which are played up in the headlines, ~~and~~ many employers realize that for every strike, thousands of knotty problems are solved by collective bargaining. Many unions, in an attempt to make the strike of as little necessity as possible, are writing voluntary arbitration into their agreements. It is true that unions do not approve of compulsory government arbitration, but they are willing to advocate it on a voluntary basis. Labour realizes that it will always have a difficult job to convince some employers that union dealings are really the best kind of dealings. But although the organized labour movement will no doubt suffer many more set-backs, it is daily winning to its cause more and more company unions.

**Lever  
Brothers,  
Toronto**

A typical example of the situation where changing attitude on the part of management results in fine union-management co-operation is given in an account of the organization of the Lever Brothers plant in Toronto, by W.R. Dymond.<sup>1</sup>

Until 1937, the company had dealt with its employees on an individual basis. In 1936, some of the

<sup>1</sup>-Dymond, W.R., Union Management Co-operation at the Toronto Factory of Lever Brothers, Ltd., -Canadian Journal of Economics and Political Science, Feb., 1947

employees tried to organize in the Soap and Allied Workers' Union. Their company was so aroused that it called a mass meeting of the employees, and, it is said, hinted at closing the plant if outside affiliation took place. A company union<sup>1</sup> (independent employees' organization with management approval) was set up.

In 1940, the executive of this organization began to realize that without the threat of the strike weapon which outside affiliation alone could make effective, they could not gain worthwhile concessions from management. Approximately eighty percent of the hourly rated employees paid due to the company organization, C.H. Millard, associated with the Packinghouse Workers' Organizing Committee, was asked to help in the establishment of outside union affiliation. After a few organizational meetings, a ~~xxx~~ majority of the employees voted for affiliation with this union.

Management offered no resistance to the organizing ~~xxxxx~~ campaign, and gave the new union their open support. It is the author's footnote which is of significance here.<sup>2</sup>

"This is an apparent reversal of management's policy toward outside affiliation, in 1936, but top management personnel had changed in the interim."

1-The use of the word "company union" is my own. The author's terminology is shown within the bracket.

~~xxxxxx Management xxx xxx xxx xxx~~  
2-Dymond, W.R.- Ibid, p.

Position  
of  
Government

What should the position of the Government be in this struggle. It is really rather difficult to say, without going into a more complete discussion of topics which have no bearing on our ~~subject~~ subject matter here. I do not think, however, that it would be going too far to ~~say~~ point out that the company union, although it did no doubt serve ~~a~~ in an indirect way some useful purpose in causing labour to re-organize, has served such a purpose and has ~~at~~ at present developed into not much more than an obstacle which can be thrown in the way of legitimate labour organizers, and serve as a refuge for certain employers who seek to hide from true collective bargaining. For the company union is not a true collective bargaining agent. If the Federal or Provincial Governments believe that the principle of collective bargaining is one which workers are entitled to have, then they must, in their legislation, so clearly define a collective bargaining agent that a company union cannot possibly qualify. They must take steps, through a Labour Board, to enforce such legislation, and refuse outright to recognize such a fraudulent collective bargaining agent. If such steps are taken, one of the causes of strife in the industrial world will have been removed, and organized labour will ~~be~~ be found to be perhaps more responsible than it might now appear to be.

A better  
organization

The company union was a natural evolution of a peculiar situation in this country. I would like to

suggest, without getting overly enthusiastic, that the reorganization which has taken place in the labour movement in Canada and the United States in an attempt to combat company unions, has resulted in what will in the years to come be the strongest and most lasting basis for labour relations in the world--craft and industrial unions existing side by side. Already craft unions are having troubles with mass production industries in England. It may be that because of the company union, which was after all the brain-child of some very brilliant men, labour on this continent has been able to incorporate ideas which will allow it to carry on satisfactory dealings despite the complicated problems of international relations to-day. The evolution of labour ~~unions~~ leaders and policies capable of handling in the best interests of the country, the immense power which is provided by such organization, will no doubt take several years. But so did the evolution of trained business men to handle the problems of large-scale management efficiently. Our present ~~day~~ labour leaders have devoted their lives to building the foundation for this future. To their successors they will hand over organizations with the hard groundwork done. And the company union was a cause, I feel sure, which led them to build on the right ground, in the right manner.



Federal  
Legis-  
lation

Federal legislation could remove the last vestiges of company unionism. Its purpose has been served, and to-day it is merely a factor which is being used to confuse the main problem which unionists are unanimously trying to solve, - i.e., to obtain and have accepted a clear definition of collective bargaining, and to have assurance of the right to participate in such bargaining. In such a problem, the presence of the company union can only be an issue to side-track and confuse. In the words of Sir Walter Citrine, secretary of the British Trade Union Congress, used in his American Diary:

"To trade unionists, ~~company unionism~~ is a sham. The essence of collective bargaining is that it should be conducted by unions of the workers own choosing, entirely independent of the employers."

Finis

McMaster University  
April, 1947

G.P. McCordless

APPENDIX II

Details of the Industrial Council Plan of the International Harvester Company

The International Harvester Company of Chicago had submitted for the approval of its employees a plan for the establishment of industrial councils in the various plants of the company, the adoption of the plan in each individual plant to be determined by a majority vote by ballot of the employees. It was stated that the plan had been approved by 14 plants in the United States and the three Canadian plants of the company, the only ones voting against it being three in Chicago. These three plants, however, have since requested a re-submission of the scheme. Below is the detail of the plan as it was presented to the employees by the company. In submitting the proposition, the president wrote:

Chicago Illinois, March 10, 1919

To the Employees:

The directors and officers of the Company have for some time been working out a plan to establish closer relations between these employees and the management. To this end they now offer the following Harvester Industrial Council plan for the consideration of the employees, hoping that it may meet with their approval.

The plan provides for a "Works Council" in which representatives elected by the employees shall have equal voice and vote with the management in the consideration of matters of mutual interest.

It guarantees to every employee the right to present any suggestion, request, or complaint, and to have it promptly considered and fairly decided. Provision is also made for impartial arbitration.

Should this plan be adopted by vote of the employees, the officers pledge their best efforts to carry it out in letter and spirit.

It is my hope and belief that the plan, if adopted, will materially strengthen our relations in the work we have in common, and will make for the greater satisfaction, contentment and well-being of us all.

HARVESTER INDUSTRIAL COUNCIL OF THE INTERNATIONAL HARVESTER COMPANY OF CANADA, LIMITED

Article I- Purpose: The Employees and the Management of the International Harvester Company of Canada, Limited, undertake by the adoption of this plan of an Industrial Council to establish their relations upon a definite and durable basis of mutual understanding and confidence.

To this end the Employees and Management shall have equal representation in the consideration of all questions of policy relating to working conditions, work health, safety, hours of labour, wages, recreation, education, and other similar

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matters of mutual interest.

**Article II. Works Councils:** As the principal means of carrying this plan into effect, there shall be organized at each Works adopting the plan, a Works Council composed of Representatives of the Employees and Representatives of the Management. The Employee Representatives shall be elected by the employees. The Management Representatives shall be appointed by the management, and shall not exceed the Employee Representatives in number. Both shall at all times have an equal voice and voting power in considering matters coming before the Council.

Through these Councils any employee or group of employees, or the management, may at any time present suggestions, requests or complaints with the certainty of a full and fair hearing. Matters which cannot be thus disposed of may, by mutual consent, be submitted to impartial arbitration as hereinafter hereinafter provided.

**Article III. Department of Industrial Relations:** To aid in carrying out this plan the Company has established a Department of Industrial Relations which is charged with the duty of giving special attention to all matters pertaining to labour policies and the well-being of the employees.

**Article IV. Voting Divisions:** The basis of representation shall generally be one Employee Representative for not each two hundred to three hundred employees, but in no case shall there be less than five Employee Representatives in the Works Council.

In order that the different departments and crafts may be fairly represented, each Works shall be divided into Voting Divisions, and each Division shall be assigned the proper number of Representatives, based upon the average number of persons employed therein during the month of December preceding the election.

The Works Council may change the Voting Divisions whenever necessary to secure complete and fair representation.

**Article V. Qualifications for of Employee Representatives:**

1. To be eligible for nomination as Employee Representative from any Voting Division, the Employee must be employed therein.

2. Foremen, assistant foremen, and other employees having the power of employment or discharge, shall not be eligible for nomination.

3. Only employees who are Canadians, or British subjects, twenty-one years old or over, and have been continuously in the Works' service for one year immediately prior to nomination, as shown on the records of the Employment Department, shall be eligible for nomination as Employee Representatives.

**Article VI. Nomination and Election of Employee Representatives:**

1. Nomination and election of Employee Representatives shall be by secret ballot. The first nomination and election shall be held as soon as practicable after the adoption of this plan, at which

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time the full number of Employee Representatives shall be elected.

2. At the first meeting of the Works Council the Employee Representatives shall be divided by lot into two classes, one-half with terms expiring on January 1, 1930, and the other half with terms expiring on July 1, 1930. Hereafter the election of Employee Representatives of the first class shall be held in December and of the second class in June. Except as above provided, all Employee Representatives shall hold office for one year and until their successors are duly elected.

3. Notice of the time appointed for nominations and elections shall be given by bulletins posted publicly in the Works at least two days before the date set for the nominating ballot.

4. All employees, both men and women, shall be entitled to vote, except foremen, assistant foremen, and other employees having the power of employment or discharge.

5. Nominations shall be made in the following manner: Not more than four days before the date fixed for the election, a nominating vote shall be taken. A blank ballot stating the number of Representatives to be nominated from his Voting District Division will be offered to each employee present at work on the date of the nomination, including all workers on the night turn, if any.

6. On this ballot the employee will write (or he may have a fellow employee write for him) the name of the person he desires to nominate. If his Voting Division is to elect one Representative then one name shall be written on the ballot; if his Voting Division is to elect two Representatives then two names, and so on.

7. Any ballot containing more names than the number of Representatives to be elected from that Voting Division shall not be counted.

8. Employees will deposit their ballots in a locked box carried by a ballot representative of the employees, who shall be accompanied by a timekeeper.

9. When all who desire have voted, the time-keeper and two employee watchers shall open the ballot box and count and record the votes, in the presence of the Works Auditor, or person designated by him.

10. In Voting Divisions from which one Representative is to be elected, the two persons receiving the highest number of votes shall be declared nominated. If any Voting Division is to elect two Representatives, then the four persons receiving the highest number of votes shall be declared nominated, and so on.

11. If any person nominated is disqualified under the Provisions of Article V, then the properly qualified candidate receiving the next highest number of votes shall be declared the nominee.

12. The results of the balloting and the names of the nominees shall be posted in the Works as soon as the votes have been counted and the nominations declared.

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Elections: 13. Not more than four days after the nominations are posted, the election by secret ballot shall be held in the same manner as for nominations, except that at the election only the names of the person who have been duly nominated shall appear on the ballots, and these persons alone can be voted for.

14. The name of the nominee receiving the highest number of votes shall be placed first upon the election ballot; the name of the nominee receiving the next highest number shall be placed next on the election ballot, and so on.

15. At the election the candidate or candidates receiving the highest number of votes in his or her Voting Division shall be declared elected members of the Works Council.

Article VII. Appointment of Management Representatives: Upon the election of the Employee Representatives the management will announce the appointment of the Management Representatives in the Works Council, whose number shall in no case exceed the number of elected Employee Representatives.

Article VIII. Vacancies in the Works Council:

1. If any Employee Representative leaves the service of the Works, or becomes ineligible for any of the reasons stated in Article V, or is recalled, as provided in Article II, or is absent from more than four consecutive meetings of the Works Council without such absence being excused by the Council, his membership therein shall immediately cease.

2. All vacancies among the Employee Representatives shall be promptly filled by special nomination and election, held conducted under the direction of the Works Council just in the same manner as regular nominations and elections. Vacancies among the Management Representatives shall be filled by appointment by the management.

Article IX. Recall of Employee Representatives:

1. If the services of any Employee Representative become unsatisfactory to the employees of the Voting Division from which he was elected, they may recall him in the manner herein provided.

2. Whenever a petition is filed with Secretary of the Works Council, signed by not less than one-third of the employees of a Voting Division, asking for the recall of their representative, a special election by secret ballot shall be held in that Voting Division under the direction of the Works Council, to decide whether such Representative shall be recalled or continued in office.

3. If at such election a majority of the employees in the Voting Division vote in favour of recalling their Representative, then his term of office shall immediately cease; otherwise he shall continue in office.

4. Any vacancy so created shall be immediately filled by a special election as provided in Article VIII.

Article X. Organization and Officers of the Works Council:

1. The Manager of the Department of Industrial Relations or someone designated by him, shall act as Chairman of the Works Council. A Secretary shall be appointed by the Superintendent of the Works, either the Chairman nor Secretary shall have a vote.

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2. A majority of the Employee Representatives, together with a majority of the Management Representatives, shall constitute a quorum, and no business shall be transacted at any meeting where less than a quorum is present.

3. The Works Council may appoint such sub-committees as it deems desirable for the efficient conduct of its business. On all such sub-committees, both the employees and the management shall be represented, and each group of Representatives shall have equal voting power.

4. The Works Council shall hold regular monthly meetings at times fixed by the Council. Special meetings may be called on three days' written notice by the Chairman, Secretary, or any three members of the Council. Sub-committees may meet whenever necessary.

5. The Company shall provide at the expense suitable places for meetings of the Works Council and its sub-committees and the Employee Representatives thereon.

6. Employees serving as members of the Works Council may shall receive their regular pay from the Company during such absence from work as this service actually requires, except that if the Employee Representatives so desire, they shall be at liberty to arrange for compensation to be paid by pro rata assessment among the independent employees.

7. Employees attending any meeting at the request of the Works Council or any sub-committee, shall receive their regular pay from the Company for such time as they are actually and necessarily absent from work on this account.

8. The Works Council may prepare and distribute to the employees reports of its proceedings, and the expense thereof shall be borne by the Company.

Article XI. Rights and Powers of the Works Council

1. The Works Council may consider and make recommendations on all questions relating to working conditions, protection of health, safety, wages, hours of labour, recreation, education, and other similar matters of mutual interest to the employees and the management. It shall afford full opportunity for the presentation and discussion of these matters.

2. The Works Council may on its own motion investigate matters of mutual interest and make recommendations thereon to the Works Management; and the management also may refer matters to the Works Council for investigation and report.

3. The Works Council may confer with the Superintendent or other person designated by him in regard to all matters of mutual interest, and shall receive from the management regular reports in regard to accident prevention, sanitation, restaurants, medical service, employment, educational programmes and recreational activities, including information as to the cost, efficiency and results obtained.

4. The Works Council shall be concerned solely with shaping the policies of the Company relating to the matters heretofore mentioned. When the policy of the Company as to any of these matters has been settled, its execution shall remain with the management, but the manner of that execution may at any time be a subject for the consideration of the Works Council.

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**Article XII. Procedure of Works Council:**

1. Employees desiring to bring any matters before the Works Council may present these to the Secretary of the Council either in person or through their Representatives. It shall be the Secretary's duty first to ascertain whether the matter has been properly presented last through the regular channels to the Superintendent, and if not he shall see that this is promptly done.

2. If the matter is not satisfactorily disposed of in this manner, the Secretary shall submit a written statement of the matter to each member of the Works Council at least three days before the next regular meeting.

3. Any employee or group group of employees thus referring a matter to the Works Council shall have an opportunity to appear before it and present their case. Any such group of employees shall select not more than three spokesmen from their own number to appear before the Council.

4. The Works Council may call any employee before it to give information regarding any matter under consideration. The Works Council, or any sub-committee appointed by it for that purpose, may go in a body to any part of the Works to make investigations.

5. After complete investigation and full discussion of any matter under consideration by the Works Council, the Chairman shall call for a vote which shall be secret, unless otherwise ordered by the Council. The Employee Representatives and the Management Representatives shall vote separately. The vote of a majority of the Employee Representatives shall be taken as the vote of all and recorded as their unit vote. Similarly, the vote of a majority of the Management Representatives shall be taken as the vote of all and recorded as their unit vote.

6. Both the Employee Representatives and the Management Representatives shall have the right to withdraw temporarily from any meeting of the Works Council for private discussion of any matter under consideration.

7. When the Works Council reaches an agreement on any matter, its recommendation shall be referred to the Superintendent for execution, except that if the Superintendent considers it to be of such importance as to require the attention of the general officers, he shall immediately refer it to the President of the International Harvester Company, who may either approve the recommendation of the Works Council and order its immediate execution by the Superintendent, or proceed with further consideration of the matter in accordance with Article XIII.

8. In case of a tie vote in the Works Council, it shall be in order to re-open the discussion, and to offer substitute or compromise recommendations, on which the votes shall be taken in the same manner as above provided.

**Article XIII. Reference to the President:**

1-If after further consideration, the vote in the Works Council remains a tie, then the matter shall, at the request of either the Employee Representatives or the Management Representatives, be referred to the President of the International Harvester Company.

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2. The President, or his specially appointed representative, may confer with the Works Council as a whole, or any sub-committee thereof, or any group of Employee Representatives, at such time and place and in such manner as in his opinion will best serve to bring out all the facts of the case.

3. Within ten days after the matter has been referred to him, the President shall either

(a) - propose a settlement thereof; or

(b) refer the matter directly to a General Council to be formed as provided in Article XIV.

4. If the settlement proposed by the President is not satisfactory to a majority of the Employee Representatives, and if after a further period of five days no agreement has been reached, then the President may, if he deems it advisable, refer the matter to a General Council to be formed as provided in Article XIV.

5. If the President decides not to refer the matter to a General Council, or if the vote of the General Council is a tie, then the matter may, by mutual agreement of the President and a majority of the Employee Representatives, be submitted to arbitration, as provided in Article XV.

Article XIV. General Council:

1. Whenever in the opinion of the President any matter coming before any Works Council affects other Works of the Company, or whenever he desires to refer any matter as provided in Article XIII, he may call a General Council to consider such matter, and thereafter the Works Council shall take no further action thereon.

2. The General Council shall be formed in the following manner: The President shall issue a notice designating the several Works which he deems jointly interested. Thereupon the Employee Representatives in the Works Council at each of the Works designated shall select two or more of their own members to act as representatives of the General Council. Not more than one such member of the General Council for each 1,000 employees or major fraction thereof, except that no Works shall have less than two Representatives in the General Council.

3. The Management Representatives in the General Council shall be appointed by the President and shall not exceed the number of the Employee Representatives.

4. The President or some person designated by him shall act as ~~First~~ Chairman of the General Council, without vote.

5. The first meeting of the General Council shall be held within ten days after the President's notice calling such Council.

6. The General Council shall, when necessary, take recesses in order to allow Employee Representatives therein to confer with other members of their Works Councils. For this purpose special meetings of the Works Councils as a whole, or of the Employee Representatives alone, shall (at the request of the Employee Representatives serving on the General Council) be convened at the respective Works, and full opportunity shall be given for conference and discussion with such Representatives regarding their attitude and action on the pending matter.



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W. Reasonable travelling expenses, including hotel bills, of Employees and Management Representatives serving on a General Council, shall be paid by the Company.

X. The procedure in the General Council with reference to the consideration of matters coming before it and manner of voting shall be the same as that prescribed for the Works Council.

Y. If the General Council is unable to reach an agreement as to any matter, it may, by mutual agreement of a majority of both the Employee Representatives and the Management Representatives, be submitted to arbitration.

Article IV. Arbitration:

1. Whenever the President and a majority of the Employee Representatives in the General Council, or the Works Council, as the case may be, have mutually agreed to submit a matter to arbitration, they shall proceed to select an impartial and disinterested arbitrator. If they cannot agree upon an arbitrator, then the Employee Representatives shall choose one such arbitrator and the President shall choose another, and if these two agree, their decision shall be final. If they do not agree, then they shall select and call in a third arbitrator, and the decision of a majority of these three shall be final.

2. The arbitrator or arbitrators he shall be furnished all the information and testimony they deem necessary regarding the matter in arbitration.

Article V. Decisions of General Council or by Arbitration:

All decisions of any General Council or of any arbitrator or arbitrators shall be binding upon all the Works originally designated by the President as being jointly interested. Any such final decisions may be made retroactive.

Article VI. Summary of Independence of Action:

Every Representative serving on any Works or General Council shall be wholly free in the performance of his duties as such, and shall not be discriminated against on account of any action taken by him in good faith in his representative capacity. To guarantee to each Representative his independence, he shall have the right to appeal directly to the President for relief from any alleged discrimination against him, and if the decision of the President is not satisfactory to him, then to have the question settled by an arbitrator selected by mutual agreement.

Article VII. No Discrimination: There shall be no discrimination under this plan against any employee, because of race, sex, political or religious affiliation or membership in any labour or other organization.

Article VIII. Decisions Affecting Wages: Decisions affecting wages made by any Works Council or General Council or by arbitration shall be subject to revision whenever changed conditions justify, but not oftener than at intervals of six months.

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**Article XI. Amendment or Termination of Plans**

1. This plan may be amended by the Works Council of any Works by a majority vote of all the duly elected Employees Representatives together with a majority vote of all the Management Representatives. Amendments must be proposed in writing at a regular meeting, and no vote shall be taken thereon until the regular meeting following such presentation. No amendment shall be adopted that will destroy or limit the equal voting power of the Employees Representatives and Management Representatives in the Works Council and the Works General Council.

2. If in the judgment of the President any proposed amendment affects other Works, then he shall call a General Council to consider such amendment. The adoption or rejection of an amendment shall not be the subject of arbitration.

3. This plan may be terminated at any Works, after six months notice, by a majority vote of the employees of that Works, or by action of the Board of Directors of the Company.

Taken from the Labour Gazette, Vol. XII, May, 1919, pp 577-81

APPENDIX II

Factors Taken into Consideration by Boards:<sup>1</sup>

Among the specific grounds upon which the boards have ordered elections or have taken other action where disputes between trade unions and company unions were involved, are the following:

- 1- Where the plan of organization was formulated by the employer, or where the employer took other steps to initiate the plan, or participate in it, in the absence of a request from his employees; or where an employer sponsored any particular labor organization or plan;
- 2- Where the employer contributed funds for the establishment or maintenance of a labour organization;
- 3- where the plan submitted to the employees for their vote was not adequately explained, or where the employees were not given sufficient time for study;
- 4- where the meetings to consider the plan were called by management;
- 5- where employees were not given an opportunity to express approval or disapproval;
- 6- Where employees were refused the right to pass upon any form of organization or representation other than the one submitted to them;
- 7- where the right to vote was unduly restricted on the basis of tenure of employment;
- 8- where employees were instructed how to vote, or even to attend meetings for discussion or voting;
- 9- Where the employer made any check of which employees had participated in an election and which had not;
- 10- where company officials were present at elections;
- 11- where there was no secret ballot;

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1- Labor and the Government, op.cit. p. 84. These grounds apply to cases in which the United States National Labor Relations Board was investigating reported cases of employer domination or unfair labour practices. They are of importance here, for they give a brief outline of the many ways in which employer domination can take place.

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- 12- where the ballot was prepared by management;
- 13- where an election was held in the absence of a request by employees;
- 14- where the organization, plan or system confined employee representatives to fellow employees, or unduly restricted them in other ways;
- 15- where there were oral nominations for representatives;
- 16- where the term of the representatives was fixed by the company;
- 17- where the foremen or others in a managerial capacity were eligible as representatives;
- 18- where the organization, plan or system was without a constitution or by-laws of any nature;
- 19- where members or participants were forbidden to join any other labor organization;
- 20- where the plan or system of employee representation lacked provision for collective bargaining;
- 21- where the employer had a voice in the affairs of the employee committees;
- 22- where the plan or system interfered with the collective-bargaining unit desired by the employees;
- 23- where the company reserved the right to veto any amendment of the constitution or by-laws desired by the members or participants;
- 24- where the company reserved the right to veto the recall of employee representatives.

Upon these or similar grounds, then, the boards have ordered an election even though one had already been held under an employee-representation plan. The result of this election determined the collective-bargaining representatives of the employees

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The following bibliography is classified as follows:

- 1-Texts containing information pertinent to the subject
- 2-Periodicals containing pertinent information

Group one is indexed alphabetically.

Group two is indexed as follows:

- 1-Periodicals are grouped under the different bodies which issued them. The Issuers are grouped according to their particular interests
- 2-Grouping of periodicals is either alphabetical or historically by issue.

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