

THE STRUGGLE CONTINUES: AN ANALYSIS OF CONFLICT IN THE
CANADIAN POST OFFICE

THE STRUGGLE CONTINUES: AN ANALYSIS
OF
CONFLICT IN THE CANADIAN POST OFFICE

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ABSTRACT

The Thesis examines the nature of management - union relations in the Canadian Post Office since the advent of collective bargaining in 1967. The Thesis focuses on the reasons for the numerous strikes, work slowdowns and poor postal service.

It is suggested the bitter postal conflict of the last decade is a product of the highly restrictive nature of the collective bargaining process and the massive reorganization of the postal network in the 1970's. It is argued that the collective bargaining process prevented the Canadian Union of Postal Workers (CUPW) from negotiating such critical issues as health and safety, job security and technological change. In particular, the lack of any 'legal' right to negotiate automation of internal mail processing combined with the Post Office management's refusal to eliminate the adverse effects of automation, created the conditions for a 'protracted war' between management and the postal union.

Postal automation brought about profound changes in the postal workplace. Not only was manual sortation replaced as the 'hub' of mail processing, but postal workers found themselves working in a progressively more dangerous, noisy and otherwise adversely changed work environment. Postal workers required an 'open' collective bargaining framework to come to grips with the many changes in the method and organization of work.

Lastly, it is argued that the transformation of the Post Office Department into a Crown corporation will not promote a better labour

relations climate in the Post Office unless the postal corporation's management is prepared to negotiate technological change. Moreover, management must accept what negotiating automation implies - 'humanizing' the Post Office workplace.

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INTRODUCTION

The post office is an important part of the communications infrastructure of the capitalist economy. The post office provides key communications and transportation services to the public, and, in particular, to business. The private sector has at its disposal a vital link with local, national and international markets. The post office promotes the flow of commerce and thereby assists the private accumulation of capital.

The post office is perhaps the clearest illustration of what James O'Connor and other state theorists call the 'accumulation function' of the state in capitalist society: The communications infrastructure necessary for the capitalist economy to operate is put in place and maintained by the state with the use of public dollars.¹ The state absorbs the social overhead of the post office by shifting the cost to the tax-paying public.

The Canadian Federal state has historically assumed a central role in the communications network of the national economy. The Canadian Pacific Railway cost millions of public dollars and when finished in 1885² offered the Canadian capitalist class access to Western markets for the industrially produced commodities of Central Canada. The CPR was the first major communications project paid for by the Canadian working classes.³

The Post Office is an integral part of the national communications

system in Canada, and, until recently, provided a highly dependable service through some 15,000 outlets across the country. Today, the Post Office is the scene of a bitter ongoing struggle between management and postal workers.

Major postal strikes and other local work stoppages have been frequent since the advent of collective bargaining over a decade ago. The public has come to expect what appears an annual event - the prospect of mail disruption. Despite the highly visible posture of the Post Office very little is known about the conditions underlying postal conflict.

Most Canadians view postal strife with a large measure of cynicism. Long and frequent postal disputes have hardened public attitudes toward postal workers and their unions. The media has played a major role in shaping a negative public consensus on the Post Office by largely ignoring the real issues behind the struggles of postal workers. News magazine programs focus on the enormous cost of Post Office absenteeism to the Canadian taxpayer⁴ without citing the working conditions that give rise to absenteeism. The struggles of postal workers are viewed in isolation from the broader social context of capital-labour conflict: the nature of work in monopoly capitalist society breeds worker resistance; absenteeism is a form of worker struggle not unique to the Post Office.

Popular perceptions about postal conflict ignore the many critical issues of concern to postal workers. Health and safety, job security, protection against the arbitrary use of management authority, and technological change escape the public's view. Postal workers' demands are seen to gravitate around monetary issues. Lost is a grasp of why postal workers struggle; why the Federal government adopts an intransigent

bargaining position, and why the Post Office is the focal point for sustained state - worker confrontation.

The bitter and ongoing management - union conflict in the Post Office since the era of 'official' collective bargaining began in 1967 is a result of: (1) the reorganization of postal operations planned in the late 1960's and implemented early in the next decade; and (2) the restrictive collective bargaining framework for postal workers.

The Post Office Department underwent a major reorganization of its operations, initially with the automating of internal mail processing. This reorganization continued with the development of electronic mail delivery systems - Telepost pioneered in 1972 to serve the domestic market and Intelpost, which was recently introduced to serve international business communications.

The arbitrary introduction of a program of automation, together with all its accompanying adverse effects for 'inside' postal workers in the early 1970's, brought management - union relations to a new all time low. Where consultation mechanisms were set up to discuss and later negotiate technological change, management almost always went ahead with intended changes without allowing these mechanisms a chance to function. From a management perspective, the actual implementation of the program of automation was not open to discussion. Postal workers have fought to negotiate technological change and prevent management from acting unilaterally and against the interests of workers.

Automation of the Post Office is, without question, the single major source of postal conflict over the past decade. The history of collective bargaining in the Post Office can be written almost exclusively

from the perspective of a management bent on the one hand, on implementing technological changes and on the other a refractory union equally bent on resisting these changes.

The overhauling of the Post Office Department via a program of automation was primarily a response to growing annual postal deficits and the long range goal to put the postal operation on a firmer financial footing. Automation reflected a Federal government strategy to retire the deficit by controlling labour costs, which traditionally accounted for a large percentage of overall operating costs.

The postal deficit took on a larger dimension as a result of the emerging fiscal crisis of the late 1960's in Canada. Recurring postal deficits worsened the budgetary problems of the Canadian Federal state and helped fuel the state crisis. The Federal government's reorganization of the Post Office underlined the conjunctural necessity of rationalizing the postal operation vis-a-vis the fiscal crisis. The postal deficit, in many ways, reflected this much more profound social crisis of the capitalist economy: the problem of the state accomodating the conflicting claims of the capitalist class and the working class on the national wealth.

The reorganization of the Post Office by promoting capital over labour also points to the role postal workers' resistance plays in the economy of the Post Office. Workers' struggles at the Post Office workplace impinge on productivity and the ability of management to make the postal operation more cost efficient. Postal workers' resistance also reduces the efficacy of postal services to the private sector. Strikes and work disruptions impair business communications and interrupt the

'flow of commerce'. Postal workers' resistance, then, is an important underlying factor in the decision to overhaul the postal operation, whether viewed from the standpoint of the deficit, or, the impact of worker's struggles on capital accumulation. Automation is a way of short circuiting workers' resistance and asserting management control in the Post Office.

The program of automation and the introduction of electronic mail delivery in the last decade emphasizes the accumulation role the Post Office plays as part of the capitalist communications infrastructure. The automating of internal mail handling is a response to the changing communications needs of the private sector for a more rapid transmission of information. Electronic mail delivery illustrates the commitment of the Federal government to incorporate new business communications technology into the Post Office in order to meet the communications climate of the 1980's and beyond.

The second major cause of postal conflict is the Public Service Staff Relations Act (PSSRA) - the labour legislation covering collective bargaining for Federal workers. The PSSRA both facilitates the reorganization of the Post Office and ties the hands of postal workers in attempts to negotiate changes in the method and organization of work.

The PSSRA was passed in 1967 and set in motion collective bargaining for federal employees. Yet this labour law severely limits the scope of bargaining on many crucial fronts by excluding important categories from what are deemed 'bargainable' subjects. Critically for postal workers, technological change is a non-negotiable item. Inside postal workers have fought against what the Canadian Union of Postal Workers

(CUPW) calls the 'institutional straitjacket' of the PSSRA. This labour law has to a very great extent only 'formalized' the traditionally subordinate position of postal workers to the Federal government and its representatives at the workplace.

The inadequacy of the PSSRA as a legislative framework for the collective bargaining process was obvious from the outset. But the unworkable nature of this Act was made real for postal workers with the implementation of the program of automation.

Workers' resistance to the PSSRA has taken the form of a demand to replace this labour law with the less restrictive Canada Labour Code which covers private sector workers. A very active debate emerged on whether the Post Office Department should be transformed into a Crown Corporation. Postal workers believed such a change would open the door to make many critical issues subject to negotiation.

The adoption of Bill C-42 by the House of Commons on April 14, 1981 transforms the Post Office Department into a Crown corporation.⁵ This legislation is the culmination of over a decade of confrontation, bitter debate and oft-repeated and broken promises by successive Liberal Parliaments to make the Post Office a Crown company.

The struggle to replace the PSSRA is inextricably bound to the fight against automation and the Federal government's potentially more ominous offensive launched with electronic mail delivery. The PSSRA allows technological changes to be made and circumscribes the response of postal workers to these changes.

The purpose of the thesis is to examine why postal workers

resist. The struggles of 'inside' postal workers* represented by the CUPW occupy the focus of this work. This is largely so because postal conflict over the past decade has revolved around the CUPW's challenge to the Federal government's reorganization of the Post Office workplace. That the CUPW has taken the leading role in opposing this reorganization is perhaps explained by the direct and negative impact automation holds for the CUPW bargaining unit. Obversely, the more conservative approach of the Letter Carriers' Union of Canada (LCUC) reflects, in part at least, the peripheral relationship of letter carriers to the central work process. LCUC led strike activity accounts for only about 4 per cent of all time lost in postal strikes since 1967.⁶

This thesis is divided into four main sections: Part I examines the decision to overhaul the postal operation by focusing on the deficit, its causes and the climate into which the Post Office was headed. In addition, the decision to automate is placed in the context of the fiscal crisis of the Canadian Federal state, since postal deficits helped to fuel the state crisis. This first section is an important background to understand the program of automation itself and the extent of postal workers' resistance to automation, moreover, why the Federal government pushed ahead with automation despite its adverse effects on workers.

Part II focuses on the collective bargaining process. Chapter Two looks at the conditions under which collective bargaining for federal

* 'Inside' postal workers receive, sort and forward mail; provide counter service; unload and dispatch mail bags, etc. Letter carriers ('outside' workers) do final preparation and delivery of mail.

workers was introduced, particularly the lack of any legal right to negotiate wages and conditions of work with the government, and details the provisions of the PSSRA. The latter is contrasted with the Canada Labour Code. Chapter Three applies the PSSRA to the Post Office and shows what ways this legislation is inadequate as a bargaining tool for postal workers, especially as this Act facilitates the introduction of technological change.

Part III moves beyond the structural problems of the bargaining framework and takes up automation and postal workers' responses to automation. Chapter Four outlines the changes in the method and organization of work brought about by the program of automation; how the program was implemented; its impact on postal workers; and the ways postal workers have struggled against automation of the workplace. Chapter Five focuses on electronic mail delivery and raises a number of crucial questions for the job security of postal workers and the future of the Post Office.

Part IV, the concluding section of this thesis, considers the issue of the transformation of the Post Office into a Crown corporation. Chapter Six unfolds the arguments for a Crown company and queries the impact this transformation will likely have on future labour relations in the Post Office.

NOTES

1. James O'Connor, The Fiscal Crisis of the State, New York: St. Martin's Press, 1973. O'Connor's work on fiscal crisis theory focuses on the functions the state plays in capitalist society. The state, according to O'Connor's argument, carries out complementary and at the same time contradictory functions in the economy. The state assists profit making by spending in capital projects and by maintaining infrastructural supports (railways, schools, hospitals, communications, etc.). This is the accumulation function of the state. The state must also buy-off social discontent among people thrown out of work, injured or otherwise made surplus to the requirements of capitalist production (aged, physically and mentally handicapped). The state placates social unrest by spending in areas such as social welfare, unemployment insurance, medicare and other social programs. This is the legitimization function. Both accumulation and legitimization functions are necessary to the capitalist economy to operate, yet state spending in one area diverts capital from the other. Thus, the capitalist state is beset by two major 'claims' on its dollar resources. A third claim on state revenue is the 'coercive' function - the 'protection of persons and property' - a euphemism for keeping the subordinate social class in check. Thus, the state fulfills three main functions: (1) accumulation; (2) legitimization; and (3) coercion. The functions of the state are also discussed by Leo Panitch ("The Role and Nature of the Canadian State", in The Canadian State: Political Economy and Political Power (1977)). Panitch argues that the state acts on 'behalf' of the capitalist class, rather than at its 'behest'. Ralph Miliband (The State in Capitalist Society (1969) focuses on the institutions of the state and importantly, the role of ideology in 'mystifying' the class character of state institutions and the actions of the political managers of the state.
2. Tom Naylor, The History of Canadian Business, 1867-1914, Vol. 11 (Toronto, 1975), p. 5.
3. That is, the first major infrastructural project from Confederation, since, major water route and rail arteries were constructed in Canada (what was then Upper and Lower Canada) in the 1830's and 1840's. (Cf. Steven Langdon, The Emergence of the Canadian Working Class Movement, (Toronto, 1975), p. 5.
4. For example, a quasi-news affairs program produced by CTV called Live It Up aired a segment on absenteeism in the Canadian Post Office in March 1979. This segment noted that absenteeism was costing Canadian taxpayers to the tune of \$73 million a year. The program did not,

however, deal with the circumstances surrounding postal absenteeism, nor any of the issues in postal disputes.

Interestingly, my subsequent attempts to review this segment or have access to a typescript were thwarted by the fact that this segment can no longer be publicly shown. In a telephone conversation with Ms. S. O'Brien, program sales, CTV, on October 13, 1980, I was told that the post office number 6 segment could not be made available because of protests from the Post Office Department, but more so because the program producers, in attempting to prove a point about inefficiency in the postal system, used their own Live It Up logo on false stamps, which was an illegal act. The trade off: no legal action if the segment was permanently shelved. My appeal to CTV Vice President (News, Features and Information Programming) Mr. Donald Cameron fell on deaf ears. In response to my letter of October 14, 1980, Mr. Cameron stated that "...this particular item cannot be released either in the form of a transcript or for screening". (Letter of October 24, 1980).

5. The "Post Office Crown Corporation Bill" (C-24 was introduced in the House of Commons on July 17, 1980. (Cf. "Post Office Switch Praised", The Spectator (Hamilton) July 18, 1980, p. 2). The Bill received third and final reading and passed on April 14, 1981 (Cf. Debates of the House of Commons, April 14, 1981, p. 9264). The Canada Post Corporation officially obtained its new status on October 16, 1981 (see Chapter Six - The Post Office Corporation).
6. Labour Canada, Strikes and Lockouts in Canada, Ottawa: Economics and Research Branch, various issues 1967-1979.

CHAPTER 1 - THE DECISION TO AUTOMATE

The thesis of this chapter is that the decision to automate the Post Office Department was a two fold measure to come to grips with a rising postal deficit and to make the postal operation more responsive to the needs of the private sector.

A fiscal crisis in the Post Office was a hard fact by the mid-1960's. And, if financial forecasts were accurate, the Post Office was in for even 'harsher times'. The program of automation would, according to the Federal government's plan, stem the growth of the wages bill by halting the expansion of the workforce over the long haul, and, thereby reduce the postal deficit. The decision to automate also reflected, in part, the impact strikes and other work disruptions had on productivity in the Post Office and, hence, the postal deficit. Automation would counter the impact of workers' resistance and give management greater control over the Post Office workplace.

Automation was designed to make Canada's postal system a viable communications service to the private sector in the decades to come. A labour intensive postal system was simply no longer adequate vis-a-vis (a) rising mail volumes - the cost of manual sortation of larger volumes was too enormous to consider; and (b) the changing communications environment - manual sortation could not meet the need for more rapid transmission of information. Automation promised a more efficient handling of greater volumes of mail and, thus, an improved service to business.

Two anti-deficit strategies were open to the Federal government. Automation was a highly attractive measure aimed at fighting the deficit by increasing the capital - labour ratio in the Post Office. An alternate strategy was to simply raise postal rates to generate sufficient revenues to offset the deficit. In light of the low postal rate policy of the Federal government, which maintained the lowest cost for service in the industrialized world, this option would not have been inappropriate.

That the Federal government chose the automation strategy was totally consistent with the accumulation role of the Post Office in the capitalist economy. To raise rates would have meant a 'privatizing' of the costs of the postal system, since business constituted the overwhelming bulk of all postal users. Higher rates would redistribute the costs of the postal system throughout the private sector. This redistribution of costs would have undermined the fundamental precept of infrastructural services required by the capitalist class as a whole - the cost of infrastructure supports must be 'socialized'. The choice of automation guaranteed the Post Office would remain a public liability.

1.1 (i) The Postal Deficit

Extent

The postal deficit grew enormously in the 1960's and took a quantum leap in the Seventies. Post Office management repeatedly wrestled with high annual operation deficits. The average annual deficit between 1960 - 1964 was approximately \$29 million. The average annual deficit jumped to over \$41 million by the end of the decade. The table below details annual postal revenues and expenditures and tells the deficit story.

TABLE ONE
POSTAL DEFICITS, 1960 - 1969^a

Fiscal Year Ending March	Revenues	Expenditures	Deficit
(in millions of dollars) ^b (\$1961)			
1960	\$ 199	\$ 222	\$ 23
1961	206	237	31
1962	215	244	29
1963	220	244	24
1964	229	264	35
1965	251	261	10
1966	256	284	28
1967	264	306	42
1968	281	336	55
1969	299	369	70

Source: Selected data, Report of the Postmaster General, 1964-1966 and Annual Report, Canada Post Office, 1967-1969.

Notes: (a) This table includes the dollar value of services supplied to the Post Office Department by other government departments and services received from other departments.

(b) All figures rounded.

The trend since 1965 is an unmistakable march toward greater budgetary shortfall. For example, the average annual deficit between 1970 - 1974 rose to over \$64 million - or more than double the previous five-year average.¹ Understandably, the Federal government and Post Office Department management were gravely concerned with a deficit of this

dimension and set out to control or reduce the deficit heading into the 1970's. What were the causes of the postal deficit?

(ii) Causes of the Deficit

Management's Paper Tiger:
Rising Labour Costs

The Post Office Department shifts the blame for the postal deficit to its employees. The deficit is a creature of 'rising labour costs'. The Post Office views the 'gap between revenues and expenditures' in the context of reducing costs, principally, labour costs, since wage increases constitute the "... most significant single factor in rising costs".²

Labour costs are indeed the single greatest expenditure as a percentage of all operating costs in the Post Office Department. Table Two below clearly illustrates this point. However, the tendency to draw an automatic connection between the deficit and labour costs, and, thus, to portray postal workers as fiscal villains, flies in the face of a number of important facts about precisely what contributes to the postal deficit.

Firstly, that wages have traditionally accounted for a high percentage of all operating costs is not at all surprising in view of the essentially blue-collar nature of the work performed in the Post Office. The postal system of the 1960's was labour intensive. Letter sorting machines and other mechanized equipment were yet to be used in Canada as part of a systematic approach to sorting and moving the mails. Postal workers could hardly be blamed for the fact that the postal workplace was organized around living labour as opposed to machinery. Indeed, a government study observed that "The lag in productivity [in the Post Office] can be related to the failure of the Canada Post Office, in

comparison to major post offices elsewhere, to introduce mechanical sortation processes" in the 1960's.³

TABLE TWO

Labour Costs in the Post Office
Department, 1960 - 1969

Fiscal Year Ending March	Salaries/Wages	% of all Operating Costs ^a
(millions of dollars) ^a (\$1961)		
1960	\$ 122	% 54.9
1961	133	56.1
1962	138	56.6
1963	140	57.4
1964	157	59.5
1965	151	57.9
1966	173	60.9
1967	187	61.1
1968	201	59.8
1969	254	68.8

Source: Selected data, Report of the Postmaster General 1960-1966 and Annual Report, Canada Post Office, 1967-1969.

Notes: (a) All figures rounded.
(b) Per centages of operating costs as contained in Table One.

Secondly, increases in the wages bill as a per centage of all operating costs were not all that dramatic in the 1960's as Table Two illustrates. Moreover, the real wages of postal workers between 1961 -

1969 increased only marginally. The table below underlines this point:

TABLE THREE

Money and Real Wage Rates P.O. 4^a

	<u>Money Rate^b</u>	<u>Standard C.P.I.</u>	<u>Real Wage^c</u> (1961)
1961	2.07	100.0	2.07
1962	2.07	101.2	2.05
1963	2.24	103.0	2.17
1964	2.24	104.8	2.14
1965	2.41	107.4	2.24
1966	2.50	111.4	2.24
1967	2.75	115.4	2.38
1968	2.96	120.1	2.46
1969	3.14	125.5	2.50

Source: Selected Data, "Table One - Money and Real Wage Rates P.O. 4", Submission by the Canadian Union of Postal Workers to the Conciliation Board Established in View of the Renewal of the Collective Agreement Between the CUPW and the Treasury Board, April 10, 1978. Appendix 1 - "Wage Proposal", p. 9.

Notes: (a) P.O 4 represents the vast majority of postal workers - sorters, coders, sweepers, etc.
 (b) Rate in effect for longest period in each year.
 (c) The money rate is divided by the appropriate average annual C.P.I.

In addition to the points raised above on increased labour costs, we further note that the size of the postal workforce increased by about 26 per cent between 1960 and 1969.⁴ Hence, an increase in the overall cost of labour must be weighted against the expansion of the workforce itself.* This expansion, again, underlines the labour intensive nature

* Labour costs must also be divided into costs of salaries for

of the work process at that time.

Thirdly, a considerable loss of postal revenue results from Canada's involvement in the foreign mail exchange agreement. Under the Universal Postal Convention, the Canadian Post Office handles foreign mail at no charge to the country of origin. While this service also applies to Canadian mail sent outside the country, this agreement results in a net revenue loss to Canada. Taking the United States as an example, more U.S. mail enters Canada than the obverse, owing in large part to the sizeable difference in population between the two countries. The Canadian postal system suffers a revenue loss, since Canadian postal workers are paid to sort and deliver this mail regardless, and are paid largely by Canadian tax dollars. As Mr. Mather (NDP) remarked in the House of Commons in 1966:⁵

The real hole, in our opinion, through which the flood of the deficit comes into the operations of the post office is the agreement which permits the entry, at our cost, of millions of dollars worth of U.S. printed products. I am told, for example, that our post office loss on Time and Teader's Digest has been in the past as high as \$1,400,000. a year.

The foreign mail exchange agreement when looked at internationally, cost Canada millions of dollars each year. The estimated global loss to the

supervisory staff and postal workers and letter carriers. In 1980, for example, supervisors, clerical workers and operational staff (e.g. truck drivers, etc.) salaries accounted for 60 per cent of total labour costs, while the figure for postal workers and letter carriers was 40 per cent. (Cf. The Postal Journal of Canada, Vol. 40, No. 2 (1980), p. 5. Data for years prior to 1980 is not presently available.

Post Office in 1966 was \$5 million.⁶ These sums cannot be ignored when discussing the postal deficit, since Canadian postal workers provide a service for which revenue is not directly generated and for which reciprocity offer no adequate compensation.

Fourthly, Post Office management decisions to go ahead and purchase major capital items only later to be left underused or idle also affects the postal deficit. Expected productivity improvements fail to materialize and more workers may be needed to take up the slack as a result. One example worth citing is the case of a trolley conveyor installed in the Hamilton post office in 1961 and brought to the attention of the House in 1968.⁷ The initial cost of the trolley conveyor was \$81,745. plus taxes. After mechanical and electrical modification the price tag rose to \$126,481.60. However, use of this expensive equipment was halted only a few years later. Responding to questioning in the House of Commons, the Hon. G.J. McIlraith, Minister of Public Works, offered the following explanation to the Canadian taxpayer:⁸

I am informed by the postal authorities that the use of the conveyor was discontinued on February 22, 1965, because it could not be kept in a reliable working condition. Continued efforts to operate it would have disrupted handling of mail in the Hamilton post office.

A large outlay of public dollars was thus made on equipment that was later left to gather dust.

In my visit to the Gateway postal facility outside Toronto, the country's largest mail and parcel processing facility, I observed three instances of capital waste. Firstly, an expensive computer parcel Inplant Cart system in the bulk mail plant was not used. The floor was

embedded with a rail type of tracking on which parcel carts are guided by computer codes. However, this system was never used. "Its safer not to run it. We did not plan to have any processing done on the floor area. But, as you can see, we do have employees working here".⁹ The postal official who made these remarks declined to tell me this system's cost. However, he did indicate that it was a very "expensive" white elephant. Poor planning, in this case, resulted in the expenditure of public dollars for equipment which has never been used, moreover, to do so would endanger the safety of the parcel sorters working in the plant (see Chapter Four). Secondly, I observed the operation of the mechanized mail sortation system. Three "Culler-Facer-Canceller" machines, which sort letters in the mail processing plant, were purchased at a cost of \$250,000 a piece. Only one was operating during my visit (the evening shift, usually the busiest). I was informed that only two CFC machines have ever operated simultaneously. A third, then, rests permanently idle. Lastly, every fifteen or so feet overhead are closed-circuit television cameras (CCTV) to survey the work areas from a central control booth. The general supervisor at Gateway told me the cost was absolutely "incredible", yet they are almost never used!*

* The "Commission of Inquiry Relating to the Security and Investigation Services Branch Within the Post Office Department", chaired by Juge René J. Marin, heard testimony from Post Office Department officials that claimed the CCTV system had only been used a grand total of 28 times. The Marin Commission was supposed to make public the exact cost of the CCTV system to the taxpayer. However, this information was omitted from the report of its findings and recommendations. In any case, Post Office management argued that the cost of CCTV must be weighted against the system's deterrent value against crime. The 'deterrent' argument is a highly debatable one, since mail theft, damage and other forms of crime in the Post Office is estimated in the Commission's report to cost more than \$4 million annually. (Cf. The Report of the Commission of Inquiry

Fifthly, a Post Office Department "Productivity Study" (1969),¹⁰ interestingly enough, pointed to a lack of management expertise as a key factor resulting in lower productivity in the Post Office.* The study observed that a reorganization of management resources and a decentralization of decision-making authority was necessary to increase productivity. That is, without even considering the introduction of automation, significant productivity improvement could be achieved by "training and re-orientation" of management personnel. This included training management on how to identify and eliminate the causes of non-productive time and how to make use of methods improvement techniques. The study projected a short-run productivity increase in mail sortation of 5 per cent across the postal system if its recommendations were acted on.¹¹ A 5 per cent improvement in mail processing in just the five largest facilities would alone have generated a \$3 million annual saving in 1969 dollars.¹²

Relating to the Security and Investigation Services Branch Within the Post Office Department, January 7, 1981, Juge René Marin, Commissioner, p. 67; 88-89). It could also be argued that the extent of crime in the Post Office is overblown. For instance, the Marin Report does not say how much of the \$4 million in losses is caused by damage as against sheer theft. Testimony heard before the Commission from Post Office management noted that damage to parcels by machines was quite substantial. At the Gateway plant alone "... some 200 parcels each day were damaged so severely that the contents could not be matched up with the package". (Cf. "CIC and Postal Unions Respond to the Marin Report", March 19, 1981 (press release). Thus, the deterrent rationale for the CCTV system is weakened by the absence of information to clearly prove a 'crime wave' in the Post Office actually exists. I am indebted to Geoff Bickerton, CUPW research officer, for pointing out the information on the use of the CCTV system heard before the Marin Commission, since this data was not included in the Report.

* Several government studies on the Post Office (e.g. 'Uberig Report'; 'Bernie Wilson Report'; 'Arnot-Mullington Report'; 'Hay Associates Report'; etc.) in the 1970's identified "management incompetence" as a

Sixthly, the deficit could also be reduced or altogether wiped-out if the Post Office controlled all aspects of the communications field (telephone, television, telegraph, electronic data transmission, etc.) in Canada. Profits from one branch, for example, Bell Canada's heavy profits, could be used to offset financial losses in the Post Office. This is precisely how Britain's communications network operates.¹³

Lastly, and most importantly, the postal deficit is the product of the low mail rate policy of the Federal government which subsidizes the private sector out of the taxpayer's pocket. The impact of too low a postal rate structure is to remove potential sources of revenue adequate to wipe-out the postal deficit. This factor is discussed below in detail under its own heading.

On the basis of the foregoing, then, there is little to back up the proposition that the problem of the deficit is really a problem of wage claims made by postal workers. A case for linking the deficit to labour costs can only be made by examining how low worker productivity primes the deficit vis-a-vis the necessity to augment the workforce to obtain improvement in productivity levels. This issue is taken up later in this chapter when we consider the impact of postal worker's resistance on productivity and, hence, operating costs and the postal deficit.

key source of the poor services and bereft financial condition of the postal system. The Federal government, however, did not release these reports to the public. (Cf. Address by the National President of the Canadian Union of Postal Workers to the Canadian Postal Users' Conference, 1978, in Toronto, Ontario, September 25, 1978, pp. 7-8.)

Mail Rate Structure

Before proceeding with this section, a few words on the financial structure of the Post Office Department are in order. The operating costs of the Post Office are paid out of parliamentary appropriations and not strictly on the basis of revenue receipts. What this means, of course, is that any shortfall between revenue and operating costs comes out of the taxpayer's pocket. This situation poses no problem so long as postal revenues are adequate to meet costs, or other sources of state revenue can be applied against operating deficits in the Post Office. This has not, however, been the case.

The Canadian Post Office maintains the lowest rate structure of any country in the industrialized world. For this reason, postal rates have proved grossly inadequate to cover the actual costs of operating the Post Office. In addition, the general shape of the Federal Treasury since the late 1960's has not been good (see section 1.4). Postal deficits fall flatly on the Federal Treasury and in turn must be borne by the taxpaying public.

Instead of gearing the postal rates policy to the actual operating costs of the Post Office, the Federal government has chosen to shift the costs of postal services onto the general public. The average citizen is footing the bill for a variety of services (e.g. special delivery, parcel post, etc. and innovations like Telepost targeted for use mainly by business) which he/she is not likely to use, not to mention the cost of research and development for new services.

Corporate postal users reap the benefit of low rates, which represent, no less, a form of subsidy to the private sector. The Federal

government's policy on postal rates is consistent with its accumulation function: that is, to socialize costs of communications and transportation.

A low rates structure obviously removes potential revenue that could be used to keep the deficit in check. The rates structure must be cited as a key factor in the failure of postal revenue to cover operating costs. Indeed, a Post Office Department study prepared in August 1978, finally acknowledged the role of low postal rates on the poor financial shape of the Department.¹⁴

It could be argued that these problems [financial] of the Post Office reflect nothing more than the effects of underpricing of the service ...Postal rate adjustments have not kept pace and have, until recently, even lagged behind the rise in the Consumer Price Index. Indeed, even after the recent increase, Canadian postal services are the lowest of the western industrialized nations... it is interesting to note, for example, that the Australian Post Office has found it necessary to establish a first class rate of 26¢ Canadian. If that rate were in effect here, the Post Office would probably be able to cover all expenses from its own revenues.

It was not until this study that the Post Office Department was willing to publicly admit the relevance of the argument connecting low rates and the deficit.* This, despite the fact that the negative consequences of administering too low a postal rate structure on the postal deficit was extensively dealt with in a 1969 Federal government study. This study, A Blueprint for Change, observed that unless the rate structure was altered, "...substantial deficits will be incurred in perpetuity..."¹⁵

* The Federal government's postal rate policy led the CUPW to charge that the postal deficit was "artificially induced" and conveniently used by management to justify its intransigent bargaining position on wages. (Cf. Submission by the Canadian Union of Postal Workers to the Conciliation Board..., Supra, Appendix I, p. 3.

Moreover, a Liberal member of parliament, Mr. Cowan, told the House in 1966 that, particularly in the case of second class mail, postal rates did not cover the cost of services rendered.¹⁶

The main benefactor of the low postal rate policy was, of course, the private sector, traditionally the biggest collective customer of the Post Office.¹⁷ These low rates subsidized corporate postal users. The first and second class mail product lines provide the best indication of this.

(a) First Class Mail

In the Annual Report of the Postmaster General for 1964, it was pointed out that "... under the present rate structure, first class mail does not pay its way, and increases in the postal rate are indicated if the Department is to avoid continuing to subsidize the carriage of letter mail".¹⁸ On April 1, 1954 the cost of mailing a first class letter in Canada was five cents. On November 1, 1968 the first class rate was changed; now costing six cents. It took fourteen years to increase this rate by a single cent! Small wonder that first class mail did not 'pay its way'.

When Postmaster General Jean Pierre Côté proposed a first class mail rate hike in 1967, some Members voiced objection on the grounds that the increase would be a financial burden to the "little people" of Canada as one MP put it.¹⁹ But since the private sector's share of first class mail was conservatively estimated at seventy-five per cent, any increase in this mail rate would fall to business (assuming no 'passing on' of the increase to the consumer via higher prices for goods and services). First class mail was not the exclusive mail of the 'ordinary citizen' as many

people believed. Indeed, a complete breakdown of first class postal users reveals 75 per cent usage by the private sector; 20 per cent by all levels of government; and only about 5 per cent general public use.²⁰

Perhaps Postmaster General Côté best put this rate proposal into perspective when he remarked:²¹

The honourable member who just made his speech suggested that the ordinary citizen would have to pay for the bulk of revenue to be provided by this increase. Let me tell him that the average citizen spends on first class mail service of the post office \$1.82 a year; the increase will bring this up to \$2.19, so the ordinary citizen will be paying 37 cents a year more. But consider the position of the Bell Telephone Company, for example, which has telephones in every house and sends a bill to every house once a month. What about companies and corporations of this kind? It is they who will be carrying the burden.

In comparison to other countries at the time, Canadian first class postal users paid 50 per cent less than in Britain and West German; 25 per cent less than in France and slightly less than postal users in the United States.²²

(b) Second Class Mail

Second class mail rates provide an even more telling indictment of the postal rates policy of the Federal government and the connection of the rates policy to the deficit. Revenue generated from second class mail in the late Sixties was estimated to cover only about 22 per cent of the costs of distributing this category of mail, the bulk of which was newspapers and periodicals.²³ For weekly newspapers, the Post Office Department only recovered 9.7 per cent of actual distributing costs in 1967.²⁴ The loss of revenue on Time and Reader's Digest alone in 1967 was \$1.5

million.²⁵ Thus, the Post Office Department was not understating the case when it earlier stated in its 1964 annual report that "... the greatest single item in the Post Office Department's budgetary deficit is incurred in the carriage of second class mail..."²⁶ The table below gives an historical overview of the second class mail subsidy for three separate periods.

TABLE FOUR
SECOND CLASS MAIL SUBSIDY

Year	Subsidy
(millions of dollars)	
1951	\$ 13.5
1966	28.2
1970 ^a	54.0

Source: Calculated from data taken from the proceedings of the House of Commons October 21, 1968, p. 1605.

Notes: (a) Estimate

In other words, these figures represent the amount by which the Canadian taxpayer footed the bill for the inadequate second class mail rates, or, the amount businesses would be forced to shell out if rates covered actual handling and distribution costs. Between 1958 - 1968, the cumulative subsidy was about \$300 million.²⁷ Some individual examples of the second class mail subsidy are worth noting. For instance, the Western Producer newspaper cost \$574,000 to deliver in 1967; the Post Office received only

\$59,000 in revenue.²⁸ The Edmonton Journal, another newspaper, generated postal revenue of \$89,000 while costing the Post Office \$204,000.²⁹ These examples are quite typical of the revenue - cost gap for second class mail.

The handouts to the publishing industry, interestingly, were justified by invoking the notion of the 'public interest', so often used to defend corporate welfare. In Postmaster General Eric Kierans' own words - "... the communication of ideas and information is the glue of confederation and the subsidy amounts to an additive to that glue".³⁰ Mr. Raymond Dubé, editor of Le Soleil, wrote in his editorial of October 17, 1968 that,³¹

From the strictly economic point of view, the attitude taken by the Post Office Department [i.e. increasing the second class rate] is understandable, but its position becomes absolutely untenable when it places the economic soundness of a state-provided service above the respect for a principle as unquestioned as the obligation for a democratic government to ensure that the whole population can fully exercise its right to be informed and to eliminate anything which may directly or indirectly interfere with that right.

Some years later, the Canadian Newspaper Publisher's Association restated the case for the second class subsidy by saying that low rates were actually "... a subsidy to the people, not a subsidy to the newspaper industry".³² The Association did not state the extent to which this 'subsidy to the people' helped industry profits.

Thus, the Post Office Department's marriage of the postal deficit to labour costs ignores a plethora of factors - all of which in one way or another fuel the postal deficit. How can labour costs be said to be exorbitant, if the price of the postal commodity is pegged below cost? The price of postal service must reflect the labour and other costs to provide this service. A major part of the onus for the deficit, there-

fore, must be placed with the Federal government's postal rates policy. This policy makes the general public shoulder the postal bill instead of the postal users on a cost for service basis.

The gap between revenues and expenditures was also widened by the impact postal workers' resistance obtained for productivity. The rest of this section considers this aspect of the postal deficit.

Postal Workers' Resistance

Some capitalists may be able to raise wages by 5 or 10 per cent a year, but they cannot reduce alienation by even 1 per cent. There is nothing exceptional about alienated work. It is the way most jobs are organized and the way they are perceived by most workers. When tasks become so fragmented that there is no longer an object being worked on but only endless motions being repeated upon minute matter, all the meaning is drained out of work... Neither the meaning of work nor the wholeness of being human are achievable at the workplace. Yet the people do not forfeit their humanness. That is why, even as they tend to resign their politics to the specialists they continue to offer a permanent challenge to the power of management and foremen at the point of production. I am speaking here not only of official strikes or even the many more unofficial ones, but also of the hidden, silent, informal day-to-day resistance that is part of the life of every office, every factory, every mine.

This passage is written by Cy Gonick, a Canadian political economist, in his book Inflation or Depression.³³ Gonick's words say a lot about the nature of work in capitalist society and how work ferments workers' resistance. This resistance often flies in the face of monetary and other work incentives, pointing out, that, there are indeed limits to how far mundane and meaningless jobs can be made palatable for workers. The Canadian Post Office workplace is no exception.

The nature of work in the Post Office is a source of struggle for postal workers. The boring and repetitive nature of manual mail sortation

makes work, for many inside postal workers, tolerable only as an act of resistance against the work itself and against those representative of management who enforce discipline at the workplace. Strikes and other work disruptions in the Post Office since the 1965 'illegal' postal strike have been frequent and bitter occurrences.*

The struggle against job alienation in the Post Office has taken a myriad of forms. Among the most common tactics used by all postal workers are:³⁴ restricting output by slowing the pace of manual mail sortation or deliberately mis-sorting mail; taking unofficial breaks averaging about ten minutes each hour (by hiding-out in washrooms; smoking rooms; stairwells or other places away from the watch of supervisors); escaping the last thirty minutes of a shift via fire exits, etc. and punching time cards for those workers who 'flee' early; waiting until six-and-one half hours have been worked and then booking off sick (the "6½ hour flu") while being paid for the full shift; using the high turnover rate among manual sorters (50% - 80% during night shift workers**) as a form of supervisor blackmail, since enforcing discipline often means creating a shortage of workers and only more headaches to get the mail out (this makes existing workers less vulnerable to discipline). But most common of all is absenteeism, especially during the summer months and on evening shifts.

* Postal strife is discussed in detail in Chapter Three and Four.

** High employee turnover in the Post Office is described by one Federal government study as a "serious and costly problem in large post offices." In Toronto evening and night shift turnover reportedly reached 130 per cent in 1975 (Cf. Report of the Joint Post Office - Treasury Board Secretariat Study Group, Major Organizational and Compensation Issues in Canada Post December 1975, Vol. I, p. 87).

Apart from the 'direct' forms of postal workers' resistance to the work they perform, inside postal workers also sought to 'humanize' the endless repetitions of sorting mail. One example is "Post Office Poker" - a game devised by Toronto postal workers to reduce job boredom:³⁵

To while away the hours, they [postal workers] had developed a version of Post Office poker which involved saving letters with runs or triple numbers in the address, with the high man winning a cent for each 'card' he held over the number held by his opponents. With enough people playing, the winner could walk away with \$25. at the end of a shift. The key was not luck, but volume, and the speedballs devoured fifty and fifty-five letters a minute, even more in short games, in their quest for runs and triples.

Games like Post Office Poker actually increased productivity and underlined the fact that postal workers resistance was not rooted in a fear of work itself. Rather postal workers, like any other workers, could stomach only so much of the same monotonous routine day-in and day-out.*

The struggles in the Post Office workplace are perhaps best characterized by the passage below written by a Toronto postal worker:³⁶

... as well as looking like a prison, the post office also resembled a battlefield. Each night was filled with incidents, actions, and reactions, all designed to gain an advantage. For us, the aim was more money for less work; the supervisors and management obviously had the opposite goal. And over the years we've had some success.

*Interestingly, the practice of Post Office Poker ceased after Toronto Post Office management attempted to use it to extract more and more labour from postal workers. Management at Toronto Post Office began work measurement and imposed a quota of 24 letters per minute for each sorter. The extra productivity of the 'gambler' sorters raised overall mail through-put to a point where management set new higher quotas for everyone! (Cf. J. Davidson and J. Deverell. Joe Davidson (Toronto, 1978), pp. 65-66).

The consequence of postal workers' struggle from a management perspective was a loss in productivity. The productivity losses in the Post Office measured in terms of hiring additional workers and the impact on the postal deficit was significant. In a speech before the Vancouver Board of Trade in April 1972, the Postmaster General observed that,³⁷

...since 1965 to be exact, the productivity index at the Post Office has fallen by 12.5%
 ...To compensate for this drop in productivity we had to hire more people; this represents an additional expenditure of nearly \$17 million...
 It would be totally illogical to think that the Post Office will continue to absorb this loss of productivity, inflating its deficit by taking on employees who, under normal circumstances, would not be needed.

By 'normal circumstances' we must assume the Postmaster meant, if postal workers did not display militancy at the workplace and an affinity to strike action. Faced with the prospect of a burgeoning deficit and growing postal worker militancy, certain changes were in order if the postal system was to survive financially and as a communications service to the private sector.

1.2 Automation As a Strategy to Fight the Deficit & Control Labour

The Post Office Department has shown a longstanding interest in the research and development of postal equipment as a way of improving the efficiency of its services to postal users. As early as 1959, the 'Mechanization Development Division' was busy experimenting with 'electro-mechanical' parcel sorting machines in the newly built Winnipeg postal facility.³⁸ The promise of mechanical handling of mail was simple enough.

The 1960 Report of the Postmaster General observed:³⁹

This [program of mechanization] will mechanize hitherto monotonous and inefficient hand operation performed in the large centres by part-time help... The Mechanization Programme will bring about more efficient handling of the ever increasing mail volume without corresponding increase in staff but will not cause any full time employee to be thrown out of work. It is a long range programme which will take time to develop, test and extend throughout the service. These machines will be introduced at a rate which will enable the Department to adjust to the change without dislocation of staff or hardship to anyone.*

This 'mechanization programme' was not, however, a 'blueprint' for the systematic reorganization of the postal operation. For one thing, the program had very little in the way of financing. In fact, Postmaster General Eric Kierans, retrospectively criticized the Conservative government's paltry budget of \$133,000 in fiscal year 1962/63 for the research and development of mechanization.⁴⁰

The promise of mechanical mail handling equipment being introduced gradually and the notion that mechanization would not cause "hardship to anyone" was wrecked only a few years later by the widespread reorganization of the Post Office. The Post Office Department was overhauled in the early 1970's, chiefly by mechanizing internal mail processing and modernizing postal facilities.

*Interestingly, the goal of the "Mechanization Programme" to eliminate "monotonous and inefficient hand operation performed ...by part-time help" while not rendering permanent staff surplus has worked in reverse. When the program of automation was embarked upon in the 1970's, one of the key components was a growth in the part-time and casual workforce. That is, a part-time labour pool was highly compatible with automation. (We discuss the use of part-time and casual labour in Chapter Four)

A Strategy is Born

The systematic overhauling of the Post Office Department really began in the late 1960's with the Kierans' studies on all aspects of the postal operation. Fifteen separate studies were commissioned by Kierans in 1968 to "...examine ways and means of converting the postal operation from a net deficit to a profitable basis" and to study the "feasibility of operating the Post Office as a Crown Corporation".⁴¹ The plan to mechanize internal mail processing was thus intended as the primary means of cutting overall operating costs - a "technique" for bringing the deficit into line" as Kierans put it before the House of Commons.⁴²

The summary report of the crown corporation studies, A Blueprint for Change, completed in 1969, was quite emphatic on the immediate and critical need for automation of the postal operation. "The goal of postal automation is to assist in stabilizing the financial future of the Post Office... The introduction of automation is ... essential if total annual expenditures are to be controlled..."⁴³ The study also recommended that the Post Office be transformed into a Crown company as the best organization structure to achieve the efficiency and financial autonomy objectives set for the Post Office. A Crown corporation would allow Post Office management "independence of thought, and responsibility and accountability within an organizational structure that has full control over all its elements".⁴⁴ This was a reference to the fact that the

* Other "techniques" included closing down smaller post offices that could not be revenue/cost justified and amalgamating rural routes making delivery contracts more lucrative for contractors and thus (it was reasoned) providing incentive for a more efficient service. (Cf. Debates of the House of Commons, October 21, 1968, p. 1602).

Post Office Department is operated, in effect, by a number of government departments (e.g. Treasury Board, Supply and Services, etc.). It is now history that the Federal government only recently acted on this recommendation (see Chapter Six).

While the technology to fully automate the Post Office was not yet firmly in place at the time of the Kierans studies (optical scanners to allow reading of handwritten addresses, etc. were not yet developed),⁴⁵ * the Federal government introduced mechanized mail sortation in newly built facilities. This action may not have produced the ideal of fully automated mail processing, but the Post Office was now clearly and unalterably moving in this direction. The mail sortation process in the Canadian postal system in the 1960's was extremely labour intensive, particularly in relation to other industrilized countries.⁴⁶ Sorting of long and short letters consumed about 65 per cent of all hours worked in the Post Office.⁴⁷ Mechanization would realize a substantial labour time reduction at this point in the process.

Automation was imperative if labour costs were to be kept in check. The bottom cost per 1000 letters using the most advanced letter sorting

* An interesting footnote to the discussion of postal mechanization technology is that certain aspects of this technology were developed as a "tripartite" venture (to use Kierans' term) between Canada, the United States and Britain. Thus these three countries pooled resources to develop a labour and cost saving technology which could be internationally used by postal administrations. (Cf. Debates of the House of Commons, October 24, 1968, p. 1998). Not only are the machines which dominate labour portable, the technology, once developed, is available to the Capitalist class globally, in this case, the capitalist state. For a discussion of machinery and technology in capitalist society, see G. Kay, The Economic Theory of the Working Class, London: Macmillan, 1979, Chapter Five.

equipment available in the late 1960's was estimated at \$3.00 as against \$5.00 for manual sortation.⁴⁸ This gap would be considerably greater as wage costs rose as a result of the price inflation of the next decade. Letter sorting machinery also reduced floor space requirements, further cutting operating costs. The initial capital outlay for mechanized equipment would more than pay for itself in cost reductions over the long haul.⁴⁹

Coupled to the program of automation (estimated initially to cost a meager \$30 million over a five-year period)⁵⁰ the Federal government launched a modernization program in 1970. This building and renewal program was designed to improve the physical environment of postal facilities. Many buildings were old and over-crowded. The new mail sorting equipment could not be introduced without improvements in many instances. The modernization program was earmarked some \$300 million over a five-year period.⁵¹

The benefit of automation as a tool to control the deficit was pointed out years after the program of automation was well underway. The Post Office Department observed that only a 1 per cent increase in use of the postal code sliced \$100 million from the deficit by increasing efficiency in mail sortation and delivery.⁵²

The advantage of automation did not rest exclusively with cost savings. Automation was also a means to assert management control and thereby provide management the organizational wherewithall necessary to make the postal system more financially sound and service oriented.

Automation, Workers' Resistance
and Management Control

Intensifying the capital - labour ratio in the Post Office workplace underscored the role postal workers' resistance played in the economy of the Post Office. The daily struggles of postal workers resulted in lower productivity and increased the cost of maintaining an acceptable level of postal service. This resistance affected the ability of management to achieve the cost and efficiency goals established by Postmaster General Kierans in the late 1960's.

Automation was a way of short-circuiting workers' control of the workplace by imposing a 'mechanical unity' over the work process. In the absence of machinery to regulate the work process, more management intervention was required, since management must achieve organizationally (or 'structurally') what was otherwise built into the machine process to a very great extent. The less technically integrated the work process, the greater the need for management to 'manually' intervene and impose its authority over the workplace.⁵³ In a real sense, the program of automation built in management control functions. This gave management enormous power over the postal workplace and workers. Management can set the pace of work, monitor and regulate worker performance, and need no longer depend only on 'human relations' skills to make workers dispose of their labour power to the extent desired.* However, management control in this sense

* The 'material basis' of management control, then, can be found in the characteristic mode of exploitation itself. In a labour intensive work process (i.e., the extraction of absolute surplus value) more direct ways of controlling labour are necessary, simply because the work process still very much revolves around living labour; workers exercise a large measure of autonomy. Obversely, where mechanization of the work process (i.e. the extraction of relative surplus value) has considerably

does not mean an end to postal workers' resistance. (If anything, it could be argued that automation gives workers a more focused object of their frustration. We deal with automation and workers' resistance in Chapter Four).

In view of the high degree of militancy of inside postal workers, the implementation of a program of automation was vital to management bringing the Post Office 'in-line'. The extent and consistency of postal workers' resistance to the boring and repetitive nature of manual sortation was, then, a key factor shaping the Federal government's decision to automate and push ahead with automation at all costs. Indeed, the series of postal studies in the late 1960's bore this point out. For example, in a letter which accompanied A Blueprint for Change, dated November 1, 1969 to Postmaster General Kierans, the report's authors observed that Mr. Kierans was preoccupied with the need to restructure the Post Office to mitigate the negative consequences of workers' resistance. The letter states:⁵⁴

As Minister responsible, you were concerned for many reasons: notably, labour unrest and the resultant upheaval to the economy due to strikes, the rising annual deficit and the consequent drain on the financial resources of the country, complaints and dissatisfaction of business and the public to postal service...

eliminated human intervention, management control is, in many respects, exercised as a consequence of work being organized around the machine process. For a discussion of workers' resistance and management control strategies see the excellent work of Andrew L. Friedman, Industry and Labour: Class Struggle at Work and Monopoly Capitalism (London, 1977), especially Chapter Seven.

Automation became a long term solution to low productivity and to break workers' resistance to management's operational efficiency goals. Productivity losses measured in terms of budgetary problems could not be tolerated if the postal operation was to reverse the now legendary deficit. Automation was also necessary if the Post Office was to keep up with changing times.

1.3 Environment Forecast

The systematic reorganization of the Post Office Department was also informed by projections about the kind of communications environment the Post Office would be operating in the years ahead. Two factors are most significant here: (1) rising mail volumes and the inadequacy of manual sortation; and (2) a rapidly changing communications environment.

Rising Mail Volumes

A substantial rise in the volume of mail the Post Office would handle was projected over the next twenty-five years. Existing manual sortation methods would not be adequate to handle these volumes. The actual mail volume (all categories) processed in 1967 was five billion pieces.⁵⁵ The forecast was as follows:⁵⁶ *

1975	6.4 billion pieces
1985	7.0 " "
1995	9.5 " "

*The volume of mail processed between 1962 - 1965 had already increased by over 12 per cent. One factor contributing to this increase was the introduction of a mass credit system (chargex, mastercharge, etc.). (Cf. W. Johnson, The Trade Unions and the State (Montreal, 1978), p. 130).

The Federal government's "Environment Forecast Study" observed that a number of factors would contribute to rising mail volumes in Canada.⁵⁷ Higher levels of education attainment would lead to a demand for more information, since "Educated people have wider interests, participate in more group activities, know how to obtain information..."⁵⁸ Greater discretionary income was foreseen in the 1970's and 1980's, opening up new consumer markets and the potential for greater use of the mails to order goods, etc. or to read about consumer items in magazines sent by the Post Office to their homes. The study projected an extension of the weekend to three days, and, thus, an increase in leisure time. People with more time on their hands would likely read more newspapers and magazines. A population growth of 1.9 per cent annually was projected,⁵⁹ which would increase mail use, coupled to a continued trend to urbanization, pushing still further the expansion of mail volumes.

Two lines of approach were open to the Federal government and Post Office management to handle these projected increases in mail volume:

- (1) increase the size of the workforce - more workers handling more mail;
- or (2) mechanize internal mail processing.

The first option was unattractive for several reasons. Increasing the workforce would make labour costs soar dramatically. Rising mail volumes would only reproduce the budgetary crisis on an expanded level. Post Office management, as we earlier observed, could not depend on corresponding productivity gains from manual sortation methods. Postal workers' militancy dictated, if anything, a policy which would reduce the postal system's dependence on labour. Indeed, increasing management's reliance on postal workers to get the job done would be like committing 'hari-kiri' in light of existing labour practices. Rising mail volumes in the frame-

work of a manual sortation process would only exasperate efficiency problems, increase the deficit and render the postal system virtually useless to the private sector by subjecting the work process to the vicissitudes of strikes and other service disruptions. As well, manual sortation was being outmoded by the sheer size of the job to be done in the near future. Expanding the workforce was not only costly, but had its limitations vis-a-vis how many workers could be fit into a given plant at a given shift. Manual sortation had a very real 'structural' lower ceiling on productivity, whereas, mechanical mail processing was infinitely more adaptive to changing conditions - whether mail volumes or technological improvements.

Changing Communications Environment

Another factor in relegating manual sortation to the postal dustbin was the growing need among businesses for more rapid communications services. The need for more rapid transmission of information meant the Post Office had to undergo change if it was to continue to assist private capital accumulation.

The communications media traditionally available to the private sector consisted of newspapers; mail; telegrams; telephone; television; telex; and data transmission. Of all these, the mails was the least costly to business.⁶⁰ Low cost was the main advantage of mail over other communications mediums. However, the changing communications requirements of business and the development of facsimile and other electronic means of sending information challenged the pre-eminent position the mails enjoyed.

The requirements of communications messages were becoming increasingly sensitive to speed of transmission, as opposed to strictly cost,⁶¹ a consideration the Post Office Department could not afford to treat lightly in assessing the future of the postal system in the national communications network. If the business community was willing to pay more for, as an example, facsimile transmission, the role of the Post Office would be seriously undermined. As well, the day was not far off when the cost of facsimile transmission would be substantially reduced, combining both speed of transmission and low cost to lure business away from the traditionally cheaper, but increasingly slower, mail system. It was no surprise to hear Postmaster General Kierans tell the House in 1968 that the planned overhauling of the Post Office was a measure in respect of changing times, "...a problem of function, of communications in a rapidly changing industry, not [just] as a perennial problem of an institution in political, financial or administrative difficulties".⁶²

The Federal government's concern with changes in communications technology and its impact on the Post Office was very much evident in the proceedings of the House of Commons in the late Sixties. The future was expected to bring increasing competition to the state postal system, making it necessary to adapt to this new environment or risk losing out to private inter-business communications systems. As the Environment Forecast Study had pointed out, "The economical development of devices for transmitting facsimiles of documents from one geographic point to another could threaten the Post Office's first class mail monopoly."⁶³ *

* While the Environment Forecast Study stressed the potential threat to first class mail arising from facsimile transmission being

In an era when paper was being replaced as the dominant form of originating, manipulating, transmitting, sorting and retrieving information by electronic means such as word processing equipment, manual mail sortation seemed strangely out of place. The Post Office responded to the 'challenge of change' by mechanizing internal mail processing and by entering the new field of electronic mail delivery with the inauguration of Telepost in 1972. (We consider electronic mail delivery in Chapter Five).

The mechanization of internal mail processing and the introduction of electronic mail delivery underlined the Federal government's commitment to meet the ongoing needs of the private sector for a dynamic communications infrastructure. This commitment would also become a matter of survival for the state postal system. As a later report of a study group to the Postmaster General in August 1978 pointed out:⁶⁴

It is estimated that by 1995 electronic systems for data transmission, word processing, funds transfers, facsimile transmission could be handling close to 8 million separate communications

developed and used by the private sector, the study, somewhat surprisingly, did not sound a 'general alarm' for the postal system as a whole vis-a-vis the potential for the replacement of 'hard copy' communications by electronic transmission. The view of the study's authors was that electronic transmission systems would create and meet new business needs. Therefore, these private systems would not slice-off existing Post Office business. "It can be concluded that the effect of business systems on the Post Office will be insignificant in the future". (p. lll-1) Obviously, this view was incorrect and not embraced by the Federal government. The fact that the Post Office embarked on electronic mail delivery in 1972 (only less than three years after the study was completed) underlined the need for the state-run mail service to move with the times and incorporate communications technology pioneered outside the Post Office. The private systems would likely dominate this new field if the Post Office did not enter the fray. The Post Office has a monopoly over first class mail, but not on electronic transmission of communications that would normally be sent as first class carriage.

which would otherwise be moved as first class mail. That is 1½ times the current volume of the Post Office for all classes of mail. Should the Post Office be unable to retain its share of the market through the provision of an effective and competitive service, its very existence will be in question.

Another aspect of this changing communications climate, although not extensively dealt with at the time of the government postal studies, was competition from private courier companies. While more expensive than the state postal service,⁶⁵ private courier services were growing in Canada. Citing the major centres of Montreal and Toronto as an example, between 1960 and 1970 private courier and messenger services* grew by almost 300%. In the next decade these services experienced a further growth in excess of 400 per cent.⁶⁶

Perhaps in the case of Purolator Courier Ltd. is the best illustration of this growth.⁶⁷ Purolator started out in 1960 with only one vehicle. Today this company operates 1,300 vehicles. Purolator serves over 4000 Canadian cities and towns and 20,000 American cities and towns. In 1980, Purolator delivered over 75,000 pieces to locations across Canada and the United States (not to mention its international business). Purolator delivers two categories of items - envelopes and small packages. Fully 98 per cent of Purolator's delivery volume is directed into the business world.

*Private courier companies are courier services in the true sense of the word - offering local, national and international delivery (e.g. firms such as Purolator, Loomis, Bankers, etc.). Messenger companies are basically intra-city delivery services often competing with taxi companies for the 'hot shot' business (i.e. companies which use messenger firms or taxi for delivery of documents, etc. usually within a one-hour time frame).

Private courier companies have grown considerably since 1970 mainly because of increasing business need for next day delivery of documents. According to Purolator's Len Birch, "Its not that the Post Office is doing such a lousy job, but simply many businesses require almost immediate delivery of specific documents or equipment parts to meet their commitments. Today's society needs everything done right away and the Post Office has been geared to services which don't respond this quickly". Private courier companies fill a spot in the market that the Post Office left vacant until it began the "Priority Post" service in 1978 during a postal strike that year.

Priority Post was introduced mainly to "counter the inroads of private courier companies in the time-critical market" (e.g. cheques, documents, computer tapes, etc, requiring next-day delivery).⁶⁸ Priority Post Operates on a contractual basis with business (the service is not available to the general public) and provides customers with what is basically a 'super-special delivery' service. Priority Post mail is processed first and given priority at each subsequent stage until delivery. The rates charged by the state run quick delivery service are "competitive" with the private couriers.

The main attraction of Priority Post for business is the guarantee of next-day delivery (with a success rate of 99.7 per cent). In addition, service is uninterrupted by postal strikes. Priority Post mail is specially colour coded to take it out of the normal mail stream. This mail is handled by "dedicated postal employees" (to use the words of Mr. Ron Ferguson, a Priority Post marketing representative at the Hamilton Post Office). Priority Post mail may also be processed by supervisory staff and employees who are not in the bargaining unit.

In some instances Priority Post "outperforms" the couriers, according to Mr. Ferguson. However, it is doubtful whether Priority Post will have much impact on courier companies now firmly entrenched in the time-critical delivery field.*

Courier services are likely to continue to grow. The October 1980 decision of the Ontario Highway Transport Board to allow the U.S. based United Parcel Services Inc. (UPS) to operate in Ontario is certain to strengthen private courier services and create renewed pressure on the Post Office to improve its services.⁶⁹ **

For postal workers, couriers represent a threat to job security. The CUPW says the private courier services "drain off lucrative business" from the Post Office.⁷⁰ Government inaction to "stringently enforce the Post Office Act" is cited by the postal union as a key factor in the loss of postal business to the private sector.⁷¹

What was clear, then, was the necessity for the Post Office to improve services, or risk losing customers to alternatives to an often disrupted and slow moving mail service, especially for businesses which depend on the mail to receive payment.

*The mail monopoly privilege of the new Canada Post Corporation, which increases the cost of courier services in relation to the Post Office, will likely affect the volume of mail handled by private courier firms in the long run (see Chapter Six - The Post Office Corporation, Section 6.2).

**UPS increased its share of parcel delivery in the United States from 182 million pieces in 1962 to 950 million pieces in 1976, while the U.S. postal system experienced a decline in parcel volume to 385 million pieces from 792 million in this same period. (Cf. Gordon McCaffrey, "Post Office Fights to Beat Bad Image, Lost Business", The Globe & Mail (Toronto), February 13, 1980, p. B1). Comparable figures are not available for the Canadian postal system.

The program of automation implemented in the 1970's was a clear recognition of the necessity to improve the efficiency of mail services to corporate postal users* and to reverse the labour intensive nature of the Post Office, and, thereby tackle the enormous postal deficit. Whether or not the Federal government's automation strategy has worked on these counts is debatable. For one thing, the average annual deficit between 1975 - 1979 (taking into account an inflation factor) stood at over \$306 million.⁷² Labour costs accounted for 76 per cent of all operating costs in 1979. This figure was 67 per cent in 1970 and 72 per cent in 1975.⁷³ However, this is not the place to fully evaluate the effectiveness of this government strategy. Rather, our purpose is to examine the reasons why automation became a necessary strategy for the Canadian Post Office. To what we have already said about the decision to automate must be added one final note about the 'conjunctural necessity' of automation in the Post Office.

1.4 The Postal Deficit & the State Crisis

The fiscal crisis in the Post Office Department in the late 1960's was paralleled by the budgetary crisis of the Canadian Federal state.

* The Post Office Department conducts annual Postal Users Conferences where the latest in postal technology and service improvements are unveiled for corporate postal users. These conferences are taken very seriously by Post Office management. It is management's opportunity to redress the bad public image of the Post Office and attempt to recoup lost business and gain new customers. The Postmaster General usually puts in an appearance at these conferences to make the affair more attractive to business leaders.

Postal deficits did not help the poor fiscal shape of the Canadian Federal state. Rather, postal deficits contributed to the state crisis. This made reorganization of the Post Office a conjunctural necessity. The automating of the postal system in the 1970's reflected this relationship of the postal deficit to the broader financial difficulties of the Federal state. The application of labour-saving technology to the Post Office was part of a much larger Federal government crisis management strategy to make the public sector, as a whole, less and less of a drain on its limited fiscal resources.

Fiscal shortfalls became commonplace among advanced industrialized countries by the end of the Sixties. The tendency for state expenditures to vastly outstrip revenues is comprehensively dealt with by James O'Connor, in his book, appropriately titled, The Fiscal Crisis of the State.⁷⁴ In it, O'Connor observes that the fiscal crisis arises because of the many claims made on the state purse, especially those of the corporate community to socialize production costs and underwrite investment risks. The government usually resorts to deficit spending to finance budgetary commitments. However, deficit spending creates a debt structure since current expenditures are financed on the strength of future revenues. Politicians scramble to balance the budget which generally means devising ways to cut back on social spending in order to free-up capital for subsidies and other forms of corporate assistance.

Since the close of the 1960's, the global economic order has been characterized by an international inflationary spiral and the re-appearance of high numbers of jobless.⁷⁵ Not unlike other advanced capitalist countries, Canada felt the sting of the fiscal crisis.

State Crisis in Canada

Between 1960 and 1970, the Canadian Federal state only once rang up budgetary revenues in excess of expenditures. The table below details the budgetary shape of the Federal state.

TABLE FIVE

Federal Government Budgetary
Deficit, 1960 - 1970

Fiscal Year Ending March	Surplus (+) or Deficit
(millions of dollars) ^a (\$ 1961)	
1960	\$ 417
1961	340
1962	782
1963	672
1964	591
1965	35
1966	35
1967	360
1968	662
1969	459
1970	+303

Source: Public Accounts of Canada, Vol. 1, 1965,
Table 1, p. 3.3 and Vol. 1, 1970
Table 1, p. 3.3

Notes: (a) All figures rounded.

There are many reasons for the Federal deficit, not the least of which is the nature of the Canadian tax and corporate welfare structures.

The tax structure shifts the tax burden squarely onto the shoulders of wage earners. Personal income tax represents the major source of

Federal state revenue. Personal income tax as a per centage of Federal tax revenue grew from 38.4 per cent in 1960 to 47.9 per cent in 1970 and to 49.6 per cent in 1975.⁷⁶ Obversely, corporate profit tax declined from 20.1 per cent in 1960 to 14.6 per cent in 1970 and hovered around 15.3 per cent in 1975.⁷⁷ Thus the Canadian tax structure protects corporate profits at the expense of workers' incomes. Corporate shirking of the tax burden directly affects the purchasing power and quality of life of wage earners. As Rick Deaton so clearly put it:⁷⁸

...every dollar of taxes avoided or given away to business and industry is a dollar more that must be paid by someone else, or a dollar's worth of public facilities and services that are foregone. That 'someone else' is the Canadian worker.

Outright subsidies to business are another source of the Federal budgetary crisis. Government subsidies transfer public dollars to private hands. The chart, "Federal Grants-Incentives to Industry",* (opposite this page) outlines the extent of Federal aid to industry from 1965 to 1972. This chart is by no means exhaustive, but gives an excellent indication of how the state crisis is not helped by the corporate give-away.

* This chart is reproduced from D. Lewis, Louder Voices: The Corporate Welfare Bums, (Toronto, 1972), pp. 90-1. Government direct assistance to business topped \$6 billion in 1980. Major assistance programs are: Federal Business Development Band (FBDB), Small Business Loans; Export Development Corporation (EDC); Defense Industry Productivity (DIP) Loans; Enterprise Development Program (EDP); Industrial Incentives Program, etc. (Cf. "Government Aid to Business Now Tops \$6 Billion a year," Financial Times of Canada, June 22, 1981, p. G9). The April 1981 issue of Canadian Business appropriately captioned "Kiss Your Banker Goodbye" contains a guide to business on how to gain access to the public purse - an updated version of the Canadian Business publication The Corporate Welfare Guide Book (September 1979). This guide gives an excellent overview of the types of and criteria for corporate welfare.

FEDERAL GRANTS—INCENTIVES TO INDUSTRY

\$ million

FISCAL YEAR BEGINNING IN

	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>Total</u> <u>1965-1972</u>
Dept. of Industry									
Trade & Commerce									
AAA	-	-	0.6	2.7	3.4	0.9	N/A	N/A	7.6
BEAM	-	-	-	-	-	0.2	0.1	0.1	0.4
CASE	-	-	-	-	-	-	-	0.5	0.5
DMC	-	-	-	-	-	-	-	0.2	0.2
DIP	26.8	30.8	33.5	29.6	48.5	45.2	42.3	43.5	300.2
ESP	-	-	-	-	-	-	10.7	-	10.7
EMD	-	-	-	-	-	-	1.0	3.7	4.7
GAAP	-	-	-	x	0.1	x	0.5	0.5	1.1
MVM	8.1	2.6	2.6	111.3	75.7	2.7	N/A	N/A	203.0
IDAP	-	-	-	-	-	x	0.8	1.5	2.3
IRDIA	-	-	2.1	19.6	23.0	30.1	31.0*	32.0*	137.8
MACH	-	-	5.3	39.1	55.2	71.5	80.0	85.0	336.1
PEP	-	-	-	-	-	-	0.5	0.5	1.0
PAIT	0.4	4.6	6.4	4.3	5.3	13.1	26.7	36.4	97.2
SCSP	40.5	35.8	39.3	22.3	14.2	13.7	20.5	26.5	212.8
Dept. of Environment									
ACCA	-	-	-	-	-	-	87.0*	120.0*	207.0*
Dept. of Energy, Mines & Resources									
CCEA	134.6	82.3	71.6	-	-	-	-	-	288.5
SCT	22.5	37.8	33.4	7.0	8.6	6.0	4.1	4.1	123.5
EGM	14.8	15.0	15.2	14.7	13.7	13.1	14.5	14.2	115.2
Dept. of Indian Affairs & Northern Development									
NMEAP	-	-	2.8	4.1	5.0	0.2	1.6	-	13.7
PAP	x	-	x	x	x	x	0.1	0.1	0.2
Dept. of Regional Economic Expansion									
ADIA	-	1.2	15.4	14.6	54.5	47.4	63.1	22.7	218.9
RDIA	-	-	-	-	-	12.9	36.3	147.3	196.5
Defence Research Board									
DIR	5.3	4.7	4.5	4.3	4.0	4.5	4.5	4.5	36.3
National Research Council									
IRAP	3.3	4.2	4.2	5.1	6.3	6.9	7.4	8.4	45.8
Dept. of Transport									
TS	118.4	147.1	153.5	122.2	123.1	110.8	83.7	72.6	931.4
Total	374.7	366.1	390.4	400.9	440.6	379.2	516.4	624.3	3,490.6

* Estimate

x Less than \$50,000

Capital consumption allowances are also an important 'gift' by the Federal government to the private sector. The capital or 'depreciation' allowances allow corporations to write-off capital costs (e.g. machinery; facilities; etc.) against taxable profit. In effect, companies can claim tax credit for equipment and other costs. The net effect of such an allowance is obviously to shield profits from taxation. And since the corporate practice has been to grossly exaggerate the rate at which capital depreciates, the capital consumption allowance has become a form of 'windfall' profits. It is estimated that "In 1969, capital-cost allowance exceeded depreciation reported to shareholders by \$677 million".⁷⁹ The Federal government has been quite 'liberal' in its capital cost allowance policy. In 1970, companies were allowed to depreciate capital at 115 per cent of actual cost.⁸⁰ John Turner further buttressed this concession to business in the 1972 Federal budget. Capital costs in manufacturing and processing could be fully depreciated in only two years!⁸¹ This despite the real life span of the equipment.

Corporate tax policies and grants and depreciation allowances to the private sector, thus, raid the Federal Treasury. Potential tax revenue from business falls through the tax 'sieve' or else, corporate tax dollars are returned to business under the guise of 'aid to industry'; 'job creation incentives'; 'regional economic expansion'; 'exploration and development'; - the list goes on and on. The public subsidizes production costs and takes investment risks without sharing in the profits. Little wonder the Federal government found itself fiscally 'embarrassed'.

Crisis Mangement Strategies

The strategies governments at all levels of the state in Canada have employed to alleviate the fiscal crisis have come in the form of attacks on the population at large and not measures directed at making corporations more fiscally responsible. The decade of the Seventies was characterized by service cutbacks; attacking workers' incomes (wage controls while allowing price inflation); contracting-out public work to the private sector, etc., etc. The elderly, on fixed incomes, are left unprotected against the ravages of inflation. Welfare recipients are victimized by state assistance that hovers well below the 'official' poverty-line which some politicians believe is only imaginary. Whatever the specific form of these measures, the overarching objective has been to reduce the claims of the public sector on the fiscal resources of the state. The state cannot carry out its accumulation function if the dollars for subsidies and allowances to the private sector are siphoned-off by the state sector.

The public sector grew enormously in the post-World War II period, especially since 1960.⁸² With this growth in mind, politicians looked increasingly to the state sector to carry out a 'fiscal labotomy'.

State Crisis & the Post Office

The Federal government has attempted to restructure the public sector as a way of coming to grips with the fiscal crisis. The public sector is traditionally very labour intensive, making cost reductions through productivity increases very difficult without increasing the workforce. The 'service' nature of public work makes the replacement of

workers by machines difficult, if not impossible in many areas.* Not unexpectedly, then, the Federal government would jealously guard its 'right' to implement changes in the public sector workplace where technological changes could be made.

The Post Office, with its large manual 'blue-collar' workforce, was an ideal place to start. The program of automation in the Post Office has greatly reflected the determination to automate where possible, even if automation must proceed in disregard for contractual rights and against the welfare of postal workers.

In this context, it is not hard to understand the extent of postal strife. Nor is it difficult to see why postal workers have been and continue to be the object of a public vilification campaign waged by politicians and their ideological allies in the media. The resistance of postal workers to changes in the method and organization of work is a stumbling block to the Federal government's efforts to reduce the size and cost of the state sector. This resistance also threatens to point the way toward a more militant collective bargaining posture for federal workers, perhaps encouraging more direct political confrontation. Certainly, the 'Front Commun' of Québec state workers in 1972 is a good example of the potential political power of public sector unions.⁸³

* This fact, no doubt, accounts in part at least, for the crisis management strategy centering on service cutbacks as opposed to intensifying the capital-labour ratio in the public sector workplace. In a speech to the 1978 Postal Users' Conference in Toronto, J.C. Parrot pointed out that Post Office management has cutback services in the 1970's, particularly the directory service (which redirects some 10 million letters annually), wicket service, and letter carrier delivery. (Cf. Address by the National President of the Canadian Union of Postal Workers to the Canadian Postal Users' Conference in Toronto, Ontario September 25, 1978 (a CUPW document)). Thus, the Post Office Department has not solely relied on automation to shore up the financially troubled postal operation.

Postal deficits in the context of the fiscal crisis of the Canadian Federal state have only added to the existing budgetary crisis. The overhauling of the Post Office, from this perspective alone, made the program of automation a conjunctural imperative.

Summary

It is not an easy task to recap the elements of this chapter. The main argument advanced here has been that the decision to automate the Post Office was taken to control the postal deficit. This deficit was not solely a creature of postal workers. Our evidence suggests that a number of factors, including poor management resources and an inept organization structure, played a role in the deficit. Above all, the low mail rate policy of the Federal government - a policy of subsidizing the private sector out of the taxpayer's pocket - has created the postal deficit.

Whatever the causes of this deficit, the grim deficit projections, coupled to both growing postal workers' militancy and a rapidly changing communications environment made the decision to automate a logical one for the Federal government, especially in view of the role the Post Office plays in the national communications network. If the Post Office was to continue to assist the private sector in the transmission of information and goods, a major overhaul of postal operations was in order. The alternative was to let the Post Office decline as a major communications institution and let the private sector absorb the more 'profitable' services. Obviously, the Federal government was not about to let this happen. Apart from the billions of public dollars invested in the Post

Office, the Canadian government could not allow the Post Office to be turned over to the private sector because of the necessity for a pan-Canadian communications service controlled by the national government and suited to the ideological interests the Canadian government promotes. The Post Office gives the Federal government a presence in every community, town and city from Vancouver to Halifax.

The next part of this study turns to the introduction of collective bargaining into the Federal public sector and examines in detail how the collective bargaining process facilitates the implementation of the program of automation. The struggles of postal workers becomes a twofold offensive against automation and a restrictive collective bargaining climate.

NOTES TO CHAPTER ONE

1. Canada Post Office, Annual Report, (Ottawa), selected data, 1970-1974. This statistical information is converted into 1961 dollars.
2. Canada Post Office, Considerations Which Affect the Choice of Organization Structure for the Canada Post Office, (Ottawa, 1978), p. 4. (hereafter referred to as Considerations...)
3. Canada Post Office, A Blueprint for Change, (November 1969), p. 23 (prepared by Kates, Peat, Marwick & Co.)
4. Selected data from Postmaster General Eric W. Kierans' reply to Question No. 429 in the House of Commons. Debates of the House of Commons, December 10, 1969, p. 1803.
5. Debates of the House of Commons, May 19, 1966, p. 5335.
6. Debates of the House of Commons, March 29, 1971, p. 4714.
7. Debates of the House of Commons, January 22, 1968, p. 5767.
8. Ibid., p. 5768. (emphasis mine).
9. Field study of the Gateway postal plant located outside Toronto on November 25, 1980 and subsequent interview with Mr. Carl Whittaker, General Supervisor, Gateway. These remarks were made by Mr. Whittaker.
10. Canada Post Office, Productivity Study, (April 1969), prepared by Price Waterhouse Associates.
11. Ibid., p. 7.
12. Ibid.
13. Michael Duquette, "Postal Strike, Truce, Peace? The Postal Journal of Canada, Vol. 40, No. 2 (1980), p. 7.
14. Considerations..., op. cit., p. 6.
15. A Blueprint for Change, op. cit., p. 69.
16. Debates of the House of Commons, May 19, 1966, p. 5343.

17. Postmaster General Bryce Mackasey, in a speech to the Advertising and Sales Club of Montréal and the Canadian Direct Mail Association, jointly, on January 21, 1976, stated that "... about one-thousand companies [alone] generate more than a third of all mail". (see: B. Mackasey, What's Behind the Lemming Urge (Ottawa, 1976). p. 53. This book is a collection of Mackasey's speeches and writings published by the Canada Post (Public Affairs Branch).
18. Canada Post Office Department, Annual Report of the Postmaster General, (Ottawa, 1964), p. 3. Interestingly, the Report goes on to note that a 50% premium for the "priority handling" category of mail (1st class) is not deemed excessive in many countries and that a 20% - 25% premium is generally conceded as "reasonable". Yet the 1st class premium in Canada in 1964 was only 15%!
19. Debates of the House of Commons, September 29, 1971, p. 2688.
20. This breakdown is based on the Postmaster General's own 75% figure (Cf. Debates, September 29, 1967, p. 2688) and data available in the Considerations... document, op. cit., p. 3.
21. Debates of the House of Commons, September 29, 1967, p. 2689.
22. Debates of the House of Commons, October 21, 1968, p. 1604. Comparison between the Canadian postal system and its counterpart to the South is not as easy as one might expect. The U.S. postal system handled larger volumes of mail and was more capital intensive by the late 1960's. (see diagram opposite p. 129 in A Blueprint for Change, op. cit.)
23. Debates of the House of Commons, October 21, 1968, p. 1615. The report of the Royal Commission on Government Organization noted that in fiscal year 1958-59 the Post Office recovered less than 20 per cent of the cost of handling second class mail (Cf. Canada. Royal Commission on Government Organization. Report. Vol. III (1962), p. 324. Also see Table 3, p. 326 for data on other classes of mail for FY 1958-59).
24. Ibid., p. 1605.
25. Debates of the House of Commons, May 15, 1969, p. 8739.
26. Canada Post Office Department. Report of the Postmaster General. (Ottawa, 1964) p. 3.
27. Debates of the House of Commons, October 21, 1968, p. 1605.
28. Debates of the House of Commons, October 24, 1968, p. 2004.
29. Debates of the House of Commons, October 25, 1968, p. 2049.
30. Debates of the House of Commons, October 21, 1968, p. 1604.

Kierans' 'national glue' function of the Post Office is no longer as relevant in today's communication world. Television has eclipsed the mails as the communication link.

31. Editorial cited in Debates of the House of Commons, October 23, 1968, p. 1950.
32. Toronto Star, December 10, 1980, p. A21, "Raise Postal Rates on U.S. Journal MP's Told".
33. Cy Gonick, Inflation or Depression, (Toronto, 1975).
34. The following section of the nature of work in the Post Office and postal workers resistance draws heavily on the experiences of a Toronto Postal worker, Peter Taylor. His account of working in the Post Office is an excellent source of information on the alienating nature of postal work and the forms of workers' struggle. (Cf. Peter Taylor, "Working in the Post Office", in Walter Johnson (ed.), Working in Canada, (Montréal, 1975), pp. 15-31.
35. J. Davidson and J. Deverell, Joe Davidson, (Toronto, 1978), pp. 64-66.
36. Taylor, op. cit., p. 28.
37. Ibid. A later Federal government report entitled, Major Organizational and Compensation Issues in Canada Post December 1975 puts the decline in Post Office productivity measured in pieces of mail per man-hour at approximately 30 percent between 1967/68 - 1974/75. (Cf. Report of the Joint Post Office - Treasury Board Secretariat Study Group, Major Organizational and Compensation Issues in Canada Post December 1975, Vol. I, Table 3, p. 36).
38. Canada Post Office Department, Report of the Postmaster General, (Ottawa, 1959), p. 12.
39. Ibid., 1960, p. 15.
40. Debates of the House of Commons, May 15, 1969, p. 8745.
41. Canada Post Office, Annual Report, (Ottawa, 1969), p. 6 and 9.
42. Debates of the House of Commons, October 21, 1968, p. 1602.
43. A Blueprint for Change, op. cit., pp. 23-24.
44. Ibid., p. 8.
45. Cf. David MacDonald, "Codes to Speed the Mail", Reader's Digest (November, 1972), p. 2.
46. A Blueprint for Change, op. cit., See diagram opposite, p. 129.

47. Canada Post Office, A Canadian Public Address Postal Coding System (1969), p. 10 (prepared by Samson, Belair, Riddell, Stead Inc.).
48. Canada Post Office, Environment Forecast Study, (March, 1969), p. V-5 (prepared by Kates, Peat, Marwick & Co.).
49. For example, the A Canadian Public Address Postal Coding System, op. cit., projected substantial cost savings from mechanization of all major facilities in Canada.
50. Debates of the House of Commons, June 21, 1971, p. 6312.
51. Ibid.
52. Gordon McCaffrey, "Post Office Fights to Beat Bad Image, Lost Business", The Globe & Mail (Toronto), February 13, 1980, p. B1. This article further notes postal code usage is now more widespread - from 56% in 1976 to 80% in 1980.
53. This view of management intervention outlined here is taken up in a slightly different manner by the research of J. Woodward and T.K. Reeves. They argue that management intervention is greatest in 'batch production' (short-run, multi-product production), where human decision making is substituted for the 'built in' control that obtains from a more fully integrated work process. (see: J. Woodward and T.K. Reeves, "The Study of Managerial Control", in Industrial Organization: Behaviour and Control (London, 1970), p. 39). (Also see my paper, "The New Technology and the Capitalist Workplace: Management Control & Workers", (unpublished) McMaster University, May 31, 1980, pp. 31-34).
54. A Blueprint for Change, op. cit., p. ii (covering letter).
55. Ibid., p. 66.
56. Ibid.
57. Environment Forecast Study, op. cit.
58. Ibid., p. 11-13-14.
59. Ibid., p. 11-12.
60. Ibid., p. VI-6.
61. Ibid., p. VI-7.
62. Debates of the House of Commons, October 8, 1968, p. 928.
63. Environment Forecast Study, op. cit., p. IV-8.

64. Considerations..., op. cit., p. 7 (emphasis mine).
65. Financial Times of Canada, "Alternatives to the Mail", September 22, 1980, p. 5.
66. The precise figures are from 4 to 11 companies in the Montréal region between 1960-70 and 3 to 16 companies in Toronto. Between 1970-80, these companies grew from 11 to 56 in Montréal and from 16 to 93 in Toronto (Cf. Montréal Yellow Pages, October 1960: 545, 788; September 1970: 726-7, July 1980: 166-8. Toronto Yellow Pages, March 1959: 438; April 1970: 638-9; May 1980: 398-402). The Montréal Gazette newspaper puts the growth figure for Montréal much higher than mine - 5 courier firms in 1970 to 63 in 1980. (Cf. The Montréal Gazette (Montréal) Tom Spears, "Mail Delivery Stories Aren't All Bad", April 18, 1981, p. 9).
67. The source of the information on Purolator in an interview with Mr. Len Birch, Director of Marketing, Purolator Courier Ltd., Toronto, April 21, 1981. (The problem of charting Purolator's exact volume growth between 1960-1979 is that only in 1980 did the company begin counts of shipment volumes (pieces). Before this Purolator did revenue counts only. On a strict dollar basis Purolator's Canada and U.S. operations generated revenues of approximately \$320 million in 1980 - 36% higher than 1979 revenues (Cf. M. Geczi, "Purolator Spurns Tiger's Advances", The Financial Times of Canada, September 14, 1981, p. 14).
68. Ferguson, Ron. Priority Post Marketing Representative. Hamilton, Ontario. Interview, June 23, 1981.
69. Toronto Star, October 29, 1980, p. A-11, "Licensing of Parcel Carrier Protested".
70. Postal Workers Struggle Continues, (supplement to CUPW newspaper), January 1979, p. 8.
71. Ibid. Under Section 8 (1) of the Post Office Act, "... the Postmaster General has the sole and exclusive privilege of collecting, conveying and delivering letters within Canada". However, a 'letter' is not specifically defined. The Act defines only a "post letter"- that is, "... any letter deposited at a post office..." Thus, the legal loophole for courier companies. This loophole could obviously be closed by simply defining a letter to mean any document, information, etc. conveyed from one party to another for pay, advantage or profit for doing so. In Addition, Section 9 of the Post Office Act exempts parcels, newspapers, pamphlets or other printed matter from being required to be delivered by the government post.
72. Canada Post Office, Annual Report, (Ottawa), selected data, 1975 - 1979. Data expressed in \$1971.
73. Ibid., selected data, 1970, 1975, 1979.

74. James O'Connor, The Fiscal Crisis of the State, (New York, 1973).
75. Cy Gonick, op. cit., attributes the return of high inflation to the Canadian and American economies to the stepped up involvement of the United States in Southeast Asia in the mid-sixties. The expansion of the American military role in Vietnam created substantial production in the U.S. and war-related production spin-off in Canada. The demand for labour power gave rise to higher wages. Business attempted to maintain profit margins by increasing prices. The combination of higher prices and higher wages caused inflationary pressure. (pp. 116-119).
76. David Wolfe, "The State and Economic Policy in Canada, 1968-75", in Leo Panitch. (ed.), The Canadian State: Political Economy and Political Power, (Toronto, 1977), p. 277, Table 8, selected data.
77. Ibid.
78. Rick Deaton, "The Fiscal Crisis of the State in Canada", in D.I. Roussopoulos, (ed.) The Political Economy of the State (Montréal, 1973), p. 43.
79. David Lewis, Louder Voices: The Corporate Welfare Bums, (Toronto, 1972, p. 113.
80. Ibid., p. ix.
81. Ibid.
82. Hugh Armstrong writes that the size of the Federal public sector increased by 138.9%, provincial by 592.1% and municipal by 476.4%. The largest increase in the Federal public workforce came after 1961. (Cf. H. Armstrong, "The Labour Force and State Workers in Canada", in Leo Panitch (ed.), The Canadian State: Political Economy and Political Power, (Toronto, 1977), p. 297.
83. see: Daniel Drache (ed.), Quebec - Only the Beginning: The Manifestoes of the Common Front, (Toronto, 1972).

CHAPTER 2 - COLLECTIVE BARGAINING IN

THE FEDERAL PUBLIC SECTOR

The establishment of collective bargaining in the Federal public sector in 1967 was in one sense an important victory for federal workers. Worker agitation for the right to strike and for an end to the traditional paternalistic employer - employee relationship opened up a new chapter in Canadian labour history. Yet, collective bargaining was also an institutional expedient for the Canadian Federal government. Collective bargaining 'regularized' employer - employee relations by imposing obligations on federal workers. The brief, but successful, experience with the 1965 'wildcat' postal strike was to be avoided in future. The collective bargaining process institutionalized labour conflict by cannalizing it into a form the Federal state could better handle, even if only at times by the use of injunctions, repressive laws, or by engaging in ideological skirmishes against public sector unionism and the right to strike.

The Public Service Staff Relations Act set in motion an era of 'official' collective bargaining. But this Act was never intended as a divestiture of so - called 'management rights' - meticulously safeguarded in this legislation.

The purpose of this chapter is to examine the labour law surrounding collective bargaining in the Federal public sector and to show how this law limits the bargaining rights of federal workers, and, in particular, how it is a source of conflict in the Post Office. The chapter

begins by giving an historical sketch of the employer - employee climate prior to the introduction of collective bargaining and traces the conditions which led to its establishment in 1967. The Act, itself, is then examined along with its implications for collective bargaining. In addition, a brief contrast between the PSSRA and the Canada Labour Code - the legislation governing bargaining in the private sector - is considered.

2.1 Traditional Federal Public Sector Labour Relations

Prior to the introduction of collective bargaining in 1967, relations between the Federal government and its legions of employees typified the 'master - servant' relationship reminiscent of Nineteenth Century labour practices. Federal workers had no right to negotiate the terms and conditions of work under which they laboured. Traditional employer - employee relations were characterized by the practice of unilateral decision-making by the Federal government and the virtual absence of worker militancy before the 1960's.¹

Federal workers banded together under employee associations. These employee associations engaged in what was essentially a discussion forum with the employer through the Civil Services Commission. The Commission would advise the Federal government on various matters based on the informal talks held with the employee associations. The entire process was gratuitous from the employer's standpoint. The Federal government was not obliged to implement the Commission's recommendations. Andy Andras, director of Legislation and Government Employees' Departments (CLC) in the 1950's, cogently summed up the quintessential weakness of civil service

associations when he observed, "Civil service organizations may suggest, advise, recommend or criticize, but essentially the decision, whatever it is on whatever point, is a unilateral one".²

The Civil Service Commission was mandated broadly to oversee such matters as working conditions; organization of work; job classification; recruitment, appointment and, of course, wages and salaries. The Commission was in all respects an "arm of management".³

The Federal government also set-up an agency known as the National Joint Council (NJC) in 1944.⁴ The Council provided for joint employer - employee association consultation on public service-wide issues. The Council gave federal workers a semblance of input into the decisions taken by the government without for one moment conferring the right to negotiate policy or other important areas. The Council functioned exclusively as an advisory body and allowed the major employee association representatives to air their views. One source described the National Joint Council as a mechanism initially designed to head off the move toward the development of autonomous employee organizations and the demand for real input by federal workers into the decision-making process.⁵

The vast majority of public sector employee associations were very conservative in outlook and in the tactics they were prepared to use to achieve their objectives. The fact that these associations had no legal status whatsoever did not provide much space to manoeuvre. What could be termed 'direct action' by employee associations consisted mainly of presenting briefs to the Treasury Board and the Civil Service Commission; lobbying Members of Parliament; and 'going public' on the issues to generate outside pressure on the Federal government. These actions were

basically pressure tactics and more closely resembled a 'cap-in-hand' practice by employee associations to get the employer to act in a benevolent manner - hardly an acceptable labour practice in the latter half of the Twentieth Century. Strikes or public demonstrations by federal workers were rare occurrences and certainly figured nowhere in the strategy most employee associations deemed acceptable for public servants.

After 1961, discussions between the Civil Service Commission and employee associations were put on a formal footing. The Civil Service Act of 1960-61 set up, by statute, a formal negotiation process.⁶ But this meant only that talks between the employer and employee organizations must take place. Employee associations were not granted any legal status as bona fide bargaining agents for federal employees. The Federal government retained the right to act unilaterally in all matters. The role of the Civil Service Commission remained purely an advisory one. The government was not bound to accept the Commission's recommendations, despite whatever wide support they might have among federal employees. Nothing had changed.

That the existing employer - employee labour practice was woefully inadequate for federal workers was obvious and perhaps states the case somewhat mildly. The weak position of employee associations under such a régime was revealed when the Federal government flatly rejected a pay advisory made by the Commission following talks with employee associations in 1963.⁷ In doing so, employee associations had no 'legal' recourse to press the pay issue.*

* The LCUC best described the weak position of postal employee associations in the pre-collective bargaining relationship in the following way: "Prior to and following the Second World War, the Post Office was

Clearly, the traditional negotiation structure would have to be overcome if federal workers were ever to achieve real bargaining power. The paternalistic labour practices were long outmoded. The federal public sector had witnessed immense growth in the post-1945 period. The prosperity of the Fifties gave way to the inflationary economy of the Sixties. The economic plight of federal workers in the early 1960's pointed out the necessity to steer employee organizations in a new direction. Employee associations began agitating for an extension of the industrial type of bargaining process to the federal workplace.⁸

A Case for Collective Bargaining

The decade of the 1960's saw the demand by federal employees for collective bargaining rights. Federal workers increasingly rejected the right of the employer to act arbitrarily in deciding matters directly affecting their working conditions.

The benefits of working in the federal public sector were not as abundant as some believed. The majority of federal workers ground out the treadmill of occupational mediocrity and learned simply to make ends meet. High paying and status jobs were few and far between.⁹ Poor salaries were a major source of employee dissatisfaction. Richard M. Bird, in a recent and exhaustive study on public sector employment in Canada, observes

operated in a military-like fashion. The boss barked out the orders and the employees jumped. The employees had no right to grieve injustices and unfair treatment... In fact, even the pay cheques were at the will of the Crown". (Cf. "Brief Outline on 'The Letter Carriers' Union of Canada", March 16, 1981 (LCUC document prepared by C. Nelson, General Vice-President, LCUC).

that prior to the mid-1960's, the remuneration paid to federal workers was below that paid in the private sector.¹⁰ Moreover, the subsequent reversed trend in the latter half of the decade, suggests a particularly poor pay level for federal workers in the period before the mid-1960's. The only area where federal workers fared much better than their counterparts in the private sector was the pension plan.¹¹

The poor economic condition of federal workers and the inability to press wage demands within the existing negotiating framework, as shown by the government's rejection of the 1963 wage increase, set the stage for the growth of public sector militancy in the early 1960's. In reviewing the plight of federal workers, the then national president of the Canadian Postal Employee Association (CPEA) - the CUPW's predecessor - observed:¹²

No wonder civil servants never get anywhere.
They're always satisfied with crumbs, and they'll
get nothing but crumbs until they quit crawling
on their hands and knees and stand up like men.
We're finished with collective begging. We *
want collective bargaining, and nothing less.

Federal workers now agitated for the right to bargain collectively.

A Preparatory Committee on Collective Bargaining was established by Lester B. Pearson as the fulfillment of a 1963 election promise to introduce collective bargaining into the federal public sector.¹³ This Committee delivered its report in July 1965. The report's chief recommendations were twofold: (1) allow federal employees the right to bargain collectively; and (2) use compulsory arbitration to resolve any impasse in negotiations.¹⁴

* Looking back at this period, Joe Davidson (CUPW President, 1974 - 1977) notes that, "Beyond doubt it was the almighty dollar, or rather the withholding of it, which made civil servants uncivil..." (Cf. J. Davidson and J. Deverell, Joe Davidson (Toronto, 1978), p. 67).

Collective bargaining without the right to strike could hardly be viewed as a major step forward in state - employee relations. For this reason, many public employee associations vigorously opposed binding arbitration and demanded instead the right to strike. Federal workers would have no truck with any report or governmental decision falling short of collective bargaining with full recourse to strike action if agreement could not be successfully hammered out.

In the end, the Preparatory Committee's arbitration recommendation was rejected by the Federal government. The legislation that eventually passed governing collective bargaining in the federal public sector did not prohibit the right of federal workers to strike over contract demands. Allowing federal workers the right to strike was not a gesture of benevolence on the part of the government. Rather the actions of postal workers in staging an 'illegal' (wildcat) strike in 1965 made prohibiting the right to strike highly unacceptable to federal workers and politically unwise from the government's point of view.

The 'Illegal' 1965 Post Strike: A Sign of Changing Times

The Preparatory Committee's report was barely handed down in July 1965 when a national strike by postal workers eroded any possible base of support for its arbitration recommendation. The postal strike made de facto what the report denied federal workers in its recommendations.

The use of the strike weapon by federal workers was almost unheard of in the century prior to the postal 'wildcat'.* Behind the

* Interestingly, postal workers struck twice prior to the 1965 wildcat. Postal workers went out in 1918 and again in 1924. The 1918

postal strike lay issues all federal workers could sympathize with.

Poor pay and bad working conditions set the stage for the 1965 strike. The Federal government failed to grant a \$660. annual increase postal workers sought and instead offered only a base of \$300.¹⁵ In the House of Commons, the wages and working conditions of postal workers were described by one MP as "almost unbelievable" and a "disgrace".¹⁶ For example, in 1956 the hourly wage of a postal worker was \$1.39. No increases were granted until 1960 when the government granted a \$0.20 per hour raise. The next wage hike was not until 1965 when the hourly wage was increased to \$2.50 in the wake of the postal strike.¹⁷

The 1965 postal strike was national in scope and lasted seventeen days.¹⁸ The Montréal area locals stayed out the longest - a full week later than the rest of the strikers. The Federal government used injunctions in British Columbia, Québec and Ontario.

The outcome of the strike was seen as a victory for postal workers. "By any standard of measurement, the strike was a clear victory for the unions: it produced a significant salary increase, a sympathetic public awareness of post office working conditions, and no reprisals by the government".¹⁹

The postal strike was important for a number of reasons. Firstly,

strike was most widespread in Western Canada and in the major centres of Toronto and Hamilton. The 1924 strike was more national in scope and witnessed the use of strikebreakers by the Federal government. Reprisals against strikers were taken, including the loss of wages, demotions and other disciplinary sanctions. (Cf. Canada Post, Labour Relations in the Post Office: A Chronology, Ottawa, October 31, 1980 (Research & Development Labour Relations Branch - internal document)).

the strike opened a gulf between an aggressive rank and file in the Post Office and a conservative union (i.e. association) leadership. The Postal Workers' Brotherhood did not sanction the strike action and urged the membership to return to work. A more radical union leadership took root in the aftermath of the 1965 strike. "At the earliest opportunity the officers of the Brotherhood were knocked off like ten-pins".²⁰ The delegates to the 1965 CPEA National Convention in Toronto withdrew their support for the national president. These delegates believed "...whatever had been gained [by the strike] was achieved in spite of the bureaucratic strategies of the Brotherhood and only because of membership militancy".²¹ Secondly, the strike's success stood out as an example to all federal workers. Direct action, or even the threat of a strike, was a potent means of pressing forward the interests of federal workers. The postal strike showed that workers could change the subordinate relationship of public employees to the Federal government. Lastly, the potential for 'wildcatting' made the introduction of a collective bargaining framework an institutional necessity for the Federal government. The use of industrial type of action (e.g. strikes, picketing, etc.) as an inherent feature of public sector labour relations could no longer be discounted. Government, like business, required the stability a long-term contract promised, especially in an era when the size, cost and services provided by the government bureaucracy had grown to such huge proportions. And, thus, the breakdown of public services had a devastating impact on the economy. Indeed, Postmaster General Jean-Pierre Côté told the House of Commons in May 19, 1966 that, in retrospect, the postal strike pointed out "... the need for proper collective bargaining procedures".²² The introduction of collective bargaining was necessary to avoid similar

spontaneous outbreaks of worker unrest in future.

The 1965 'illegal' strike was, then, very much a portent of changing times. Even before postal workers' dissatisfaction over wages and working conditions boiled over into a nation-wide strike, postal workers were already developing a radical philosophy toward employer - employee negotiation. The 1962 National Convention of the Canadian Postal Employees Association (CPEA - CUPW's predecessor) accepted the use of work-to-rule campaigns in the public sector.²³ A more militant thrust was coming into the employer - employee relationship.

The postal strike showed the need for collective bargaining for federal workers and helped break down resistance to its collaries - striking and mass action. "After the postal strike the Canadian conception of public service collective bargaining was fundamentally altered: the right to strike was accepted..."²⁴

In transforming the Preparatory Committee's recommendations into a collective bargaining framework, the Federal government chose not to exclude the possibility of strike action. The choice of binding arbitration or strike action was left open to the employee organization. In doing so, the Federal government acknowledged the impact of the postal strike on the ultimate shape of the collective bargaining process. Postal workers "... had shown a readiness to strike when necessary with or without the government's blessing."²⁵ But the postal strike also made it quite clear to the Federal government that the eventual collective bargaining legislation would have to contain strong employer protections in the face of a potentially more militant workforce. Indeed, the labour law that grew out of the events of the early 1960's only formalized, in many ways, the traditional subservient negotiating relationship of federal workers

to the Canadian state. With this historical background we now move to the introduction of collective bargaining in the Federal public sector.

2.2 An Era of Official Collective Bargaining Begins *

On March 13, 1967 the Public Service Staff Relations Act (PSSRA) was passed by the House of Commons ushering in an era of 'official' collective bargaining in the federal public sector.²⁶ The collective bargaining process covered the overwhelming majority of federal workers, somewhere in the vicinity of 90 per cent at the time of its introduction.²⁷

The collective bargaining process is overseen by the Public Service Staff Relations Board (PSSRB). The Board is responsible for administering the Act: it considers applications for certification; determines bargaining units; certifies and revokes certification and administers dispute resolution mechanisms. The Board is composed of a Chairperson, Vice-Chairperson and equal employer and employee representation.

Two dispute resolution avenues are open to bargaining under this federal public sector labour legislation: the conciliation/strike route or the binding arbitration route. The bargaining unit must specify which route it will take before contract talks begin. A grievance procedure is also in place.

Conciliation

Failure to hammer out an agreement in conciliation sets the stage for possible strike action. Conciliation leaves the option of a strike

* The account of the PSSRA is taken from the Act itself unless otherwise cited.

open to the union.

Conciliation may be requested by the employer, or union, or may even be established by the Chairperson of the PSSRB where this action may help resolve a dispute. A Conciliation Board is then appointed composed of three members: a Chairperson (appointed by the Chairperson of the PSSRB on the nomination of the Employer/Employee members); an Employer member and an Employee member.

A Conciliation Board appointed to hear a dispute may publish a report if the Chairperson deems this appropriate. The report of the Conciliator may be binding if the parties have so agreed prior to the report being rendered. The Conciliation Board report is designed more for purposes of moral persuasion than as an instrument of forcing both sides to reach an agreement. In essence, the Conciliation Board attempts to bring both sides together to weigh the merits of the issues in dispute in the hope of reaching an agreement.

Arbitration

Arbitration is always binding on both sides. This aspect of the Federal labour law is seen by one labour observer, A.G. Gillespie, as particularly helpful in dispute resolution for smaller bargaining units that do not have the economic or political clout of the larger units and may therefore not be taken seriously by the employer if the conciliation/strike route is the only negotiation avenue open.²⁸

The structure of the arbitration process is quite similar to that of Conciliation. An Arbitration Tribunal or Board is set up by the PSSRB. Each dispute referred to arbitration is considered by a Tribunal established specifically for the dispute at hand. The Tribunal meets only after

negotiations have reached an impasse and after the PSSRB is satisfied both parties have bargained in "good faith". Notice must be given outlining the reasons arbitration is requested and what proposals the party requesting arbitration has concerning how it would like the Tribunal to decide the dispute. Once the Arbitration Tribunal makes its Award (decision), it is binding on both sides.

Grievances

The PSSRB administers a process for the adjudication of grievances arising out of violations of employer or employee rights vis-a-vis non compliance with the terms of Arbitration Awards or violations of the collective agreement.

Under the PSSRA Federal workers bargain with either the Treasury Board as 'employer' or the Department itself. Most Federal workers bargain with the Treasury Board as against the 'separate employer' category enumerated in Schedule III of the Act.

On the surface the PSSRA simply reaffirms many aspects of collective bargaining in the private sector labour relations setting. Collective bargaining under the legislative framework of this Act covers the entire gambit of bargaining from application for certification to the resolution of disputes arising from negotiation. Importantly, the right to strike is not prohibited in this Federal labour legislation.

Upon closer scrutiny, however, the PSSRA severely limits collective bargaining for federal workers. We now focus on the restrictive nature of this labour law.

2.3 The Public Service Staff Relations

Act: An 'Institutional Straitjacket'

Nothing in the Act shall be construed to affect the right or authority of the employer to determine the organization of the Public Service and to assign duties to and classify positions therein.

The Public Service Staff Relations Act virtually paralyses any attempt by federal workers to truly negotiate the matters that affect workers most. This labour law is a masterpiece of management control over the workplace and workers.

Section 7 of the Act quoted above closes off the critically important areas of job classification and organization of work from the bargaining process. All subsequent provisions of the Act flow from this single general principle upholding unequivocally the right of the employer to decide the organization of the workplace. Thus, as one public sector union put it, "... collective bargaining is to have no impact on organization and classification".²⁹

The absurdity of this situation for federal workers is obvious when the following is considered. Workers cannot negotiate changes in the method and organization of work, whether through the introduction of new technology or otherwise effected by the employer. Taken in the context of a restructuring of the public sector over the past decade or more, workers are stripped of any right to oppose the use of management authority to alter the terms and conditions of their employment. Section 7 effectively suspends any meaningful negotiations.

If this clear dictate of management rights was not enough in

itself to control the federal workforce, Section 56(2) of the Act prohibits collective agreements from touching upon any subject matter that is already covered by federal legislation or that would require legislative changes. The Federal government has sliced up various aspects of federal public sector work and parceled-out control to a host of government agencies charged with administering legislation covering certain aspects of public sector work. Therefore, a collective agreement may not contain provision on pensions; hiring, layoff and dismissal of employees, promotion, demotions and transfers; job classification, etc., - since these items fall under existing federal legislation. For example, pensions are covered by the Public Service Superannuation Act; appointment, appraisal, etc. by the Public Service Employment Act; workmen's compensation by the Government Employees' Compensation Act, and so on.* In short, as J.C. Anderson and T.A. Kochan observe, "... many issues central to collective bargaining in the private sector are outside the domain of collective bargaining in the public service".³⁰

Collective bargaining in the federal public sector is severely handicapped by the limiting features of the PSSRA which restrict the scope of bargainable subjects. The employer is not obliged to negotiate in a real sense. Moreover, when contract talks reach an impasse and the dispute comes before either the Conciliation or Arbitration resolution mechanisms, the restrictive nature of the Act is further brought to bear on federal workers.

* (see in particular Schedule 111 of the Act)

Conciliation hearings cannot deal with the methods, rules or processes for the hiring, evaluating, promoting, transferring, laying-off or firing of workers. These matters under Section 86(3) are strictly management rights. The precise terms of reference (i.e. subjects to be discussed) of the Conciliation Board are decided by the Chairperson of the PSSRB before hearings begin. The terms of reference cannot deal with any matter prohibited in the Act. That is, any subject falling under the right or authority of the employer or otherwise explicitly mentioned in the Act cannot legally be discussed in Conciliation.

In a similar vein, the Arbitration Tribunal may not render an outcome that would alter or require the alteration of existing federal legislation. Moreover, any subject not under negotiation by both sides prior to the request for arbitration cannot later be put before the Tribunal, despite its merit. Thus, discussion of even negotiable subjects may be jeopardized.

A further restriction placed on the mandate of the Arbitration Tribunal lies in the factors to be taken into consideration when it considers a dispute. Section 68 requires an Award to be subject to the interests of the federal public sector as a whole. The decision of the Tribunal must be informed by factors outside the specific dispute, for example, the need to maintain an occupational equilibrium between various branches of the public service vis-a-vis wages and working conditions; and outside the public sector - what workers performing similar work in the private sector have as conditions of employment. That is, the principle of 'comparability' with the private sector, now highly 'en vogue' in neo-conservative quarters. While the principle of comparability is no doubt

defensible in theory (via the 'national interest'), in practice, the specificity of the immediate dispute is to a large measure ignored. This approach cannot auger well for labour relations, since, not all federal workers perform the same work.

The Right to Strike

Virtually rigging the collective bargaining process in management's favour, the Act goes on to impose indirect limitations on the right of federal workers to strike. Firstly, a few words need to be said about the right to strike under the Act. This right is not prohibited in the Act itself, rather follows logically from a failure of the conciliation route to produce agreement by both sides. Thus this right is "inferred" and not expressly granted or prohibited.³¹

The PSSRA has built into the Act a check on the right of federal workers to withdraw their labour power. Under Section 79, the bargaining unit is required to have some of its membership declared "designated employees" prior to the commencement of contract talks if the Conciliation/strike route is chosen. Even before the Conciliation Board can be established, those employees "... whose duties consist in whole or in part of duties the performance of which at any particular time or after any specified period of time is or will be necessary in the interest of the safety or security of the public" must be determined. A written list of such employees must be provided by the employer to the PSSRB twenty days after notice to bargain collectively is given. The bargaining unit may object to the size of this list and exactly who is included as a designated employee. The Conciliation Board will hear and rule on such an objection.

Section 79 poses a threat to the right of federal workers to strike. If a significant enough number of employees are 'designated', the strike weapon is seriously weakened, or circumvented altogether. Indeed, one source points out that "In many cases, more than 90% of the employees of a given bargaining unit are designated".³² These essential employees can maintain public services and offset the impact of the strike. In effect, the law requires a part of the bargaining unit to function as 'scabs' against the striking members!

H.W. Arthurs, a labour analyst, downplays the potential threat of Section 79. He observes that from the onset of collective bargaining to 1970, the number of employees designated was only about 7.5 per cent of all employees who chose the Conciliation/strike route.³³ Yet, what is important here is the legal right of the employer to wipe out the right to strike. Indeed, the report of the "Parliamentary Committee on Employer-Employee Relations in the Public Service" in the mid-1970's suggested a 'beefing-up' of the designated employee category by expanding the number and types of employees deemed essential.³⁴ If this report is taken as an indicator of what federal workers may expect in the future, the right to strike may be seriously undermined by making more extensive use of the designated employee category.*

* The Federal government has been overtly challenging the right of federal workers to strike for a number of years now. The most recent examples are the 1980 Air Traffic Controllers dispute and the 1978 postal strike. In the former, the government requested that the PSSRB strip some 1800 air traffic controllers of the right to strike by designating all of them as essential. (Cf. "Some Unions Say Government is Undermining Their Rights", The Spectator (Hamilton) February 18, 1981, p. 79). In the later case, the House of Commons passed the Postal Services Continuation Act on October 17, 1978, which forced striking postal workers to return to work, despite the fact that the strike was 'legal'. (Cf. H.J. Glasbeek and M. Mandel, "The Crime and Punishment of Jean-Claude Parrot",

A Note on the Practice of
Collective Bargaining

Despite the highly restrictive nature of the Public Service Staff Relations Act, the practice of collective bargaining in the federal public sector has been characterized by the absence of strikes and widespread worker unrest. The major exception to a relative calm in Federal state - worker relations is, of course, the militant postal workers and the very recent national walkout of federal clerks represented by the Public Service Alliance of Canada (PSAC).*

The first several rounds of collective bargaining saw the vast majority of unions opting for the compulsory arbitration dispute resolution mechanism as against the Conciliation/strike route. Between 1967 and 1970, "Only 14 of 114 units, containing approximately 37,000 employees have turned their backs on arbitration... The balance of almost 160,000 employees in 100 bargaining units have voluntarily relinquished the right to strike".³⁵

The trend since the mid-1970's, however, has been toward a significant shift from binding arbitration to the Conciliation/strike route and a noticeable increase in strike activity by federal workers.³⁶

The Canadian Forum Vol. lix, No. 691 (August, 1979), p. 10).

* The 1980 strike by federal clerks was the first since collective bargaining was introduced in 1967 and was characterized by an unusual display of rank-and-file militancy, particularly against the conservative PSAC leadership of Andy Stewart (who got more militant as it became clear the membership would not support a conservative posture against the Federal government). On September 8, 1980 50,000 federal clerks and regulatory employees began a series of unauthorized walkouts after the Treasury Board refused to implement a Conciliation Board recommendation for a shorter work week and pay hike. The leadership of the PSAC urged the strikers to return to work, but these pleas went unheeded by the rank-and-file. The walkouts became a full-blown national strike on September 30, 1980. Rank-and-file sentiment in favour of the strike was high. A tentative agreement worked out on October 7 met with a good

This trend is now clearly established. For example, in the fiscal year 1980/81, some 67 bargaining units representing 80,000 federal workers selected arbitration, while 176,000 workers spread out in 46 units opted for Conciliation.³⁷

Whether or not the trend to the Conciliation/strike option will mean more stormy labour relations lie ahead in the 1980's remains to be seen. Certainly, the strike by federal clerks and the shift to Conciliation must be viewed as an indication that many federal workers are dissatisfied with the shake compulsory arbitration is giving them. This is particularly true for the PSAC which has traditionally chosen binding arbitration over the Conciliation/strike route. "... as the years have gone by, more and more of its (member) groups have realized that they are badly served by a procedure which offers the Treasury Board little incentive to negotiate".³⁸

2.4 The Canada Labour Code: A Contrast^{*}

In contrast to the highly restrictive nature of the Public Service Staff Relations Act, the Canada Labour Code represents a more

deal of grassroots opposition. Workers in Toronto and Montréal staged a massive demonstration in Ottawa at the national headquarters of the PSAC to show their disgust for the pact. The tentative agreement did not include a COLA, nor did it guarantee amnesty for other PSAC members who would not cross picket lines set up by the striking federal clerks. The strike ended a few days later, although it was obvious that many federal clerks were not happy with the agreement. (This account of the strike is taken from newspaper reports in the Toronto Globe and Mail on the following dates: September 9,15,23,29 (all page 1); October 8,10,13 (all page 1), 1980.

* The account of the Canada Labour Code is taken from the Code, in particular, Parts IV and V (1978), unless otherwise cited.

open legislative framework for collective bargaining in the private sector. The Code governs all private sector employment within the legislative authority of the Canadian Federal State (powers delineated under the BNA Acts), for example, railways, highways, transport, telephone and cable systems, shipping services, banking and Federal Crown companies. (The Code also regulates hours of work; minimum wages; sick and maternity leave; vacations and holidays; dismissals and complaints against employers or employees for non-unionized workers). Two key features of the Code stand out for our purposes: negotiation of technological change and health and safety.

Technological change is specifically defined in the Code and made a negotiable item. According to Section 149, technological change means,

- (a) the introduction by an employer into his work, undertaking or business of equipment or material of a different nature or kind than that previously utilized by him in the operation of the work, undertaking or business;

and

- (b) a change in the manner in which the employer carries on the work, undertaking or business that is directly related to the introduction of that equipment or material.

Thus, subjects such as classification; job displacement; changed work schedules; pace of work, etc., would be negotiable. No definition of technological change is contained in the Federal public sector labour law,³⁹ moreover, technological change is non-negotiable.

The Code, importantly, contains a provision under Section 152 whereby a collective agreement can be opened (prior to its expiry) to negotiate technological changes. Workers may even strike if the issue

remains unresolved. Section 49(2)(b) of the PSSRA stipulates that the collective agreement cannot be opened until only two months prior to its expiry.* In any case, strikes are prohibited during the term of a collective agreement.

What is also important in negotiating technological change under the Code is Section 149 (2)(b) which binds the employer to respect provisions contained in a collective agreement respecting technological change. Under the PSSRA, even if the employer agrees to negotiate technological change and to eliminate the adverse effects of new technology, in practice, this agreement can be ignored by falling back on the saving provision of Section 7 (i.e., the right of the employer to classify positions and assign duties...). Whenever the employer finds itself in serious trouble in respect of what it has negotiated with a public sector union, the employer can plead Section 7, as though its earlier actions were somehow a sign of temporary insanity which it now refutes. Section 149 is extremely important for postal workers, as we shall see in Chapter Three in discussing joint committees on technological change and in the CUPW's arguments for the transformation of the Post Office into a Crown company (Chapter Six). For the moment it should be

According to the interpretation of the PSSRA by Jacob Finkelman (past Chairperson of the PSSRB and acknowledged authority on this labour law), the Act does not forbid the revising or amending of an agreement during its lifetime. However, no precise statutory mechanism is set out to allow either side to initiate such action (i.e. to open up the agreement). Finkelman's conclusion, therefore, is that the Act, under Section 57(3), "contemplates" revision or amendment by "mutual consent". Thus both sides must agree to open contract talks. This is quite different from the Code. (Cf. Terms of Reference of the Conciliation Board, August 12, 1975, J. Finkelman, Chairman, p. 12. This Terms of Reference is in view of the Moisan Conciliation Board, October 7, 1975 (PSSRB document).

emphasized that if the employer negotiates a provision to eliminate adverse effects of technological change under the Canada Labour Code, Section 149(2) (b) would bind the employer to carry out the agreement in practice. The Code has no Section 7 for the employer to fall back on.

Health and safety is a second major feature of the Canada Labour Code which sets it apart from its counterpart in the Federal public sector. A 1978 amendment to Part IV of the Code gives workers in the private sector the right to refuse to work if there is reason to believe an "imminent danger" to safety or health exists. Federal public sector workers do not have the right to refuse.

While Arthurs described the Public Service Staff Relations Act as setting in motion a collective bargaining process "...which in all essential respects parallels that prevailing in the private sector..."⁴⁰ there are real differences between these two pieces of labour legislation. Any parallel must be viewed in a strictly formal/structural sense of bargaining per se with the employer, as the parallel stops at this point. As we have seen, the Code is markedly different on two very critical issues. In addition, the Code does not impose restrictions on the terms of reference of conciliation and arbitration mechanisms as is the case with the PSSRA.

Summary

Prior to 1967, federal workers had no legal right to negotiate the terms and conditions of their work. The Federal government acted unilaterally in deciding the organization of the workplace and all matters affecting federal workers.

A collective bargaining process was established in 1967. The right to strike for federal workers was not prohibited in the legislation covering bargaining in the federal public sector. The highly restrictive nature of this labour law, however, limited the bargaining process as a whole, since many important subjects could not be negotiated.

In many ways, the establishment of a collective bargaining framework only strengthened the arbitrary power of the Federal government in its dealings with federal workers. Through the provisions of the Public Service Staff Relations Act, the rules of the game were heavily weighed in favour of the employer.* The Act upheld the rights of the employer in all respects. The legislative framework left no illusion that there was no intention to establish free collective bargaining. Federal workers were faced with the task of negotiating in a collective bargaining climate that was more closed than open. The right to bargain collectively masked the reality that federal workers could not negotiate the terms and conditions of their employment. The collective bargaining structure was to have no effect on the rights the employer had traditionally exercised.

In light of the limiting features of the PSSRA, it is small wonder this piece of labour legislation and the entire process of collective bargaining is viewed with suspicion by federal workers and that the Act has come in for much criticism by the CUPW. Whatever else may be said

* What federal workers have is a collective bargaining 'shell' - hollow on the inside vis-a-vis negotiable subjects, and, on the outside, the trappings of a real negotiation process.

about the relative merits of the PSSRA,* this Act gives the Federal government immense power and control over the federal workforce. The fact remains, that for federal workers, the PSSRA is an oppressive law. Free collective bargaining is still an illusive goal of federal workers. Our focus now shifts to the practice of collective bargaining in the Post Office.

* For example, it may be observed that workers covered by the Crown Employees Bargaining Act of the Province of Ontario would gladly be placed under the PSSRA given the nature of the provincial labour law. Or that the PSSRA is a 'progressive' piece of legislation in comparison to public sector labour law in the United States. (For a discussion of the restrictive nature of the CEBA and the campaign by the Civil Service Association of Ontario (CSAO) against this provincial labour law, see: R. Laxer, Canada's Unions (Toronto, 1976), pp. 234-9).

NOTES TO CHAPTER TWO

1. S.B. Goldenberg, "Public-Sector Labour Relations in Canada". in B.A. Aaron et al (ed.) Public Sector Bargaining (Washington, 1979), p. 256.
2. A. Andras, "Collective Bargaining by Civil Servants", Relations Industrielles. Vol. 13, No. 1 (January, 1958), pp. 44-5 (emphasis mine).
3. J.C. Best, "The Government as Employer", Relations Industrielles. Vol. 16, No. 2 (April, 1961), p. 169.
4. Ibid., p. 170. The Federal government also draws on the Pay Research Bureau (PRB) to assist it in formulating its decisions. The PRB was established in 1957 as a unit of the Civil Service Commission to gather economic information (payrates, etc.) to assist the Federal government in deciding the terms and conditions of employment for its employees. With the advent of collective bargaining, public sector unions may also make use of its economic data. In a sense, the PRB is a 'common fund' of economic information.
5. Ibid.
6. H.W. Arthurs, Collective Bargaining by Public Employees in Canada: Five Models (Ann Arbor, 1971), p. 156, footnote no. 6.
7. Ibid., p. 20.
8. Best, op. cit., p. 172.
9. Ibid., p. 176.
10. R.M. Bird, The Growth of Public Employment in Canada, Vol. 111 (Toronto, 1979), p. 75.
11. Best, op. cit., p. 177.
12. J. Davidson and J. Deverell, Joe Davidson (Toronto, 1978), p. 69 (The Federal government cancelled the 1958 general increase and again cancelled an expected 1959 wage hike. Finally in 1960 a small increase was granted. For postal workers this increase amounted to approximately \$0.20 per hour! Infra, footnote #17).
13. Arthurs, op. cit., p. 21.
14. Ibid., p. 22.

15. Ibid.
16. Debates of the House of Commons, May 19, 1966, pp. 5344-5.
17. Michael Duquette, "Postal Strike, Truce, Peace?" The Postal Journal of Canada Vol. 40, No. 2 (1980), p. 13.
18. Labour Canada, Strikes and Lockouts in Canada, (Ottawa) selected data for 1965. Post Office Department sources record that less than half of all staff Post Offices were shut down during the strike (i.e., 126 of 300). Cf. Canada Post, Labour Relations in the Post Office: A Chronology, October 31, 1980, p. 7 (hereafter referred to as A Chronology).
19. Arthurs, op. cit., p. 63.
20. Davidson, op. cit., p. 79
21. Ibid.
22. Debates of the House of Commons, May 19, 1966, p. 5332.
23. A Chronology, op. cit., p. 5.
24. Arthurs, op. cit. (Although, it must be pointed out that employee organizations like the Civil Service Federation (CSF) preferred other alternatives, including compulsory arbitration, to strike action. This preference, according to Joe Davidson, created "...the division of the federal employee organizations into two distinct camps" - those agitating for full collective bargaining rights and those organizations adopting a more conservative approach in-line with the traditional paternalistic exercise of authority by the Federal government. See: Davidson, op. cit., pp. 99-100).
25. Davidson, op. cit., p. 107 (emphasis mine).
26. A Chronology, op. cit., p. 12. The initial legislation was introduced in the Spring of 1966. It was not until almost a year later that the law was passed.
27. The RCMP, military and like agencies are not covered by the PSSRA.
28. A.G. Gillespie, "The Public Service Staff Relations Board", Relations Industrielles (1975), p. 635.
29. CUPW (Ottawa) December 1979, p. 8 (emphasis mine). CUPW is the official newspaper of the Canadian Union of Postal Workers.
30. J.C. Anderson and T.A. Kochan, "Collective Bargaining in the Public Service of Canada", Relations Industrielles (1977), Vol. 32, No. 2, p. 238.

31. Arthurs, op. cit., p. 33.
32. Anderson and Kochan, op. cit. p. 242.
33. Arthurs, op. cit., p. 34.
34. Anderson and Kochan, op. cit.
35. Arthurs, op. cit., p. 39.
36. Anderson and Kochan, op. cit., pp. 240-1.
37. The Spectator (Hamilton), February 18, 1981, p. 79, "Some Unions Say Government is Undermining Their Rights".
38. Davidson, op. cit., p. 108.
39. Technological change is defined only in a 1975 collective agreement between the Treasury Board and the Canadian Union of Postal Workers. It took the CUPW four national strikes to have a similar definition of technological change written into this collective agreement.
40. Arthurs, op. cit., p. 19.

CHAPTER THREE - BARGAINING AND NOT BARGAINING IN THE POST OFFICE

The Post Office has been the scene of the most intense management - union conflict in the Canadian public sector. Between the years 1965-1979, a total of six national postal strikes and forty-five other local work stoppages were recorded.¹ Only one year during this period was strike-free. These strikes and work stoppages resulted in a total of 1,761,780 worker days lost.² Between 1971-1979, postal strikes accounted for about 83 per cent of all time lost by strikes in the Federal public sector.³ * Over 60,000 grievances were filed in a four year period from 1975-1979.⁴

The sources of postal conflict over the past decade are traceable to the Federal government's program of automation and to the Public Service Staff Relations Act. This Act facilitates the introduction of technological changes in the Post Office workplace. Postal workers and their union have wrestled with a labour law which denies them the right to bargain over technological change and other issues that directly affect working conditions.

This chapter considers how the limiting features of the PSSRA handicap bargaining in the Post Office and how the Act is a source of postal conflict. We approach this task by examining the efforts of the

* That is, strikes by Federal workers covered by the Public Service Staff Relations Act.

CUPW to negotiate on three key issues: (1) technological change; (2) health and safety; and (3) grievance procedure and disciplinary action. Before turning our attention to these issues, some comment about the Federal government's approach to collective bargaining and Post Office management's attitude toward trade unions for federal workers is warranted.

3.1 Background to Bargaining

The approach of the Federal government to bargaining with the federal public sector workforce is a source of postal conflict, moreover, the ambiguity surrounding exactly who is the employer of postal workers is an obstacle to more harmonious labour relations. In addition, paternalistic management views on the ideal employer - employee relationship are opposed by postal workers.

Postal workers see the Post Office, in many ways, as a unique public service, one which corresponds more closely to a private sector 'commercially-oriented' function. The nature of work performed is basically 'blue-collar', which separates postal workers from the mainstream of the federal public sector. "Postal workers are the largest aggregation of blue-collar, operational workers in government service. This sets them apart in attitudes, as well as functions, from the typical white-collar, clerical or technical public employee".⁵ However, the particular character of the postal workplace is not taken into consideration at the bargaining table.

The specific nature of work in the Post Office, as an industrial type of work setting, is ignored by the 'national' interests the Federal

government seeks to promote in public sector negotiations. Bargaining in the Post Office is considered from the standpoint of how other branches of the federal workforce may or may not be affected. If postal workers succeed in winning an attractive contract, other public workers might use this as a basis for their contract demands. The government is keenly aware of this prospect, and for this reason tries to keep an equilibrium between the various branches. This 'melting-pot' approach to collective bargaining irrespective of real differences in work performed, is a source of irritation to postal workers. This problem is compounded by the fact that postal workers are responsible to not one, but two employers.

Almost fantastically, Post Office management does not have the mandate to conclude agreements with postal unions. Under the PSSRA, the Treasury Board is the employer⁶ and has the final word on the shape of any collective agreement worked out with the postal union.* As the CUPW so cogently put it, "...management, which has the responsibility of operating the Post Office, does not effectively control its labour relations with its own employees".⁷

* For that matter, Post Office management may even be excluded altogether from the bargaining process! Mr. Dan Mulvihill, Director of Personnel, Ontario Postal Region, remarked to me that the 1980 contract between the Treasury Board and the CUPW was a "political contract", designed to placate the CUPW in view of the impending transformation of the Post Office into a Crown company. For this reason, Post Office management was not involved in the actual negotiation of the 1980 collective agreement which was handled at the ministerial level. In a real sense, this agreement was 'imposed' on management. Mulvihill cited management's disagreement with a clause which restricts the size of the casual workforce and the use of part-time workers. This clause restricted management's ability to get the mail out during surge periods, particularly in the major postal centres. (Interview with D. Mulvihill, Toronto, November 3, 1980).

The bargaining process, then, glosses over the specific nature of postal work. Postal workers' demands are judged, not on their merits, but by the political and economic imperative of how the public sector overall will be affected. Obviously, conducting bargaining in this way puts obstacles in the path of better management - union relations in the Post Office Department.

One further point needs to be stressed in respect of problems with the government's approach to bargaining, - management attitudes toward unions. Collective bargaining in the Post Office has been hurt by the reluctance of management to accept the postal unions as representative organizations of workers. Post Office management's views have been described as 'conservative' and 'paternalistic' and irritating to postal workers.⁸ The Chairperson of the 1975 Conciliation Board, Jean Moisan, noted in his Conciliation report that Post Office management had not completely accepted the concept of collective bargaining, even years after its introduction. His comments are instructive:⁹

The Employer appears to have experienced difficulty accepting the idea that an individual can be both an employee and a member of a trade union, clearly preferring the 'employer - employee relationship to the 'employer - union' relationship. It has undoubtedly developed a more modern concept of this relationship since 1969 when the Chief Adjudicator of the Public Service Staff Relations Board severely criticized its attitudes, but it should be noted that this paternalistic attitude and this preference for the employer - employee relationship still persists to some degree [in the mid-1970's].

The introduction of collective bargaining in the Federal public sector in 1967 must have been a bitter pill for Post Office management to

swallow. In any case, the persistence of such anti-union attitudes by management has only harmed labour relations. The rest of the chapter examines the practice of collective bargaining in the Post Office.

3.2 Negotiating Technological Change

Collective Agreements

Negotiating technological change was only a small part of the first round of collective bargaining between postal workers and the Canadian Federal state in 1968. Article 31 of the subsequent collective agreement provided for the Council of Postal Unions (CPU)* to be notified of changes in "technology or operational methods" that would "substantially" reduce the size of the bargaining unit, at least 90 days prior to implementation of the intended change(s). This notice must include details of how such change would affect employment. In addition, the CPU could request meetings to discuss changes in technology. At best, Article 31 provided postal workers with information on the employer's plans to reorganize the workplace.

The 1970 collective agreement for postal workers reaffirmed the previous provision on technological change and added that the Post Office Department was to "... seek ways and means of minimizing adverse effects on employees which might result from such change". However, nothing in the agreement obliged the employer to eliminate adverse effects. Furthermore, technological change, although not defined as such, was given to

* The Council of Postal Unions was the bargaining agent for both the CUPW and the LCUC at that time.

mean change causing labour displacement. According to the wording of Article 31.02, technological change must directly or indirectly cause unemployment in the bargaining unit in order for the change to qualify as a technological change. Such a definition was an obstacle to postal workers being able to approach even discussion of new technology.

Obviously, new machinery or equipment may not immediately reduce the size of the workforce; on the contrary, the short term effect may be to increase employment. However, negotiating the long range impact of changes in the method and organization of work, including substantial unemployment which might surface later on, was undermined by this understanding of technological change.

The only substantive change over the first contract was clause 31.05, which called for the formation of a "joint standing committee" on technological change. This committee was envisioned as a management - union forum to discuss the effects of change on employees, including job transfers^{*} and relocation. The deliberations of the committee were in no measure binding. Rather, the committee represented only a formalizing of the postal union's somewhat ambiguous right to discuss these matters with management. And, in view of Section 7 of the Act, the employer was

* A somewhat elaborate transfer scheme for the technologically redundant was outlined in the agreement. Under this scheme, postal workers "rendered surplus" would be eligible for relocation and would be expected to relocate anywhere in Canada in order to keep a job in the Post Office. Moreover, if no employment was available, the person would be put on the public service job market in the hope of being picked-up by another government department. That is, the employee would "... become eligible for placement in accordance with the existing Public Service adjustment policies pertaining to surplus employees". In light of the trend since the late 1960's toward cutbacks in state spending, surplus workers were offered no firm possibility of placement elsewhere in the public service.

extending, no less, a privilege (!) to postal workers to discuss a subject so vital to their interests as workers.

In the 1973 collective agreement, Article 31 was reproduced almost word for word from the 1970 contract. The only other provision of note in respect of technological change was Article 32 which allowed for the establishment of a "Manpower Committee".

The Manpower Committee was mandated to "discuss" the impact of technological change on the workplace and on postal workers vis-a-vis, job descriptions and job content; wages; hours of work; use of casuals; utilization of staff and the coder.* Intended changes in job content or the creation of new jobs arising from technological change were to be placed before the Manpower Committee for "consultation". It must be underlined here, that technological change per se was not being discussed, only the effects arising thereof. The Committee did not inhibit the right of the employer to implement changes, whether via the introduction of new equipment or changed organization of the workplace. Article 32.02 (b) was quite explicit on this point.

Nothing herein contained shall prevent the Employer from implementing the proposed changes in job contents or new jobs ninety (90) days after the matters are referred to the manpower committee provided that the Employer shall first have given fifteen (15) days notice to the Council [of Postal Unions] ...

In effect, the Manpower Committee was nothing more than an agreement by the employer to simply discuss matters relating to classification arising from the introduction of technological change.** As we observed earlier,

* (see discussion of the 'Coder Dispute' in Chapter Four)

** The heading 'classification' covers much bargaining terrain,

classification is a management prerogative. The employer's willingness, at least on paper, to 'consult' on this issue must be seen more as an indication of its need to obtain the acquiescence of postal workers for its program of automation, or at least provide a semblance of input to diffuse outright opposition toward automation, since the employer had the authority to proceed in any case.

The Manpower Committee, in the words of the CUPW, "... was an abject failure".¹⁰ Its mandate was a weak one; consultation was not negotiation. Management was not obligated to halt intended change, nor to eliminate the adverse effects arising from change. In this context, the Committee could not expect a great deal of success. The Committee failed not only because it failed to give the union meaningful input, but because of employer violations of notice provisions. According to the CUPW, Post Office management went ahead and introduced changes while the Committee was still being formalized.¹¹

It took a full 10 months for the parties to come to an agreement on the terms of reference for the Committee,* during which the Employer proceeded with the introduction of technological changes and created more and more coder positions, all classified Level 1.

The 'coder' issue was the first major dispute over automation. This issue

since almost all implementation of new technology affects job contents or new job creation. Thus, negotiating classification is really negotiating technological change. However, the Committee's mandate, to re-state it, was discussion, not negotiation.

* The 1973 collective agreement, however, called for the establishment of the Manpower Committee within thirty days following the signing of the agreement.

pointed out the postal union's need for real negotiation power over technological change and the impotence of the Manpower Committee as a mechanism for dealing with changes in the method and organization of work.

The 1975 collective agreement produced what appeared to be at the time a substantial shift in the weak position of postal workers on the technological change issue.* Under Article 29 of the agreement, technological change was defined for the first time and the employer committed itself to eliminating all adverse effects of changes. A "Special Adjudication Committee" was established to negotiate solutions to the problems of technological change.

Article 29.01 defined technological change as,

... the introduction by the Post Office Department in the internal processing of mail, of equipment different in nature, type or quantity from that previously utilized by the Post Office Department, a change, related to the introduction of this equipment, in the manner in which the Post Office Department carries on the internal processing of mail and any change in work methods and postal services operations affecting one or more employees.

* The Federal government agreed to Article 29 chiefly to avoid a national strike on the automation issue. The newly appointed Postmaster General, Bryce Mackasey, agreed to accept the Moisan Conciliation Board Report's recommendation on Technological Changes (almost a carbon copy of what later became Article 29 of the 1975 Agreement). Mackasey was intent on proving to the public that the automation issue was 'solved'. There was no reason, therefore, to shut down the postal system over automation. Mackasey's abrupt acceptance of the Report's recommendation was an astute propaganda manoeuvre on his part. In agreeing to the Report the Postmaster General attempted to take the wind out of the national leadership's sails and publicly discredit the postal union should it go ahead with a strike. Yet, the CUPW began its fourth national walk out on October 21, 1975. The automation issue was far from solved in the union's mind. (Cf. Report of the Conciliation Board, October 7, 1975, Jean Moisan, Chairman, pp. 115-20; and J. Davidson and J. Deverell, Joe Davidson (Toronto, 1978), pp. 168-9; 172; 176-9).

Gone was the earlier notion that technological change was only change causing the dislocation of labour. This definition was remarkably identical to the Canada Labour Code.

The agreement provided for notice of intended changes to be given at least 90 days prior to the introduction of the change. In addition, Article 29.04 made it necessary to provide the union with all pertinent information on the proposed change, including:

- (a) the nature of the change;
- (b) the date on which the Post Office Department proposes to effect the change;
- (c) the approximate number, type and location of employees likely to be affected by the change;
- (d) the effects the change may be expected to have on the employees' working conditions and terms of employment; and
- (e) all other pertinent data relating to the anticipated effects on employees.

The notice and information provisions of the agreement, thus, gave the postal workers' union a clear picture of the employer's planned changes. Labour - management meetings were then scheduled for the purpose of holding "constructive and meaningful consultations" with the assistance of a third party. Failing to reach an agreement on the proposed change, the matter was then referred to a "special adjudication committee" established to hear the dispute.

The core of Article 29 was the employer's commitment to "eliminate all injustices to or adverse effects on employees" and to resolve disputes over adverse effects through the Special Adjudication Committee (SAC). This Committee was, therefore, more than a consultation mechanism. The SAC established for the first time a means by which the problems associated with technological change could be eliminated - a radical departure from both the Manpower Committee and the Joint Standing Committee. The SAC's

mandate called for a report to be issued which was binding on both parties. The Committee removed considerable decision-making authority from management and placed it in the hands of the adjudicator - a move postal workers obviously favoured and would seek to utilize as far as possible.

Yet, as progressive a step as the Special Adjudication Committee was on paper, this Committee was flawed in a number of respects. The employer's commitment was to eliminate only the adverse effects of technological change. If the report ruled against the employer, only the adverse effects would have to be redressed and not the technological change itself. The remedy might not go directly to the source of the problem and offer only temporary or inadequate relief. In addition to this, the Committee could not prevent changes either during or after the 90 days notice period. The notice provision did not (despite the CUPW's arguments to the contrary - see Article 29 Dispute below) constitute a commitment to halt changes. If a change was implemented within the 90 day period, the employer was only in violation of the notice provision. This fact was important, since the adverse effects could not properly be assessed before implementation and an alternate course of action proposed by the union. Finally, since the Committee could only compel the employer to eliminate the adverse effects of technological change, the implementation of a program of automation remained, in the last analysis, the absolute prerogative of Post Office management.

The Special Adjudication Committee enjoyed no more success than its predecessors. The Committee became caught up in an endless circle of legal nit-picking and management tactics that rendered it useless to postal workers. Post Office management refused to respect the principles

behind Article 29 and hid instead behind the restrictive provisions of the PSSRA. Management went ahead and carried out technological changes in violation of the notice provisions in St. John's, Newfoundland and London, Ontario. This action by the employer sabotaged the Committee as a viable mechanism for resolving the problems of technological change. Unless management took the principle of eliminating adverse effects seriously, the role of the Committee to resolve disputes was undermined. We will examine the St. John's and London disputes (or Article 29 Dispute) because of the broad implications of the issues involved for the future of the employer's program of automation and for the CUPW's ability to negotiate technological change within the legislative framework of the PSSRA.

Article 29 Dispute

The CUPW charged the employer with violating aspects of Article 29 by failing to give proper notice and pertinent information with respect to mechanization at St. John's and London. The dispute was referred to adjudication. A Special Adjudication Committee was established and chaired by Edward B. Jolliffe.*

For its part, the employer maintained notice was earlier given in a document entitled "Presentation Brief Canada Post Office Proposed National Facilities Program, January 20, 1976", delivered to the union

* The report of the Jolliffe committee contains a detailed account of the Article 29 dispute, citing both employer and union argumentation and presentation to the SAC. The Jolliffe report is the main source of the information presented here.

in a meeting between Post Office management and the CUPW on February 10, 1976. The 'National Facilities Program' (NFP) document detailed the cost of the mechanization projects across Canada, including the St. John's and London projects. However, this document did not provide any pertinent information on the number, type and location of postal workers to be affected, nor the effects on working conditions and terms of employment. It became obvious that the NFP document was an internal Post Office Department cost analysis report and was not (nor was it ever intended to be) 'notice' to the union. But the CUPW accepted the National Facilities Program as 'notice' and requested that the Post Office Department complete the outstanding information to fulfill the notice and pertinent information provisions of Article 29. The CUPW did this to prevent the SAC and Article 29 itself from being completely wrecked by the employer.¹² That is, if the union accepted this document as notice, the employer was acknowledging the role of the Committee via the introduction of technological change. Article 29 would thus be observed and the Committee's problem solving role put into practice.

Management agreed to the union's request, but also, paradoxically, implied in its response that the contents of the NFP were not necessarily subject to Article 29. That is, management implied that the whole of the proposed program of automation was not negotiable in line with the procedures contained in Article 29 vis-a-vis the SAC.

A see-saw communiqué debate ensued on whether or not the NFP was subject to Article 29. Post Office management had turned full circle from its initial argument that the NFP was 'notice'. "We do not believe that document falls within the ambit of Article 29".¹³ In short, the

Post Office Department was now refusing to respect the mechanics of Article 29 and the overarching principle that technological change was subject to negotiation in so far as the adverse effects arising from changes must be resolved. Finally, Post Office management agreed to include the NFP as being under Article 29, but management did not commit itself to accepting that the NFP necessarily fell under Article 29.

The reason for management's change of heart was the union's agreement to expedite discussion of mechanization projects most urgent to the reorganization of the Post Office. Here lies the crux of the matter. Management, while bound by the collective agreement to eliminate the adverse effects of technological change, had as its first priority implementation of the program of automation. The negotiation of adverse effects was a fetter to this program (we expand on this shortly). Several important issues arose from the Article 29 dispute - two in particular stand out.

Firstly, Post Office management argued that once a technological change was introduced at one facility, it no longer constituted a technological change when introduced in other facilities in the postal system. Thus, technically, no adverse effects could be said to arise, since the change was not a change by this definition! The employer based this argument on section 29.01 of the 1975 collective agreement, which defines technological change as meaning the introduction of equipment, etc. 'different in nature, type or quantity from that previously utilized by the Post Office Department'. Thus, according to management's interpretation, the changes implemented at St. John's and London did not represent technological change at all. Similar changes had been carried

out at the Ottawa postal facility in 1972 when letter sorting machines and other new equipment was first introduced there. The implication of this interpretation for the future of negotiating technological change was enormous for the union. The CUPW could not allow this argument to gain currency if it ever hoped to protect postal workers against technological change.

Not surprisingly, the CUPW interpreted Article 29.01 in a different light. Technological change meant changes carried out at a specific postal facility. The letter sorting machinery was, in the words of Jean-Claude Parrôt, (then Vice-President of the CUPW) "... not new to the Post Office - but it was new in St. John's, Newfoundland".¹⁴ The union did not accept management's concept of a one-time technological change; that, once implemented in one part of the postal system, the machinery no longer constituted a change.

Secondly, in the London case, the dispute brought to light the bare truth for the CUPW that the Special Adjudication Committee's mandate was more limited than the union first believed. The central question in the London dispute was this: Is the implementation of technological change prior to the Committee's report? The CUPW argued that Article 29 made changes dependent on the report's outcome. But, in fact, Article 29 contained no prohibition against the introduction of changes while the time and procedure mechanisms of Article 29 were in motion. The union inferred this prohibition from the time limits contained in the notice provisions. Moreover, as we noted earlier, the employer's obligation was limited to eliminating adverse effects. Fulfilling this obligation did not necessarily mean having to retract changes already implemented. Adverse effects could be eliminate in other ways (e.g. monetary compensation,

etc.).

What becomes quite clear from a thorough examination of the Jolliffe report is management's complete disregard for Article 29. The problem of Article 29 was not simply one of 'interpretation', but management attitudes regarding its program of automation as a national project. This program was to be implemented according to management timetables and, in any case, the program of automation was already a reality in management's thinking - it would be fully implemented. Management set its deadlines for the implementation of the NFP as more or less firm, adverse effects or not. Management was prepared to discuss adverse effects after implementation, but certainly management viewed negotiation prior or during the introduction of the change as an obstacle to the program itself. For example, at one round of union - management meetings in April 1976, G.M. Sinclair, Assistant Deputy Postmaster General (Operations), stated in respect of the schedule for the changes planned at St. John's, that, "... unless there was significant evidence of adverse effects, I'd have to live with this schedule".¹⁵ In a telephone conversation later that month with J.C. Parrôt, Sinclair pointed out that he was tied to commitments such as contractors' warranties, etc, and deadlines already set.¹⁶ In other words, the introduction of a massive program to reorganize the postal system placed its first priority on meeting schedules and cost commitments and negotiating the impact of this reorganization was accorded a secondary place in the hierarchy of considerations! Management's determination to implement the program of automation at all costs convinced the postal workers' union that the employer was not interested in the results of its actions on workers.

Jolliffe's report confirmed Post Office management's right to proceed with technological change. While Jolliffe found management in violation of its obligations variously to give proper notice and hold 'meaningful and constructive consultations', the main point of his report was to re-emphasize management's authority over technological change. This report underlined the essential weakness of Article 29, and, indeed, the futility of attempting to negotiate technological change in a meaningful way given management's approach to implement the NFP first, and deal with its adverse effects later. The program of automation was to proceed undeterred by the protestations of postal workers and their union.

Management's definition of technological change was further proof that it had no intention of coming to grips with automation as a program that must take into account the impact it will have on its employees and involve workers in important steps of the process as Article 29 set out to do. Indeed, Jolliffe castigated the employer's notion that the introduction of new equipment in one part of the system was no longer a technological change when introduced elsewhere. Jolliffe stated that,¹⁷

It would be nonsensical to argue that the two latter installations [St. John's and London] are the same in 'nature, type or quantity' as in Ottawa; they are clearly different, just as the size and nature of the two cities differ from the size and nature of the national capital.

The Article 29 Dispute brought home the fact that the CUPW's efforts to use the collective bargaining process to deal with technological change were proving fruitless. The collective bargaining process, governed as it was by the Public Service Staff Relations Act, was an unworkable

means of protecting the interests of postal workers. The problems of negotiating technological change were further evidenced by the many unsuccessful attempts by the union to have technological change put before the many Conciliation Boards established to help bring Post Office management and the union closer on the issues during contract bargaining in the 1970's.

Technological Change & Conciliation

In the Conciliation process, the union files specific matters as issues it wishes the Board to hear and recommend on in relation to the impasse in contract talks. The employer may also file a list of issues, in response to the union, which it believes are not referable to the Board by virtue of the Public Service Staff Relations Act. Out of this process and in accordance with the Act, the Chairperson of the PSSRB decides the 'Terms of Reference' (subjects to be discussed) for the Conciliation Board.

What is important from the union's standpoint is getting its issues accepted by the Chairperson of the PSSRB as 'referable' to the Board. In respect of technological change, this has proved an almost impossible task for the postal union. Almost invariably, the proposals submitted by the CUPW to conciliation on technological change have either been deemed not referable or have been included in the Terms of Reference subject to the caveat of this or that section of the Act.

Before the 1972 Conciliation Board chaired by Owen B. Shime, the Council of Postal Unions presented proposals on technological change and job security.¹⁸ These proposals dealt directly with a guarantee of full

employment for all full-time unionized workers, including, no lay-off; termination of employment; wage cuts, or, downward classification resulting from technological change. The employer objected to the Council's proposals and fell back on the Act, in particular, Section 7 and Section 86(3) covering the administrative machinery for lay-offs; transfer; release of employees, etc. Interestingly, Jacob Finkelman, Chairperson of the PSSRB, in deciding the Terms of Reference, instructed the Board that the objectionable proposals were of "grave concern" to postal workers; that, the fears of technological redundancy would "...hang like a pall over the deliberations of the Conciliation Board in this dispute".¹⁹ One wonders how postal workers were to exorcize the spectre of technological redundancy when the Conciliation Board was forbidden to make recommendations on precisely this issue.

Proposals on job security and classification were again excluded from the 1978 Conciliation Board chaired by Louis Courtemanche for contravening the PSSRA.²⁰ The CUPW also proposed Article 28 - that no new job classifications or modifications or abolition of existing classifications and no modifications of existing job descriptions would be carried out without union agreement. In addition, the union proposed that no new classes could be created outside the bargaining unit. The Article 38 proposals were referred to the Conciliation Board, but, subject to the provisions of Section 7. In effect, the Board was given the green light to discuss the proposed Article 38, but not to go any further. Similarly, in 1980, the CUPW tried to negotiate an article dealing with changes in job title and job description before the Jutras Conciliation Board.²¹ The article was referred, subject again, to Section 7. Thus, even where clearly 'illegal' (non-referable) proposals vis-a-vis the Act are referred

by the Chairperson of the PSSRB, this action does not affect the right or authority of the employer.

This is the type of restrictive negotiating climate in which the postal workers' union has typically tried to press its demands on behalf of the membership. Negotiating technological change with the employer, whether through the Conciliation process or even in pressing the employer to respect provisions of the collective agreement, has proved frustrating and virtually impossible for the postal union. At each step, postal workers are blocked by the inflexibility of the employer, intent on pushing ahead with planned automation and a rigid labour law which gives the employer all the authority needed to proceed unmolested by union proposals or collective agreements.

3.3 Negotiating Health & Safety^{*}

Health and safety issues are numerous, especially with the introduction of the program of automation, for example, high noise levels; temperature and humidity; dust; carbon monoxide; chemicals; lighting and equipment vibration.²² High noise levels and on-the-job injuries have been the two key concerns of postal workers in negotiating health and safety in the last decade.

Treasury Board regulations set 90 decibels dB(A) over an eight hour shift as a maximum threshold in the Post Office.²³ The CUPW believes

* The impact of automation on health and safety is discussed in Chapter Four - Automation, section 4.2.

this threshold level is too high.* For instance, a U.S. postal study conducted back in the late 1960's, established 80 dB(A) as a maximum safety limit to avoid hearing loss in continuous sound work environments.²⁴ Other agencies such as the Noise Abatement Society of Australia; the International Labour Organization; the U.S. Office of Federal Employees' Compensation and the Dutch Government recommend maximum levels lower than the Treasury Board regulations.²⁵

The CUPW describes the problem of high noise levels "... as the worst single change in working conditions as a result of the employer's program of automation".²⁶ A Toronto postal worker observes that,²⁷

Noise has been proven to cause physical and emotional stress. Noise increases the flow of adrenalin in the body, causing a rise in blood pressure, pulse rate, and rate of breathing. The clotting ability of blood and the amount of fat released into the blood stream are both increased. Vision and balance are also adversely affected, the clarity of vision and the accuracy of colour perception are decreased. Because of these effects, heart attacks, circulatory and digestive problems, and ulcers have been linked to high noise levels.

Yet, high noise levels is by no means the only major threat to the welfare of postal workers.

Injuries to postal workers are of epidemic magnitude. "Of all government departments, Canada Post is the most dangerous place to work".²⁸ Injuries to postal workers accounted for about 53 per cent of all disabling injuries in the Federal public sector in fiscal year 1978/79.²⁹ One

* In my visit to the Gateway postal facility outside Toronto on November 25, 1980, the noise from machinery and the conveyer system was indeed quite uncomfortable. The high noise level made verbal communication almost impossible at some points, even at a distance of less than two feet.

in three mail handlers was injured in 1978/79.³⁰ Sprains and strains, particularly to the back, shoulder and leg areas of the body, are the most common injuries reported.³¹

Accidents and injuries in the Post Office cost Canadian taxpayers \$20 million in fiscal year 1979/80.³² Compared to the injury rate in private industry in Ontario, Post Office workplace injuries are at least three times higher.³³

The Right to Refuse

Apart from demanding more emergency switches on conveyor systems* and more adequate training programs to reduce on-the-job injuries to postal workers, the CUPW has fought for the inclusion of a 'right to refuse' clause in the collective agreement along the lines of the 1978 health and safety amendment to the Canada Labour Code. Under existing conditions, postal workers may verbally complain about a dangerous or potentially harmful conditions and launch a written grievance. But postal workers cannot refuse to work. The grievance procedure does not provide relief from 'imminent' danger, nor is there sufficient protection in the collective agreement. Article 33.01 of the 1975 contract states only that, "The employer shall take and implement appropriate measures pertaining to the safety and health of the employees during the course of their

* The new mechanized equipment is a real threat to the safety of postal workers. For example, a worker at the New York Bulk and Foreign Mail Centre in New Jersey was crushed to death on December 15, 1980 when a conveyor belt pulled the worker into the machinery. In this case, safety switches were inoperative - a condition prevalent throughout the Centre as a later management safety check revealed. (Cf. David Neustadt, "Did Mike McDermott Die in Vain?" The Postal Journal of Canada, Vol. 40, No. 2 (1980), p. 31.

employment". The 1979 agreement, while adding Section 33.09(a), "The employer shall not require his employees to work under dangerous working conditions", did not grant employees the right to refuse to work in the face of a 'dangerous working condition'. Therefore, an employee refusing to work by invoking Article 33.09(a) is in violation of the grievance procedure outlined in Section 90 of the Act. A grievance must be presented in writing. Obviously, grieving 'after the fact' does little to alleviate the imminent condition threatening the worker's health or safety. Moreover, a union steward who wishes to investigate an "urgent complaint" must first obtain permission from the supervisor to leave work. This permission will be granted within the next 30 minutes.³⁴ If the steward chooses to immediately investigate the complaint without the supervisor's permission, he/she can be disciplined if the 'urgency' cannot later be established to justify the steward's action.³⁵

The CUPW pressed its case for a broad right to refuse to work before the 1978 Conciliation Board chaired by Louis Courtemanché.³⁶ The union proposed Article 10.05 - the right to refuse work without disciplinary action where an employer's order, directive or regulation endangered the worker's health, safety, or life; or where a law, moral standard, or collective agreement would be violated by obeying the employer. This Article was referred to the Conciliation Board by PSSRB chairperson J.H. Brown, however, subject to Section 7 of the Act. Chairperson Brown forewarned the Board that even if the employer were to enter into an agreement on proposed Article 10.05, Section 7 of the Act would repudiate this accord.³⁷ * With this in mind, the Conciliation Board drew the union's

* Brown drew the Board's attention the remarks of Jacob Finkelman

attention to the employer's proposal (later Article 33.09(a) of the 1979 collective agreement) not to require its employees to "work under dangerous working conditions" ³⁸ to hopefully satisfy the union on this score.

The employer's acceptance of the 'right to refuse' remains an outstanding issue as negotiations begin in the 1980's. And should the employer agree to include this provision in the collective agreement the legal framework of the Act would make it valid only on paper.

3.4 Negotiating Grievance Procedure

& Disciplinary Action

In collective bargaining theory, the Grievance process is designed to give postal workers and management a mechanism whereby violation of the rights of the employee or employer can be remedied. In practice, the grievance procedure in the Post Office falls far short of this goal.

The Grievance procedure is characterized by arbitrary action by the employer. Time limits for employer replies to grievances are often ignored and when replies do come, the employer has not always adequately dealt with the central issues behind the grievance. For example, an

when he was Chairperson of the PSSRB and decided the Terms of Reference of the 1972 Shine Conciliation Board which is worth noting here: "The section (7) declares in unequivocal terms that nothing in the Act is to be construed to affect the right or authority of the Employer to do certain things. In other words, even if the Employer were to enter into some stipulation with regard to these matters, it would be free in law to repudiate the stipulation the very next day. If the Employer were to agree to include in a collective agreement a provision that limited its right or authority say to classify positions in the Public Service, it would not be bound by that provision".(!) (Cf. infra, p.111 footnote #37, p. 5.).

internal Post Office Department study shows that many grievances take up to six months to get from the local management level to Post Office headquarters.³⁹ This, despite the fact that the collective agreement clearly states a written employer response must come no later than fifteen days.⁴⁰ Of the 60,000 grievances filed between 1975 - 1979, only 50 per cent were settled as of 1979.⁴¹

More disturbing than the employer's refusal to respect the time framework for the grievance process is the practice of assuming the worker guilty of the alleged infraction until later proved otherwise in adjudication. The ability of the employer to act arbitrarily in this manner does considerable injustice to postal workers. The passage quoted at length below considers the implications of this practice on the worker.⁴²

Throughout this process, it is assumed that the employee is guilty of whatever infraction is alleged. His income is interrupted and his personal finances thrown into turmoil, sometimes with extremely adverse psychological, family and social consequences. Should the employee finally be vindicated through Adjudication, he receives back pay minus income from other sources. There is no redress for the unwarranted disruption of his life to which he has been subjected.

What also hurts postal workers is the excessive penalties metted out by local management. According to the postal union, the employer takes excessive disciplinary action at the lower level owing to the tendency for penalties to be reduced by more senior management by the time grievances reach the adjudication stage. As proof of the heavy handed approach of local management, the CUPW cites the high number of grievances conceded by the employer prior to adjudication; or later found in the union's favour. The chart below bears this argument out:⁴³

RESULTS OF GRIEVANCES REFERRED TO ADJUDICATIONDECEMBER 1975 - JANUARY 1978*

	<u>Discharge/ Suspension</u>	<u>Other</u>	<u>Total</u>	<u>Per Cent</u>
Won (by grievor or union)	27	35	62	26.1
Denied	14	22	36	15.1
Conceded by Employer	58	82	140	58.8
				<u>100.0</u>

* Does not include Montréal 1975 dispute.

When both grievances won by the union and those conceded by the employer are taken together, close to 85 per cent of all grievances during this period were sustained in the union's favour. Further, almost 60 per cent of grievances filed were never taken to the final stage of the grievance process. The latter is an indication, in part at least, that local management does take a questionable approach in discharging its duties, as the union suggests. Moreover, the fact that so many cases never reached the adjudication stage, suggests that many alleged infractions are perhaps totally unfounded in the first place, discriminating against postal workers who are obliged to set out to prove their innocence.

Faced with a grievance procedure that affords postal workers very little protection against the abuse of the employer, the CUPW struggled to force the employer to at least accept "... the fundamental precept of our common law - that an accused is innocent until proven otherwise",⁴⁴ by writing this principle into the collective agreement. The union

has tried to make the grievance process function so that an employee would not suffer injustice or penalty (financial or otherwise) until the alleged violation goes before adjudication and a decision is rendered.

Disciplinary Action

The postal union has also expended considerable energies to make the grievance process more open. The CUPW agitated for the right to unrestricted adjudication of all matters arising from any employer action taken against a postal worker, "whether or not these cases are covered by the Act, including the right to present policy* grievances".⁴⁵

Expanding the right of adjudication would include grieving over disciplinary action not involving a financial penalty (not now adjudicable), such as letters of reprimand which may later surface as character material to support the employer in other disciplinary action. Or, 'waived suspensions' → in effect a suspended suspension, which could reflect negatively on the employee in any further disciplinary action.

The right to unrestricted adjudication was formulated as Article 9(7) of the union's submission to the Courtemanche Conciliation Board in 1978. The Article was, however, excluded from the Terms of Reference for the Board because it would require the amendment of legislation (contrary to Section 56(2) (a) of the Act).

In addition to what has been outlined in relation to the grievance

* A 'policy grievance' is a form of 'class action' the CUPW proposed on grievances affecting all postal workers (in the bargaining unit, or a particular local, etc.). In the absence of a policy grievance, the union must submit individual grievances - a very costly (to the taxpayer) and time consuming procedure that could be done away with altogether.

procedure and disciplinary action, we observe further the union's proposal contained in Article 10.01 of the submission to the Jutras Conciliation Board in 1980. The CUPW proposed that no disciplinary action be taken without notice to the union citing: reasons for disciplinary action; description of date, time and place of the alleged infraction and of other person(s) involved (i.e., as witness, victim, etc.). As reasonable as this proposal appears, the Chairperson of the PSSRB could not refer it to the Conciliation Board. This proposal would require the amendment of Section 91 of the Act. For this reason, Article 10.01 was not referable, despite the fact that Section 91 does not provide for any detailed information such as proposed by the union.

Summary

The practice of collective bargaining in the Post Office as discussed in this chapter is portrayed as being surrounded by a 'Chinese wall' of legal barriers for the postal workers' union. The Public Service Staff Relations Act has closed-off the possibility of really negotiating technological change, health and safety and other vital issues for postal workers. Post Office management has also erected its own barricades to labour peace by opposing the concept of collective bargaining and by ignoring dispute resolution mechanisms and other provisions set out in collective agreements.

Collective bargaining in the Post Office has been hurt by a bargaining structure that fits the Post Office workplace into a service-wide mold, whether or not the work done in the Post Office fits this mold. Post Office management, which has the responsibility for the day-to-day operation of the postal system, does not have the mandate to

conclude agreements with the postal union.

The single major reason why the collective bargaining process has proved unworkable from the postal workers' point of view is the labour law itself. The PSSRA simply does not allow meaningful negotiation to take place. Technological change, perhaps the most critical work issue now facing the entire Canadian working class, cannot be dealt with within the legal framework of the Act. The joint committees on technological change have met with little or no success because the right to negotiate technological change was never part of the mandate. When the employer committed itself to eliminating the adverse effects of technological change and set up a committee to resolve these adverse effects, management effectively challenged the principle of eliminating adverse effects by invoking its right to determine the organization of work under Section 7.

Postal workers are denied the right to open collective bargaining; to negotiate the right to refuse dangerous work and to negotiate an unrestrictive grievance procedure. In trying to make Conciliation a viable process for dispute resolution, the people who have headed Conciliation Boards and decided the Terms of Reference have had their hands bound by the law. The Terms of Reference must reflect a proper (legal) interpretation of the law - good or bad.

Finally, the practice of collective bargaining in the Post Office has been so conflict ridden because of the employer's program of automation itself. When it became obvious that negotiating and eliminating adverse effects of automation would slow down and interfere with the implementation of the program of automation, management challenged the very terms

of reference of the Special Adjudication Committee. The Federal government and Post Office management are committed to one thing - the widespread reorganization of the postal operation. Perhaps Article 29 and the Special Adjudication Committee were doomed to fail (as the CUPW believes) simply because the program of automation is too costly and too far along to allow anything, including collective agreements, to stand in its path.⁴⁶

NOTES TO CHAPTER THREE

1. Labour Canada, Strikes and Lockouts in Canada, (Ottawa) various issues, 1965-1979.
2. Ibid.
3. Ibid., 1971-1979.
4. Report of the Conciliation Board, May 2, 1980, Germain Jutras, Chairman, p. 9. At least 75 percent of grievances launched by federal employees are from postal workers (Cf. D. McGregor, "CUPW vs. New Canada Post Corp.," The Financial Times of Canada, July 20, 1981, p. 10).
5. Arthurs, op. cit., infra., pp. 53-4.
6. See schedule 1, Part 1 of the PSSRA.
7. Submission by the Candian Union of Postal Workers to the Conciliation Board Established in View of the Renewal of the Collective Agreement Between the Canadian Union of Postal Workers and the Treasury Board, April 10, 1978, p. 7 (Hereafter referred to as Submission...). This brief is contained in a CUPW document entitled Negotiations 77.
8. Report of the Conciliation Board, October 7, 1975, Jean Moisan, Chairman, p. 6.
9. Ibid., pp. 6-7.
10. Submission..., op. cit., p. 22.
11. Ibid.
12. Ibid., p. 24.
13. Decision of the Special Adjudication Committee (files: 169-2-81; 169-2-83) before the PSSRB, July 28, 1976, p. 21.
14. Ibid., p. 39.
15. Ibid., p. 44.
16. Ibid., p. 45.
17. Ibid., p. 69.
18. Report of the Conciliation Board, December 14, 1972, Owen B. Shime, Chairman.

19. Terms of Reference of the Conciliation Board, October 8, 1972, Jacob Finkelman, Chairman, pp. 27-8.
20. Report of the Conciliation Board, September 21, 1978, Louis B. Courtemanche, Chairman.
21. Report of the Conciliation Board, May 2, 1980, Germain Jutras, Chairman.
22. These issues formed the basis of Article 33 in the 1977/78 contract talks. (Cf. Submission..., op. cit., pp. 115-21).
23. Submission..., op. cit.
24. This study prepared by Dr. A.W. Baker, entitled "Exploratory Study of Environmental Conditions in Postal Installations", is cited at length in the Submission..., op. cit.
25. CUPW, September 1979, p. 3.
26. Ibid., p. 1.
27. Michael Duquette, "Postal Strike, Truce, Peace?" The Postal Journal of Canada Vol. 40, No. 2 (1980), p. 11.
28. A Contract for Postal Workers: Negotiations 80 (a CUPW document), March 26, 1980, p. 30.
29. Ibid.
30. Ibid., p. 31.
31. Ibid.
32. Accidents and Injuries: Backgrounder No. 6 (a CUPW 1981 negotiations document), May 1981, p. 3.
33. Ibid.
34. Article 9.05 of the 1979 collective agreement.
35. CUPW January 1981, p. 4. The point raised here is based on the actual 10 day suspension of a steward who investigated a complaint over the objection of his supervisor.
36. Courtemanche Conciliation Board Report, op. cit.
37. Terms of Reference of the Conciliation Board, March 20, 1978, J.H. Brown, Chairman, p. 14.
38. Courtemanche Conciliation Board Report, op. cit., p. 49.

39. This internal Post Office Department document is cited in Negotiations 80, op. cit., p. 25.
40. Article 9.05 of the 1979 collective agreement.
41. Jutras Conciliation Board Report, op. cit., p. 9. In one instance a backlog of grievances filed from 1976 was finally settled in 1981. The grievances alleged the use of casual labour over a two-year period denied postal workers overtime. The employer agreed to pay \$800,000 after an Arbitration Board ruled in favour of the workers. True to form, The Globe & Mail newspaper headline read: "4,400 Postal Workers Get Total of \$800,00 for Work They Never Did" (Cf. The Globe & Mail, March 7, 1981, p. 3).
42. Submission..., op. cit., p. 42 (emphasis in the original).
43. Ibid., p. 42 (reproduced in total).
44. Ibid.
45. See the CUPW's proposed Article 9(7) submitted to the Courtemanche hearings (Cf. Terms of Reference of the Conciliation Board, March 20, 1978, op. cit., p. 9L).
46. The cost of the mechanization and modernization program as of 1978, according to the National Facilities Program document, was in excess of \$1 billion. This figure includes cost of land, construction, equipment, etc. (also, Cf. CUPW (September 1979), p. 6 and also, letter from G. Bickerton to J.C. Parrot, April 18, 1979 which puts the figure at \$1,102,476,000 as of November 22, 1978).

CHAPTER FOUR - AUTOMATION

We are not against automation. Quite to the contrary. In principle, we are in favour of it, provided the technological changes introduced to improve the postal service also improve the working conditions of postal workers. Yes, to automation, if postal workers enjoy some of its benefits - no, if it is done at our expense! ¹

Postal workers have not enjoyed the benefits of automation. The introduction of new technology in the Post Office has increased monotonous work and created a less skilled workforce alongside the traditional skills of the manual sorter. Health and safety problems have increased with automation. The job security of postal workers has been threatened by the employer's staffing policy which promotes the use of part-time and casual labour instead of full-time jobs.

This chapter examines the elements of postal automation and considers its impact on the workforce. The response of postal workers to automation is examined.

4.1 (i) The Program of Automation

Although Eric Kierans commissioned the series of Post Office studies in the late 1960's and the decision to automate was taken in 1970², the Canadian Union of Postal Workers did not officially learn of the Federal government's plans for an overhaul of postal services until late 1971. And when the postal union was advised of automation, the full

extent of the program was not revealed. In a meeting between senior Post Office officials and representatives of the CUPW in December 1971³, the union was told the program of automation would affect 15 centres by 1976, beginning with the opening of a new postal facility in Ottawa in 1972. By 1976, automation had spread to 26 centres across Canada.⁴ Publicly, the Post Office Department in 1975 announced the cost of automation to be \$96 million. Actual costs, including facilities construction and renovation, reached \$1 billion.⁵

The program of automation involves chiefly reorganizing the way mail is processed to reduce the handling of mail by workers. Manual mail sortation is a labour intensive and repetitious method of mail processing, requiring as many as 60 handlings of an item between mailing and delivery.⁶ Sorters must develop extensive memory skills to process the mail. Automation achieves precisely the elimination of the sorter's skill. As the Deputy Postmaster General, J.A.H. Mackay put it before the Federal Institute of Management in Toronto on January 31, 1973:⁷

The objective has been to take the element of human memory out of most of the sorting function by substituting mechanized sorting equipment that can process letters according to programmed instructions - in a sense, using a machine memory instead of a human one... the equipment reduces the number of handlings by sorting initially to a much larger number of destinations - giving the [machine] operator the equivalent of very long arms.

The Postal Code

To make automation a reality, a method of marking the mail for machine processing was necessary. A six digit postal 'code' was designed, dividing the country into coded districts. Canada's postal code is

alpha-numeric and covers over seven million addresses with a capacity to add millions more.⁸ The first postal code was used in Ottawa on April 1, 1971.⁹ The rest of the country was coded by November 6, 1973.¹⁰

Canada's postal code is the product of a Federal government study entitled A Canadian Public Address Postal Coding System, prepared by the private consultant firm of Samson, Belair, Riddell, Stead Inc. in December 1969. The postal coding system was essential to mechanizing mail processing. The study's authors observed that, "Optimum utilization of mechanized systems and, later, of more automated systems, will depend to a significant degree on the availability of a viable postal address code, widely accepted and used by mailers".¹¹

The Federal government's concern in the design of the national postal code was largely one of meeting the needs of business postal users. The 'Terms of Reference' of the coding study focused on the need to develop a code which would be used by large volume mailers in particular, such as mail order firms, telephone and utilities companies and by the mass credit systems like Mastercharge and Chargex (now Mastercard and Visa). The code was a convenient tool for private business and its design was compatible with the increasing use of computers by business, especially computerized mailing lists. Indeed, the study forecast the postal code would not only improve the efficiency of the Post Office, but should facilitate "... a closer coordination between those many organizations in both the public and private sectors, which have a valid need to gather and distribute, analyse and correlate information and services based on the postal address as the indispensable link".¹² The code allows business to 'plan the market' according to demographic factors such as population

clusters and shifts in population.

The Federal government announced plans to introduce a national postal code on February 19, 1970.¹³ Postmaster General Eric Kierans projected increased productivity in the Post Office and improved services for postal users. Ironically, Kierans also promised postal workers the new code would bring about an "upgrading of job skills" and a "reduction in the number of routine tasks".¹⁴ This promise would come back to haunt the Postmaster General. The introduction of automation was accompanied by many adverse effects, including the creation of a new category of postal worker who functioned as a 'human robot'.

The successful introduction of the program of automation depended in no minor measure on public acceptance of the new post code. To ensure the viability of the code, the Samson, Belair... study suggested a number of ways the code could be promoted. For example, the Post Office could prepare master computer lists of addresses for large volume mailers. In other words, the study suggested the Post Office perform certain administrative functions for private industry at public expense - an indirect corporate 'bribe' to get companies to use the code.¹⁵ (The Post Office will actually take a company's client list and code it free-of-charge as a 'public' service). In any case, postal code use rose from about 12 per cent in fiscal year 1972-73 to over 85 per cent in 1979-80.¹⁶

(ii) The Postal Factories

The nature of work in the Post Office has been changed by automation. One South Central mail handler portrays working in the new mail processing plants as "working inside a gigantic clock".¹⁷ Processing

plants like the Gateway outside Toronto, the country's largest facility, are a massive expanse of concrete and machinery.

The internal processing of mail is now highly mechanized. Mail is handled by machinery and overhead conveyors which move magnetic coded letter trays and bags of mail to sophisticated processing equipment. At the Toronto South Central plant there are over 12 miles of conveyor belts.¹⁸ There is very little manual movement of mail bags in these huge postal factories except where mail is unloaded and loaded into trucks.

The Canadian postal system operates 23 mechanized processing plants, however, not all plants are as large as the Gateway or South Central. The plants operate around the clock. The processing equipment in these factories is expected to mechanically handle 80 per cent of all mail processed by the early 1980's.¹⁹ Gateway alone processes 3 - 4 million pieces of mail daily.²⁰

The physical environment of the Post Office workplace has been so drastically changed by automation that the Chief Steward at South Central made the following analogy:²¹

The Post Office is like a prison - there are no windows, and with the closed circuit television cameras everywhere, the workplace takes on a very oppressive atmosphere. The old buildings were more 'office like' - more 'human looking'. *

* To make a point about just how strongly many workers feel about the new plants, a South Central worker showed me a photograph of an old lunch room at the Front Street Post Office in downtown Toronto. The lunch room was cramped, dirty and an eyesoar. However, this worker said that the majority of postal workers would choose the old building with the squalid lunch room "hands down" over the modern plants (Cf. Interview with Michael Duquette, Toronto, July 11, 1981).

Indeed, the most striking feature of the new plants is the lack of windows and the fact that processing areas resemble a GM assembly line. In contrast, the Hamilton Post Office is an old building which, despite the mechanized equipment installed there, has retained some aspects of the traditional manual sortation workplace. The Hamilton Post Office has wooden frame windows that open and more wood surroundings instead of concrete and metal. The Hamilton facility has been able to retain some of the things older workers valued most about their workplace only because the new machinery was installed without massive renovation or tearing down the building and erecting another Gateway in its place.

The Machinery^{*}

There are four major pieces of letter processing equipment at the core of postal automation:

1. Culler-Facer-Canceller (CFC)

The CFC or 'Toshiba' as postal workers call this machine is the pride of Post Office management. The CFC is Japanese built by Toshiba and costs about \$250,000 each. The CFC processes 30,000 pieces of mail per hour with only two operators and one maintenance person on stand by. The throughput rate of the CFC previously took 20 postal workers.

The CFC is conveyor fed with mail which it (a) 'sizes' (sorts small from larger mail); (b) 'faces' (positions mail so the stamp will

* The information on the machinery is from a Field Study of the Gateway postal plant and interview with Mr. Carl Whittaker, General Supervisor, Gateway, November 25, 1980 unless otherwise cited. (The September 1979 issue of the CUPW contains a short but excellent description of the mechanized work process).

face in one direction); and (c) 'cancels' (does just that, cancels the faced stamp). The machine keeps a running count of how much mail is processed, a fact the general supervisor at the Gateway agrees, helps management enormously in planning postal operations vis-a-vis assessing labour requirements, etc.

2. Optical Character Reader (OCR)

The OCR costs \$25,000 a copy and is again of Japanese manufacture. The OCR requires two operators and processes 25,000 to 30,000 pieces of mail hourly.* This machine has an exceptionally high rejection rate of about 80 per cent due to uncoded letters or illegible coding.

The OCR machine reads (scans) the letter for a postal code and then stamps yellow computer code bars on the letter. Only clearly coded letters are processed (usually only typed codes), others are rejected.

3. Group Desk Suite (GDS)

The GDS, no doubt, gets its name from the lateral arrangement of the machine coder booths. Coded letters that are not legible for the OCR will be punched with orange computer bars by a 'coder' (GDS machine operator) who enters the code contained on the letter into an alphanumeric console. The letter is then bar coded by the machine. Uncoded letters are simply keyed (rejected) and are later manually sorted.

In effect, the GDS takes the OCR rejects, codes these letters where possible and rejects the rest. In contrasting OCR and GDS functions,

* The Michigan State government recently purchased an OCR machine from Leigh Instruments Ltd., an Ottawa based company, at a cost of \$800,000. This OCR machine processes one million pieces of mail a day at an estimated annual cost saving of \$365,000 to the state budget (Cf. The Financial Times of Canada, September 28, 1981, p. 38).

the OCR machine actually eliminates the GDS function. The more standardized the mail (i.e. typed codes properly centered on the envelope) the less processing work for the GDS coders. The OCR is really automated (unassisted) letter coding; the machine scans the coded letter and activates the correct bar sequence. On the other hand, the GDS function is a manual (operator assisted) computer bar coding. The objective for management, obviously, is to increase OCR coding and decrease GDS coding. The more the postal code is used by the public, the more the OCR eliminates the participation of coders in mail processing.

4. Letter Sorting Machines (LSM)

The LSM sorts OCR and GDS coded mail. This machine works on a 'plan' (distribution program) for a specific geographic area, say Quebec. This plan is altered when a different region, city, locality, etc. is to be processed. The LSM processes 23,000 pieces of coded mail per hour and is capable of 288 separations (different locations within the selected geographic area) per plan.²²

A worker previously doing the LSM function would be able to sort about 1,000 pieces of mail per hour. Twenty manual sorters are required to achieve the productivity of the LSM. Only two operators work the LSM - one to 'feed' the machine and another worker to 'sweep' (take away from the 288 bins) the mail for final dispatch.

These four machines are the heart of the program of automation in its present form. The new machinery, according to one Post Office Department estimate, will eventually achieve a two-thirds reduction in mail handling by workers.²³

There are, of course, other types of equipment used in the

mechanized processing plants to feed the machines and move the mail through the plant. At the Gateway, for example, the plant is literally one huge conveyor. The conveyors are mostly 'photocell' controlled (i.e. operated by an electronic 'eye'). The conveyor system is largely an overhead one. Mail processing begins below ground and moves up to the highest level. Mail is processed downward from one stage progressively to the next until the mail is back out the door again for delivery to post offices, etc. The conveyors are also load sensitive in some cases, measuring the load on the belt and shutting-off or moving accordingly.

There is a permanent contingent of maintenance people to attend to malfunctions in any piece of equipment. At least one maintenance worker per equipment phase is on duty at the Gateway each shift.

The Work Process

Although the internal processing of mail is now highly mechanized in Canada, manual sortation methods co-exist with the mechanized equipment. Not all mail is 'machinable'. For example, approximately 35 - 40 per cent of all mail processed at the Hamilton Post Office (mostly first class mail) cannot be fully machined.²⁴ This is due mainly to uncoded mail, oversized envelopes and mail that is too thick or otherwise not machinable.

Non-machinable mail is manually sorted the way it used to be prior to the introduction of the mechanized work process. Mail is separated into two categories: city-bound and forward mail. City sortation breaks the mail down by postal station, street and finally by letter carrier route. Forward sortation handles mail to be sent outside the city - to other provinces and to international destinations. City sortation methods

must be repeated for forward mail when a letter sent from Hamilton, for example, reaches its destination at the Winnipeg postal plant.

A combination of manual sortation and mechanized mail processing is thus used in the day-to-day operation of the postal system. Even the Gateway, the most mechanized postal facility in Canada, uses manual sortation. Approximately 240 manual sorters work the three shifts sorting primarily first and third class mail - about 20 per cent of the regular workforce.²⁵

Typically, mail is processed in the following way: pick-ups from street boxes and sub-stations are brought to the main post office or processing plant. Bags are separated into letters and parcels. Long and short letters and 'flats' (oversized letters) are fed onto a conveyor. Flats are manually 'culled' and 'cancelled' right away and later manually sorted.* Long and short letters are fed into the CFC for culling and cancelling. Cancelled mail is then fed into the OCR to have it yellow computer bar coded. Uncoded and illegible (e.g. handwritten) mail is rejected and passed to the GDS where a coder reads the code, if possible, and activates the alpha-numeric console. Legible letters are orange bar coded and move on with OCR coded mail to the LSM - the final mechanized phase; others are rejected and must be manually sorted. The LSM separates the coded mail into distribution points within a specified geographic area. The mail is now ready for air and truck dispatch to post offices across the country.

*In larger mechanized plants 'flats' are initially mechanically sorted by typing the first three digits of the postal code and then sorted into 80 separations (destinations). Afterwards flats are manually sorted for final delivery.

Once bar coded mail reaches its destination, this mail need only be put through the LSM on a city plan to separate the mail by letter carrier route for final delivery. In other words, only a 'final' sort is necessary. Manually sorted mail, by contrast, must again be prime sorted (broken down by postal station and street) and final sorted by letter carrier route. The computer bar coding is like a birth mark - it is an identification marking which remains with the letter.

Parcels are sorted manually and separately from letter processing. At the larger mechanized plants like the Gateway and South Central, a bulk mail processing plant handles parcels using some machines* and conveyor systems. The bulk mail facilities use largely manual sortation methods in contrast to letter processing.

The most profound change in the work process as a result of the program of automation is the sharp reduction of manually processed mail and the creation of a new category of postal worker - the 'coder'. The sorting functions of the manual sorters are now encapsulated in the new coding equipment. The GDS, in particular, replaces human memory with a computer-based memory and requires only the 'eyes' of the human operator to activate the correct bar code sequence.

Wider public acceptance of the postal code and, most importantly, greater mail standardization (envelope size and placement of the postal code) will greatly increase the ratio of machined to manually processed mail. The long-range prospect for the postal system is an increase in

* The 'A/O Sorter' for example, imprints the postal code on packages weighing less than 2 lbs. The package is dropped onto a chute and into a tilt tray. A/O sorted packages are then sorted into local or forward delivery bags.

OCR coded mail and a decrease in operator assisted coding by the GDS coders.* This forecast is even more ominous if postal technology develops an OCR machine which can read handwritten postal codes. The work process as a whole will reflect an even greater capital-to-labour ratio than at present.

Is the automated work process more efficient and more productive than manual sortation? Jim Pallo, Training Officer, at the Hamilton Post Office, thinks the matter is debatable.²⁶

Mechanization does eliminate a lot of work that still had to be done once the mail reached other destinations. The computer bar coding makes it necessary only to feed the mail into the LSM at the other end, instead of going through the prime and secondary sorts all over again. But, we could have used labour instead of machines to get the same productivity from a strictly capital investment point of view. We used workers to do the whole job before automation. When you figure up the cost of the machines, add to that a permanent machine maintenance staff of fourteen or so people, then the advantage of the new system... well, I don't know. Maybe on a national basis the cost savings are there...

Postal automation has been the target of much criticism. Arthur Porter, an engineering professor at the University of Toronto who headed a research project on postal coding and machine sortation of mail in the

* Interestingly, the changes in the post office work process are quite similar to changes communications workers have experienced in the past decade. Direct dialing telephone calls and the introduction of new communications equipment at Bell Canada (like the "TOPS") have the single effect of reducing the participation of workers in the work process. A brief comparison of postal workers and Bell communication workers is taken up in Section 4.2 - Impact of Automation (Deskilling Labour & Management Control).

1950's, says postal automation is "technological overkill".²⁷ According to Porter, the mechanized equipment was intended only to solve short-term high employee turnover, a result of poorly paid and boring manual sortation jobs.

The mechanized equipment has its problems; the machines break down and damage mail. The machinery is designed to process the 'ideal' letter (standard size, typed postal codes on the right side of the envelope, etc.) like those of large volume mailers and other companies.

Machining of mail is not superior to manual sortation in the view of one South Central mail handler:²⁸

Management and employees both agree automation has been a farce. Management won't admit that publicly. The most common comment on automation that the workers and supervisors express is they should gut the place and sell the machines for scrap, hire a few workers and the mail will move properly like it did before.

On a similar note, Geoff Bickerton, CUPW research officer, suggests the entire program of automation was a "collosal mistake".²⁹ By the late 1960's the trend in communications was clearly to using electronic signals to transmit information (e.g. facsimile transmission). This trend should have been apparent to Post Office management when the postal studies were undertaken.*

* There is little doubt Post Office Department officials were aware of this trend. Postmaster General Kierans, speaking about new communications technology in the House of Commons on October 8, 1968 queried the impact of "...television-telephones, telephones linked to computers for information retrieval or even the payment of household bills, newspaper delivery direct to homes via television or teletype..." on the traditional role of the Post Office in Canada (Cf. Debates of the House of Commons, October 8, 1968, p. 928).

The decision to mechanize instead of proceeding exclusively with the development of electronic mail delivery means Canadians have two postal systems: one based on hard copy and another developing electronic mail delivery service that is expected to capture 30 per cent of the first class mail product line by 1990.³⁰ Ironically, the Post Office is committed to a mail system it is now trying to replace via Telepost and Intelpost (see Chapter Five). When electronic mail delivery is developed to the point that business postal users flood the electronic mail delivery service with their first class mail, Canadians will have an expensive and underused mail system while the latest in postal technology and communications services is available to the private sector at public expense.*

The doubts raised about mail efficiency in the mechanized work process are supported by a 1981 mail efficiency test conducted by the Montreal Gazette newspaper.³¹ The Gazette found that postal service is nowhere near as inept as postal detractors make it out. However, the test revealed manually sorted mail was more efficient than machined mail. For instance, the first batch of typed coded letters (machinable mail) averaged 3.1 days for delivery in the Montréal region. A second hand-written batch (non-machinable mail) averaged only 1.7 delivery days. Letters mailed to destinations outside the Montréal area averaged 4 days and 3.2 days respectively.

If we accept the proposition that manual sortation is a more

* Interestingly, the West German postal administration halted its 'hard copy' postal mechanization program in 1977 because of rapid developments in electronic communications. The West German government sold some of its surplus machinery to the Canadian Post Office! (Cf. Debates of the House of Commons, November 24, 1977, p. 1070.

efficient method, or at least as efficient as machining mail, why introduce postal automation? Why invest a huge amount of public dollars if the postal operation as a whole would not achieve substantial reductions in delivery time? Surely the authors of the postal studies could draw upon the experiences of other postal administrations in the machining of mail to guide their recommendations. The British, American and Japanese post offices had already introduced mechanized mail processing at the time of the postal studies. In Chapter One, we observed the architects of the program of automation believed the new system would be cheaper in the long-run by reducing labour costs. Yet, substantial labour savings have not yet occurred and the postal deficit has increased throughout the decade when automation was introduced across the postal network.³²

Perhaps the Federal government's commitment to hard copy communications is not just a matter of poor management planning or technical oversight. Interestingly, postal automation has been criticized for possible political patronage.

In March 1972, the Federal government awarded IT&T Canada Limited a \$70 million contract to supply letter sorting equipment for major centres.³³ The IT&T contract raised the eyebrows of Conservative and New Democrat MP's. Deputy Postmaster General J.A.H. Mackay, who accepted the IT&T bid for the contract, worked at IT&T from 1961-1969 (between 1967 - 1969 Mackay was company president).³⁴ He joined the Post Office Department in October 1969, before the postal studies were completed and before a firm decision had been made on the program of automation (precise content, types of mechanized equipment, etc.). Questions raised in the

House of Commons about possible conflict of interest in the IT&T contract prompted Postmaster General Côté to have Mackay appear before the Commons communications committee later in March 1972.³⁵

The IT&T connection became even more suspect when it was revealed the chief engineer of the Post Office Department's Engineering Branch was assigned to IT&T in September 1971.³⁶ The assignment covered a two-year period during which IT&T paid salary and other expenses. The fact that the Post Office's chief engineer was 'leased' to IT&T before the call for tenders on the second mechanization contract (which IT&T later won) raised suspicion that the equipment specifications might have been tailored to the IT&T product.

The IT&T contract raises an interesting question. Was the decision to stick to the hard copy automation strategy, despite doubts about efficiency and long range viability in a rapidly changing communications world, influenced by the practice of political largess?

The Workforce

The Post Office workforce has also changed in recent years. The Post Office has traditionally been staffed by men, many of whom were ex-servicemen.³⁷ Women now comprise a significant and increasing percentage of the 23,000 postal workers. For example, in 1968 female workers comprised 7.3 per cent of the postal workforce.³⁸ In 1979, the participation of women increased to 28.9 per cent.³⁹ The postal workforce is also increasingly younger.

Automation has tended to create a division of jobs in the Post Office along age and sex lines. Many older workers refused coder jobs

when the new classification was introduced. These workers were given the choice of coding or working on manual sortation, or, feeding and sweeping the new mechanized equipment.⁴⁰ Workers hired after 1975 would be forced to accept the coder jobs.⁴¹ This left the coder job open to new workers, many of whom were young women whom supervisors steered into coder jobs because of their ability to do the coder function. According to Jim Pallo, "Women outperform men on speed, dexterity and memory tests and are better able to do the coder job".⁴²

Women tend to be locked into the new coder classification created by automation. Most of the coder workers at the Hamilton Post Office are young women who came to the Post Office after 1975. Women outnumber male coders four-to-one.⁴³ This is also true of the Gateway, where women easily comprise the majority of coders.

Manual sortation jobs are mostly held by older male workers as opposed to women. This condition reflects the seniority of male workers within the bargaining unit and the relative newness of the Post Office as a workplace for women.*

* A question which comes to mind at this point is why were not more women performing manual sortation jobs in the period before automation? Why were only 7.3 per cent of postal jobs held by women in 1968 and even less earlier in the decade? The answers to these questions would take us beyond the immediate study. However, some possible areas to explore might be discriminatory hiring policies (interestingly, the CPEA itself opposed greater participation by women in the Post Office workplace (Cf. J. Davidson and J. Deverell, Joe Davidson, (Toronto, 1978), pp. 85-6), or an examination of the social pressures on women to accept traditional white-collar jobs in the 1950's and 1960's. Perhaps the phenomenon of the second income-earner now pervasive in Western society as a result of the economic crisis has made the Post Office, with good wages and benefits, an attractive employer for women. The issue of women working and not working in the Post Office is certainly important to research beyond this Thesis.

4.2 Impact of Automation

Deskilling Labour & Management Control

The opening of Canada's first mechanized postal facility at Ottawa in 1972 began a new era in the Post Office. Manual sortation was being replaced by letter sorting and coding equipment. At once, postal workers were faced with a profound shift in postal labour relations. Automation began a process of 'deskilling' postal workers' labour which undermined the traditional basis of workers' control of the postal work process.

Automation first became an issue in a wage dispute between management and the postal union. The employer used its power of classification to set the hourly wage of the new coder job at the lowest pay scale - P.O. Level 1. Postal clerks received \$3.69 per hour, but the new coders were classified at only \$2.94 per hour - a 20 per cent reduction in pay.⁴⁴ The employer's justification for the lower pay scale was simply that the job no longer required detailed knowledge and memory skills.⁴⁵

The CUPW refused to accept the new classification and the employer brought in outside workers to train for the new job. A union complaint to the PSSRB only upheld the employer's right to create the new classification and pay rate.⁴⁶ The union was forced to engage in a national strike in 1974 over the coder issue. The CUPW foresaw a potential threat to the bargaining unit, as the lower paid coders gradually replaced manual sorters.⁴⁷

The coder dispute ended when a 'Special Settlement Committee'

chaired by mediator Eric Taylor was set-up to decide the pay issue.⁴⁸

The Committee's decision was, however, very disappointing for the union.⁴⁹

Postal clerk and coder functions were combined in a single job description classified at P.O. level 4. In effect, the union and its members had been forced to engage in 2½ years of struggle simply to avoid pay cuts and maintain the classification status quo.

The coder dispute went beyond simply the issue of wages and contained a direct challenge by management to alter the traditional control postal workers had over their work.

The postal worker traditionally performed mental functions crucial to moving the mail. The manual sorter's job requires the development of awesome memory skills. For example, sortation training at the Hamilton Post Office involves a rigorous six-week program which focuses on memorizing a vast number of distribution points (locations) throughout the city, province and country depending on whether the worker is being trained for city or forward sortation.*

A city manual sorter must know (1) every street in greater Hamilton (Stoney Creek/Hamilton/Ancaster/Dundas - a radius of approximately 12 miles); (2) what streets are assigned to the different postal stations (there are fourteen postal stations in the Hamilton area and sorters must know at least three, plus the downtown core); and (3) what streets are part of what letter carrier's route (mail is final sorted by letter

* The source of the following information on manual sortation is an interview with Mr. Jim Pallo, Training Officer, Hamilton Post Office, June 23, 1981. The Hamilton Post Office operates a manual sortation training school. The 'school' has mock sortation cases and, in another room, has three GDS coding machines for coder training.

carrier route). In addition, the sorter must know the 'breaks' in each street (North/South and East/West divisions of streets) and how these breaks divide up into postal stations and letter carriers! All totalled the manual sorter must learn some 2700 knowledge points to qualify for the job.

Forward sorters in the Ontario Region must memorize some 47 distribution centres and within these centres further divisions into towns, communities, etc. (e.g. the Barrie centre has 34 towns). There are some 1300 locations forward sorters must know.

Automation incorporates the sorter's distribution knowledge into the computer-based machinery, particularly the GDS operated by an unskilled coder. A CUPW document entitled Automation and Postal Workers describes the essential differences in the two mail processing methods in the following way:⁵⁰

The coding desk operator must read and duplicate on a keyboard with dexterity. Skill and dexterity are not the same thing. The human memory, knowledge and judgement factors have been largely removed from the sequence, and these are the essence of skill. What is left is dexterity, which can be learned faster and bought cheaper.

Indeed, at a minimum coding rate of 1800 letters per hour with an accuracy of 99.0 per cent (98.9 per cent is not acceptable), there can be little knowledge or judgment in the coder function. The quickness of the coder job and the high level of concentration needed to achieve the 99.0 per cent accuracy rate make the coder job monotonous and robot-like.

The postal code is nothing more than putting into computer form the vast distribution knowledge of the manual sorter. In the process, the sorter is made redundant; the knowledge required for mail processing

no longer resides exclusively in the brain of the postal worker. The mechanized work process, centered around the GDS, is no longer dependent on highly skilled sorters, but only in an indirect way on unskilled easily trained coders. Coding machine training involves only 80 hours of training.

By eliminating the need for manual sorters, automation transfers control over the work process from postal workers to management. As the CUPW describes the loss of workers control:⁵¹

Mechanization and automation are part of the management strategy of progressively transferring control functions from the individual workers to the management... As we move up the scale of machinery into types which build in more self-activating and feedback systems, the skill required by the operator declines. This is the whole point. Advanced mechanization and automation is intended to replace human control by machine control, human decisions by machine decisions.

Automation gives management greater autonomy from labour and, thus, greater control over the work process which it directs. Control passes to a mechanical agent of management; the machine sets the pace of work, allows work measurement and integrates and unifies the work process.

The development and application of new technology to the postal workplace has meant new opportunities for management to tighten and extend its control of the work process. The new postal technology lessens the dependence of management on labour principally by incorporating distribution knowledge into the machinery. The computer-based machinery integrates various phases of work; coordinates the overall work process into a continuous process characterized by the increasing absence of human intervention. Thus, new postal technology represents in concrete

terms 'control technology'. Writing in Labour and Monopoly Capital, Harry Braverman observes that:⁵²

Machinery offers to management the opportunity to do by wholly mechanical means that which it previously attempted to do by organizational and disciplinary means. The fact that many machines may be paced and controlled according to centralized decision, and that these controls may thus be in the hands of management, removed from the site of production to the office - these technical possibilities are of just as great interest to management as the fact that the machine multiplies the productivity of labour". *

Indeed, more management intervention in the workplace is required in the absence of machinery to regulate the work process; management must achieve 'structurally' what is otherwise built into the machine process to a large extent.⁵³ The less integrated the work process, or individual phases of work via machinery, the greater the need for management to

* Also see K. Marx, Grundrisse, (London, 1973: 690-5) on machinery incapsulating human functions and decreasing the participation of workers in the labour process. Marx observes that the labour process undergoes transformations with the systematic development and use of machinery and becomes a "mechanized system". The worker becomes a mere "living accessory" or "appendage" of the machine, a now necessary and now less necessary moment in the production process: "The production process has ceased to be a labour process in the sense of a process dominated by labour as its governing unity" (emphasis mine). The development of machinery to displace living labour as the "governing unity" of the production process is a fundamental condition for capitalist production to 'stand on its own feet'. Geoffrey Kay, a contemporary neo-Marxist, observes that, "Only when production becomes a totally capitalist project, when capital determines the technology to be used independently of living labour whose autonomous skills are made irrelevant; only when living labour is displaced as the active agent from the centre of production whose material content is in all its detail, as well as its social form, is determined by capital; only then does the capitalist mode of production begin to develop on its own foundations". (Cf. G. Kay, The Economic Theory of the Working Class, (London, 1979), pp. 62-3 (emphasis mine)).

'manually' intervene and impose a 'unity' on the work process. Taylorist "Scientific Management Theory", as a whole, reflects this need.

Scientific Management is a substitute for the machine process; making living labour function as machine-like as possible.⁵⁴ This theory attempts to achieve total management control of work and the worker through the systematic re-organization of work: management defines how the work is to be done (when, where, how long, how intense, etc.) and sets the framework around which work is carried out.

The transfer of control over the work process to management and its implication for postal workers is perhaps best captured in the words of the Chief Steward at South Central:⁵⁵

Prior to automation workers could 'negotiate among themselves the pace of work. Workers could 'goof-off', take breaks, etc. as ways of dealing with the routineness of inside postal work. Automation has tightened things up considerably. The new mechanized equipment makes us perform at the pace of the machine. Workers are glued to the work [station] making it harder to move around and escape the boredom of the job.

Automation has increased monotonous work. Being stationed at a GDS machine coding over 1800 letters per hour creates an assembly-line state of mind. The quickness of coder repetitions makes the coder job quite boring and also causes physical problems such as backaches, headaches and sickness.⁵⁶

The changes in the work process and loss of control postal workers experienced with postal automation closely parallels changes in the method and organization of work at Bell Canada. Communications workers at Bell have been adversely affected by new computer systems which reduce their involvement in completing telephone calls and in the

data recording functions communications workers previously performed.⁵⁷

Long distance telephone calls are now largely handled by the "TOPS" (Traffic Operation Position System) computer. Bell operators no longer work with plugs and cords on lighted panels completing long distance calls for customers. The operator is now a 'monitor' coding information on a control console (keyboard panel) and only completing a part of the call. The operator now works alone instead of being part of a 'row' (team) of operators. There is little contact with the caller, since most calls are direct-dialed. The new system automatically calculates call charges.

The TOPS also allows Bell management to monitor the performance of the operators more closely. The system prints out a record of the number of calls the operator handles during the shift. The TOPS records when and how long the operator is away from the console and how many times the operator errors by keeping track of the number of times the error button is pushed - a source of 'instant feedback' and work measurement for Bell management.

Bell also introduced DAISY (Directory Assistance Computer System). DAISY handles directory assistance calls by computer. The operator enters the name into the computer which prints the telephone number on a VDT (a small television like screen). The operator no longer manually looks up the telephone number by leafing through the telephone directory. DAISY reduces operator participation.

Another important change introduced by Bell is the plug-in or 'modular' telephone system. The in-home modular equipment eliminates the need for installers to hook-up service each time the customer moves.

The Phonecentres (or Teleboutiqué in Québec) allow customers to pick-up new phones or exchange phones for different styles rather than waiting for the installer to come to visit the home (Bell offers a credit incentive for customers who 'do the walking' themselves). The modular system replaces the need for home installation and substantially reduces labour requirements for Bell. The principle at work here is one now characteristic of the electronics industry - the 'snap-in-and-out' parts to cut down on labour (e.g. televisions built around four modules that can simply be replaced rather than worked on).

Like the coder, the Bell operator is now really a machine operator, reduced to activating a computer console instead of being directly involved in the work process where formerly mental functions were an integral aspect of work. The decline of operator participation is paralleled by increased management control around the new computer-based equipment.

Health & Safety

The introduction of the program of automation created many problems for the 23,000 members of the CUPW. Above all, health and safety issues have occupied a central position in the postal union's demands since 1970. The single greatest impact of automation to-date is not job loss but the health and safety of postal workers. Accidents and injuries, noise and night work are the three most important health and safety issues. In Chapter Three we discussed the obstacles to negotiating health and safety and briefly touched upon the severity of the problem. In this section, we expand on the scope of the problem.

Using statistics available in the Report of the Advisory Council on Occupational Health and Safety for 1977, the CUPW research department estimates that accidents and injuries in the Post Office were twice as high as in the mining (mines, quarries and oil wells) industry in Canada.⁵⁸ Days lost due to injuries in the Post Office per 100 workers averaged 271 nationally in fiscal year 1979-80.⁵⁹ By comparison, private industry in Ontario had an average of 102 days lost per 100 employees.⁶⁰

The frequency and severity of injuries to postal workers has reached crisis magnitude since the introduction of automation. For example, in 1972-73, before the program of automation was firmly entrenched, there were 8 disabling injuries per 100 postal workers. The number of disabling injuries has since increased to 14 per 100 workers, or an increase of about 75 per cent.⁶¹ Disabling injuries constitute a large per centage of all injuries to postal workers (69 per cent in 1979-80).⁶² A significant proportion of all injuries, at least 25 per cent,⁶³ can be directly traced to changes in the work process as a result of automation.

An analysis of the nature and source of injuries to postal workers indicates many accidents involve machinery and equipment used to process the mail. Moreover, it is usually these injuries which are the most serious and require longer periods of leave.⁶⁴

The mechanized work process is characterized by an increasing number of accidents. Generally speaking, automation has made the Post Office a very unsafe place to work. Two examples of equipment related unsafe working conditions are the 'in-plant cart system' and the conveyors.

The in-plant cart system (a computer coded cart system to move parcels from one processing point to the next in the bulk mail facility)

is extremely dangerous to operate. The June 1980 issue of the South Conveyor (a pro-management 'employee' newspaper at South Central) gives workers hints on how to operate the carts more safely. It points out that "Should the post be allowed to revolve 90 degrees to the right when being taken off the towline, the mast may strike a worker on the head, face, shoulders or other parts of the upper torso causing great injury and possibly death".⁶⁵ In addition, the cart system is very difficult to keep in a safe working order. At South Central, about 50 per cent of the carts are in a continuous damaged condition. Yet, local supervisors use damaged carts because equipment repair is time consuming and lowers productivity.⁶⁶ As a South Central supervisor put it, "Thus, the dilemma which confronts the supervisor on the floor is whether to risk the safety of our employees by using this damaged equipment, or to send it out for repair and not meet our mail commitments".⁶⁷

At South Central, the supervisors have been willing to risk the safety of workers to keep the mail moving and to meet productivity goals. Interestingly, the use of damaged carts is a breach of the Treasury Board procedures outlined in the "Occupational Health & Safety Manual".⁶⁸ The in-plant cart system at the Gateway, as was pointed out in Chapter One, is not used because of the danger it poses to the safety of workers.

At South Central, a worker caught in a conveyor was dragged some 70 feet before the system was finally shut-down. Another worker shut-off the system by triggering a power switch some distance away from the accident. The conveyor had no safety switch. The injured worker was hospitalized with broken arms and a broken leg, in addition to suffering internal injuries.⁶⁹

Noise is another major problem affecting the health and safety of postal workers. "... noise levels in mechanized postal plants have increased to the level where it is estimated that between 8 and 15 per cent of workers in these areas will suffer impairment of hearing due to their exposure to noise at the workplace".⁷⁰

The most direct and obvious effect of excessive noise levels is hearing loss.* However, noise can cause related physical and psychological problems. High noise levels makes the worker more susceptible to other health problems and actually increases the likelihood of accidents at the workplace.⁷¹ Noise can cause voice loss as a result of shouting over noise barriers to make oneself heard. Balance and coordination may also be adversely affected, increasing the prospect of injuries to workers. Noise causes stress, increased heart and digestive problems, distorts vision and produces fatigue.⁷²

Before automation was introduced the average noise level in the Post Office was 55 dB(A).⁷³ The average noise level in mechanized work areas according to a 1977 Post Office management survey is 83 dB(A) - a substantial increase in the level of noise.⁷⁴

Federal government regulations permit 90 dB(A) as a maximum, a level clearly above permissible noise levels adopted as the standard by other governments and agencies (see Chapter Three for a listing of these standards and agencies). Obviously, the problem of excessive noise is a major health issue - one the Post Office Department has not been

* The CUPW estimates excessive noise levels at the workplace affects approximately 600,000 Canadian workers (Noise: Backgrounder No. 5 (a CUPW 1981 negotiation document), April 1981, p. 7).

prepared to face. Equipment modification and re-design to reduce noise and vibration is one consideration Post Office management will likely accept only if forced to by the postal union. The cost of modification is expensive, "but", as the CUPW points out, "the cost will be much greater in human terms if they don't".⁷⁵

Automation has increased the amount of night work in the Post Office and in many instances night work amplifies the health problems of postal workers. "Since the introduction of the employer's program of automation, many locals have experienced a reduction in day shift positions of over 50% and the problem is still getting worse".⁷⁶ About 50 percent of all hours worked in the Post Office are between 5:00 p.m. and 7:00 a.m.⁷⁷ Most evening shift workers are there on a full-time basis with very little rotation of shifts. Days of rest are not healthy because the body cycle must adjust to sleeping at night and being awake during the day, only to be disrupted again when weekly days of rest are over. A 1977 International Labour Organization study on the effects of night work suggests the problem is chiefly "...the interruption and alteration of normal body rhythms, the natural human cycle [through biological and cultural conditioning] being one of sleep by night and activity by day".⁷⁸

Night shift workers, according to another study in the United States between 1976-78, are found to have a higher than average incidence of insomnia, nervous tension, digestive disorder and alcohol abuse.⁷⁹ Night work makes it difficult to spend time with friends and family. Our society is geared to evening leisure activities when night shift workers are on the job.

Job Security

Although the impact of automation has been experienced in a more direct and immediate sense with respect to health and safety issues, automation also threatens the job security of postal workers. Contrary to management assurances that no jobs would be lost due to automation, the reverse has occurred.

The introduction of 40 FSM's (Flat Sorting Machines) in 1976 was responsible for the elimination of 632 jobs.⁸⁰ Significant full-time staff reductions have already occurred among locals where automation has been introduced. For example, over a 28 month period beginning June/July 1978 - October/November 1980, the full-time workforce declined by 1,911 in major automated processing plants.⁸¹ This decline compares with an increase of 358 full-time employees in all other locals.⁸² That is, full-time staff reductions are taking place precisely where automation is in place. A total of 8000 jobs will no longer be required when the program of automation is completely finished according to employer projections.⁸³

As we observed earlier, increased mail standardization and postal code use will result in fewer coder and manual sorter jobs and greater mechanical mail processing. More machinable mail means less and less operator assisted processing. And through a policy of attrition, automation will achieve long term job reductions as the machine process makes replacement of retiring, quitting, etc. employees unnecessary.

That the program of automation has not caused mass postal job loss is largely due to management's approach to allow attrition to absorb surplus workers. The attrition strategy was outlined as early as 1973 by then Deputy Postmaster General Mackay in his speech to the Federal

Institute of Management:⁸⁴ "...normal attrition will [be used to] take up the slack which may develop when employees are rendered surplus as the mechanized operation takes over". Paradoxically, Mackay goes on to say, "I hope we have laid to rest forever the spectre of staff layoffs arising from the mechanization program".

What is attrition but a silent form of permanent job loss? Attrition represents indirect job layoff for workers who might otherwise be employed in the Post Office.* The attrition policy, moreover, masks the real conditions which make it a viable policy to pursue instead of having to resort to direct layoff action. High employee turnover has allowed management to achieve substantial job reductions without laying-off workers. High employee turnover is directly related to working conditions. "Many postal workers quit because of the night shift, boredom or other similar reasons. As a result, management has not had to lay-off people, not yet at least".⁸⁵

* Attrition, like price inflation (which reduces purchasing power without imposing direct wage cuts on workers) is a strategy that creates the least resistance to the ever increasing 'misery index' of the working class. Attrition is a preferred corporate strategy. The banking industry, in particular, makes attrition a prime cost cutting method. Scotiabank, for example, with 92 per cent 'on-line' computerization has reduced the number of tellers and other bank employees (notably ledger-clerks). A Scotiabank executive in Hamilton is quick to point out that "attrition is used to release excess employees, not layoffs or dismissals". Tellers may be shifted around as a result of new banking technology, but "we don't lay anyone off". So while new banking technology is not directly displacing bank workers, the net effect of more sophisticated banking systems is to lower the overall labour-capital ratio. The attrition strategy achieves necessary job reductions for management, and helps put aside fears among workers that their jobs are 'on-the-line', since no visible job loss occurs (For a discussion of attrition and new technology in the banking industry see my paper, "The New Technology and the Capitalist Workplace: Management Control & Workers" (unpublished) McMaster University, May 31, 1980, pp. 35-48).

Postal workers' job security is also jeopardized by management's staffing policy of hiring part-time and casual workers instead of creating full-time jobs and by the use of overtime to avoid job creation. One of the characteristic features of postal automation is the proliferation of part-time and casual workers. A 1973 CUPW staffing survey found that 26 per cent of workers within the bargaining unit jurisdiction of the union were part-time and casual workers.⁸⁶

The Post Office Department has regularly made use of part-time and casual labour. The issue of part-time employees goes back to 1955 when management began staffing full-time vacancies with part-time workers.⁸⁷ The bottom line in the growth of the part-time workforce is, of course, economics from a management perspective. In the words of Joe Davidson,⁸⁸

Here was cheap labour pure and simple, in 1957 earning only \$1.21 per hour (as against an average wage of \$1.39 per hour) with no guaranteed hours and no fringe benefits, and later working always at the minimum starting rate for full-time clerks regardless of length of service.

Part-time workers are predominately women⁸⁹ and until 1968 were not part of the CUPW bargaining unit. Part-time workers were not fully part of the union (vis-a-vis under one contract and obtaining equal voting rights as full-time workers) until 1975.⁹⁰ In fact, a resolution adopted at the 1965 National Convention of the CPEA prohibited part-time workers from inclusion in the union.⁹¹ The bias against part-time workers stemmed from the fact that part-time and casual labour undermined the creation of full-time jobs.

Automation substantially increased the use of part-time and

casual labour. Table Six below illustrates the growth of part-time workers in Canada's ten largest cities.

TABLE SIX
Part-Time Employees as Per Centage
of All Post Office Employees

1970	1975	1976	1977	1978	1979 ^a
8.1%	20.9%	23.6%	23.2%	22.6%	22.3%

Source: Selected Data, A Contract for Postal Workers: Negotiations 80
(a CUPW document), March 26, 1980, Table VI, p. 38 (data
originally from Employer check-off).

Notes: (a) First six-months of 1979 only.

In other words, at the beginning of the program of automation only 8.1 per cent of all employees were part-time workers. Five years later, about 21 per cent of postal workers in major centres were part-time. Management's use of part-time labour has remained about the same since 1976 - although the trend may now be reversed due in part to the CUPW's efforts at limiting the use of part-time labour. The 1980 Collective Agreement contains a restriction on the use of part-time workers to one shift per twenty-four hour period.⁹² Further, each worker cannot work more than five hours per day for maximum of 25 hours per week.⁹³

As for casual labour, the total wages bill in fiscal year 1970-71 was \$15.9 million.⁹⁴ Five years later this figure is \$36.9 million - a

substantial expenditure even after adjustment for inflation.⁹⁵ Here too, the 1980 contract limits the casual workforce by obliging the employer to offer overtime work first to regular employees.⁹⁶

The continued "abuse", in the postal union's view, of part-time and casual labour is a result of the Post Office Department's staffing policy which promotes reliance on non-full-time employees instead of full-time job creation. This staffing policy has been criticized by past postal studies and conciliation board reports.⁹⁷

The rationale behind the staffing policy, apart from reducing costs, is increased management control of the work process. Casual labour, in particular, can be used in a highly arbitrary fashion by management. This cannot be done with full-time unionized employees. Casual labour is flexible to surges in business mail and constitutes a highly mobile and discretionary labour pool for management. Casual labour in another important sense, offers management a trained 'scab' labour force - a reservoir of trained workers management can throw into the work process during strikes or work slowdowns.⁹⁸

Post Office management has also made extensive use of overtime instead of developing a staffing plan which would create more full-time jobs. The cost of overtime in the Post Office in fiscal year 1970-71 was \$8.1 million.⁹⁹ This cost increased to \$42.7 million in 1975-76.¹⁰⁰ The per centage of increase in the cost of overtime between 1970 - 1979 is 696.4 per cent!¹⁰¹

Again, the issue of overtime is an automation related one. Like the phenomenon of growing part-time and casual labour, overtime is a management strategy which prevents full-time job creation. The program

of automation has made it possible for management to halt the growth in the overall number of full-time positions available. Coupled to a policy of attrition, this enables management to actually decrease the size of the bargaining unit in the years to come. How have postal workers responded to the impact of automation? This is the theme discussed in the final section of this chapter.

4.3 Postal Workers' Response to Automation

Negotiating Automation

Postal workers have relied quite heavily on the collective bargaining process to deal with postal automation and its accompanying adverse effects. The postal union has expended much time and energy on negotiating technological change; the right to refuse unsafe working conditions; a reduction in evening work and an increase in day jobs; additional paid leave and more shift pay for night workers; and a limit on the use of part-time and casual labour. Yet, the reality of over a decade of struggles is that the problems of automation are unresolved.

The postal union, faced with the many limitations on bargaining under the PSSRA, has not brought the program of automation to a halt, nor has the union forced the employer to give very much ground on key automation issues. Article 29 proved to a 'hollow' clause; the employer cannot be forced to halt postal automation. Post Office management has successfully used the almost limitless protections of the Act and imposed automation on postal workers. In reviewing the CUPW's efforts to deal with automation since 1970, the Chief Steward at South Central concludes,

"In short, we've been unsuccessful as a union in preventing automation".^{102*}

Boycott the Postal Code

The CUPW set in motion other measures to try to deal with automation. The 'boycott the postal code campaign', for example, began in May 1973 as a pressure tactic to get the government to negotiate technological change.¹⁰³ The boycott was to last "... until the effects of technological change on postal workers were negotiated to our [CUPW's] satisfaction".¹⁰⁴

The boycott campaign was actually well conceived; stopping postal code use was stopping automation, without the code the letter sorting and coding machines were useless. The campaign reached a peak in April 1974 when members of Montréal locals were suspended for wearing "Boycott the Postal Code" T-shirts to work.¹⁰⁵ A national postal strike followed as did the resignation of the CUPW national president, J.B. McCall. Confidence in McCall had dwindled; his negotiation tactics and leadership ability was questioned to the point where he was forced to resign (especially after he failed to support the national walkout).¹⁰⁶ The campaign ended abruptly in February 1976.¹⁰⁷ The postal code was more widely used and the adverse effects of automation no closer to being resolved.

*Perhaps the CUPW would have been better off had it made a 'Canada Labour Code or bust' fight to replace the PSSRA when the worst fears about postal automation were first visible with the coder dispute. The CUPW did in fact refuse to bargain for a three-to-four month period in 1975 to protest the PSSRA and management's ability to go ahead with planned technological change.

On the issue of part-time and casual labour, the postal union instituted a "Hire Permanent" campaign to create full-time jobs wherever possible. The union was determined to reduce the prospect of the Post Office becoming a "low wage female job ghetto like Eaton's and Simpson's" as Joe Davidson put it.¹⁰⁸ On this score, the CUPW had some success. The 1980 contract, discussed earlier, limits the use of part-time and casual labour.

Despite the now legendary postal strikes, the average postal worker is learning to live with postal automation. "Automation is something most workers are resigned to accept. Some workers are waiting for the machines to break down and for management to revert to the old manual sortation system".¹⁰⁹

Apart from negotiating automation and campaigns like the postal code boycott, there are few extra-collective bargaining options open to postal workers to fight automation. Industrial sabotage, for example, is a limited weapon against automation and certainly not a widespread practice in the Post Office workplace. Postal workers practice industrial sabotage, but not in a systematic way.¹¹⁰ A worker may jam a machine to get back at a supervisor for unfair disciplinary action. The worker may overfeed the conveyor carrying letter trays or throw a cardboard box onto the conveyor, or put the wrong computer destination card on the tray to misdirect it. Deliberate machine wrecking or other 'Luddite' forms of worker resistance are difficult to get away with in the long run. In one case, a worker at South Central was fired for deliberately missorting mail.¹¹¹ As one postal worker puts it, "There is little else a worker can do but walk away from the machinery, if he breaks the machine, its

obvious.¹¹² Perhaps the fact postal workers are limited in the forms of resistance to automation is the reason strikes are the key means the union adopts to press its demands. Certainly postal strikes have been numerous and long lasting struggles with management.

The Union *

The fight against automation is informed by the character of the union itself. Postal strikes give the public a somewhat distorted impression of the CUPW as a 'radical' union whose members form a 'solid block' of trade unionists. However, the CUPW is not a homogenous organization from coast to coast. There are many regional, sex, age and other differences which affect the character of the union and influence the response of postal workers to technological change and other issues.

In Toronto, for example, the workforce is about 50/50 male-female and mostly young people. In the Maritimes, the workforce is composed of mostly married male workers. This regional difference affects national responses to strikes. Older married males are generally more reluctant to support strikes than young single male and female postal workers. A higher level of unemployment in the Maritimes and the reduced chance of finding alternate employment is a factor in rank-and-file support for strike action there.

* The following account of the character of the CUPW draws heavily on the personal knowledge and experiences of the Chief Steward at South Central through his seven year term as a postal worker (except as otherwise cited). As such this section is not a comprehensive treatment of the character of the postal union.

In Western Canada the CUPW also experiences a degree of 'Western alienation' - the general feeling that the West is not adequately represented in pan-Canadian organizations. The fact that the union's national office is located in Ottawa instead of a more westwardly city like Winnipeg contributes to a regionalist outlook, much in the same way provincial governments feel distant from the central authority in Ottawa. The geographic isolation of Western locals generates the feeling among some locals that they do not have the 'ear' of the national and that the union is more attuned to Toronto and Montréal. According to the Chief Steward at South Central:

The feeling obviously exists that the CUPW as a union is in the 'hip pocket' of the Québec region. The Québec local is better organized, better led and has a clearer sense of where it wants to go.

The Québec delegation at national conventions projects this level of organization to delegates from other regions, which may give rise to the belief Québec 'runs the show'.

A confidential Western Postal Region "climate" analysis report prepared by Post Office Department Staff Relations representatives prior to the 1975 national postal strike focused on Western differences in the post union and its impact on the impending strike. The report observed:¹¹³

...employees in the Western Region seem to identify with their Western Regional representatives who in turn seem to disassociate themselves from their National leaders who are strictly identified in the minds of the employees with the Montreal group. The aims [presumably 'political'] of the Montreal group are non-issues to the Western employees.

This report perhaps overstates the extent of Western disaffection, yet the report touches on the less well known but important aspect of the

CUPW: West-East factionalism among local centres of power is a reality even for the postal union which tends to project an image of unshakable solidarity.

Generally speaking, the Québec locals are more 'politically oriented' than their counterparts in the West, particularly in support for the right of Québec to self-determination (which is national policy). The politics of Québec locals contrast sharply with the more conservative politics of Western Canada.

Interestingly, the climate analysis report also noted that "dissident groups" (postal workers belonging to the Marxist-Leninist, Trotskyite, et al 'left') were not as organized in the West and their influence on strike action support viewed as marginal outside of Vancouver. "In Edmonton, they may be able to get the employees out of the plant for a one day strike".¹¹⁴ The influence of the 'organized left' is visibly stronger in Central Canada, mainly in the Toronto-Montréal axis but also in the Maritimes.

West - East factionalism reflects, in large part, the strains of building a strong national organization. The national office has only recently emerged as a vehicle for bringing together the different regionalist perspectives within the union.¹¹⁵ Under the strong leadership of Jean-Claude Parrot, the national office is attempting to overcome regional barriers mainly by providing more educational support and organizational resources to all locals. The CUPW newspaper is also being used to reflect a broad based rank-and-file input rather than simply being an organ of locals in Central Canada.

The character of the postal union is also informed by differences

in job functions in the bargaining unit, tenure of work and on the basis of shift work. For example, postal workers in mechanized plants are likely to be more concerned with automation issues such as noise and equipment vibration than workers in the smaller staff post offices who manually sort mail. Part-time workers may not welcome an interruption in income which is already inadequate for many workers who would like full-time jobs not now available. Part-time workers may feel intimidated by their status and not wish to be singled out by supervisors for pro-union attitudes by supporting strike action. Workers on night shifts are generally more receptive to strike action, welcoming a 'vacation' from work through a strike. For night shift workers, a strike is the chance to recuperate from the desperation of evening work and to re-establish social contacts lost due to night work.

The militancy label of postal workers is somewhat 'over-played'. "Postal workers", the Chief Steward at South Central points out, "are not all that 'political' as most people think. In fact, it is the union leadership which is ahead of the membership. The union leadership tends to pull the rank-and-file forward".

Prior to the introduction of collective bargaining and the 1965 postal strike, the postal workforce was "docile" even though, in comparison to the rest of the Federal public sector, postal workers had a history of 'radicalism' defined mainly in terms of strikes. After 1967, the Chief Steward observes,

The CUPW became more vocal and radicalized. This change was due mainly to changes in the workforce in the 1960's - from an older to a younger, less disciplined and more critical group of workers. The younger workers were less inclined to see their jobs as the apex of service to one's

country as the returning war-veterans in the post-1945 period. The younger element gave rise to a more militant kind of unionism in the Post Office.

In the Toronto local, one of the country's largest, only about 25 per cent of the membership are "committed unionists". Within this group, about 5 per cent form a core - the "heart and soul" of the Toronto local. Another 25 per cent are "conservative" - generally anti-union. The other 50 per cent are the "undecided" - the middle majority that both committed unionists and conservative elements try to cultivate.

The struggle of the CUPW against postal automation has not, then, been a unified struggle of all 23,000 members from Vancouver to Halifax. The automation struggles, like other issues facing the postal union, receive varying support from the rank-and-file.

Although the CUPW cannot claim major victories on the automation front, the automation struggles in the 1970's have transformed the postal union into a highly resourceful and militant organization capable of waging national strikes and of turning aside efforts by the Trudeau government (like the Mackasey offensive during the coder dispute) to break the union. This organizational development did not come all at once. Rather, the union grew as the adverse effects of automation made new responses necessary.

The CUPW's overall approach to the negotiation process in the first three rounds of collective bargaining (1968-1972) did not press forward the demands of postal workers. According to Jean-Claude Parrot, the CUPW's leadership typically negotiated by dropping a series of demands instead of really bargaining "tooth and nail".¹¹⁶ No trade-offs were occurring. The union's leadership cadre did not view the postal union

as an 'equal' of Post Office management. Ironically, the CUPW executive itself accepted the 'employer-employee' relationship at the bargaining table. In addition, the postal union's response to the question of new postal technology was unclear.

The introduction of technological change was a relatively new phenomenon (the Alta Vista mechanized facility at Ottawa opened in 1972). However, it was obvious to many postal workers and some in the postal union's leadership circles that a new approach to bargaining was now needed to come to grips with the increasingly important program of automation.

The winds of change were first signalled at the 1971 National Convention of the union and the election to the executive of people like Joe Davidson and especially Parrot who later took a direct confrontation approach with the Federal government as national president.

Interestingly, the new union executive called upon Saul Alinsky, a well known grassroots community organizer in the United States, to conduct a seminar on the negotiation process. Alinsky's job was to instruct the union on how best postal workers could negotiate with the Federal government. According to Parrot, the choice of Alinsky was meant both as a "propaganda move" to let the Federal government know the new executive meant business (in view of Alinsky's reputation in the U.S. for teaching organizations how to wage action against government and corporations*) and also to let the membership know the post union had

* Alinsky's most celebrated battle against corporate America was the much publicized Eastman Kodak struggle to set-up a training program and recruit Blacks in Rochester, New York. Alinsky used stock proxies, particularly church proxies, to force Kodak to change its mind on opening

terminated the employer-employee relationship once and for all.

A three-day seminar was held in Ottawa in 1972 at the Tallisman Hotel.¹¹⁷ Out of the Alinsky seminar came a new orientation for collective bargaining. The CUPW adopted a more organized approach to oppose unilateral action by the employer. Alinsky tried to instill a sense of "fighting spirit" in the union. The union's approach to bargaining was now to be one of bringing management to discuss the issues on the postal union's agenda, no matter that CUPW demands might be in advance of the Federal public sector 'status quo'. Alinsky's contribution, in Parrot's words, was one of "teaching the union to use imagination and innovation in employer - union relations".¹¹⁸

This new approach was a departure from the type of union leadership up to that time. The CUPW executive had never really been in the 'advance guard' of direct action waged by the rank-and-file. The national executive did not support the 1965 postal strike, and, in 1968 the executive was mainly anxious to show the union could use the now legal strike weapon.¹¹⁹ The more militant thrust was not embraced by the entire union executive elected in 1971. The fact that national president J.B. McCall was forced to resign over the Coder issue is evidence of this.

new avenues for unemployed Blacks. The proxies were turned over to the FIGHT organization which in turn attempted to make Kodak stockholder meetings more than a routine exercise in corporate 'democracy'. Spontaneity and flexibility were key elements of the Alinsky approach. Alinsky changed from an ad hoc agitator for the poor to a trainer of middle-class professional organizers. There are a number of interesting works by Alinsky, notably: Rules for Radicals (New York, 1972). Also, see S. Alinsky, Reveille for Radicals (New York, 1969) and M.K. Sanders, The Professional Radical: Conversations with Saul Alinsky, (New York, 1970).

The coder dispute made postal workers aware of the need for a new orientation to bargaining and for a union leadership prepared to at least challenge the employer every step of the way. The coder dispute actually helped to solidify the new leadership thrust.

Summary

Postal automation reduces the input of labour in the internal processing of mail. The new mechanized equipment displaces manual sortation as the centre of the work process. The letter sorting and coding equipment appropriates many of the functions workers performed. The skilled manual sorter has been replaced by the easily trained and essentially unskilled coder.

The change in the work process from a labour intensive to a more capital intensive process has opened up new opportunities for management to extend its control over the postal workplace. Automation has created an unsafe work environment; the health and safety of postal workers is a major problem. The prospect of significant job loss due to automation hovers over the heads of workers as management continues to promote capital over labour despite the many visible adverse effects.

The next chapter looks at the development of new electronic communications technology in the Post Office. Electronic mail delivery systems like Intelpost and business communication systems like Infotex may change the Post Office far more than the extensive mechanization of hard copy communications in the 1970's.

NOTES TO CHAPTER FOUR

1. Postal Workers Struggle Continues (supplement to the CUPW newspaper) January 1979, p. 6.
2. "Postal Mechanization and Its Positive Impact on Services" (text of an address by Mr. J.A. H. Mackay, Deputy Postmaster General, to the Federal Institute of Management, Toronto, January 31, 1973), p. 10.
3. J. Davidson and J. Deverell, Joe Davidson, (Toronto, 1978), p. 133.
4. Ibid.
5. Ibid., pp. 142-3.
6. "Postal Mechanization and Its Positive Impact on Services", op. cit.
7. Ibid., (emphasis mine).
8. D. MacDonald, "Codes to Speed Your Mail", Reader's Digest (November 1972), p. 4.
9. CUPW, September 1979, p. 6.
10. Ibid.
11. Ibid. (Preface).
12. Canada Post, A Canadian Public Address Postal Coding System, (December 1969), Appendix A - Terms of Reference (Note: although the study is dated November 1969, the report was actually completed in December 1969).

A previous study on the development of a national postal code was undertaken in 1964 with the establishment of the "Committee on Distribution Evaluation" (CODE) - an internal Post Office Department study group. CODE's mandate was "To evaluate the present distribution processes and patterns now existent in the areas of zoning, coding, terminal sortation, mail flow patterns and transportation in Canada". The CODE group looked at the national coding systems of other postal administrations, in particular, the British Post Office (BPO) "Postcode system. The Postcode system was organized on an 'outward' (forward geographic points in Britain) - 'inward' plan (sortation by city, locality or part of a letter carrier's route. Interestingly, the second interim report concluded there was no pressing need to implement a national postal code (the information on the CODE is cited in A Canadian Public Address Postal Coding System, p. 6).

13. Debates of the House of Commons, February 19, 1970, pp. 3817-8.
14. Ibid., p. 3817.
15. A Canadian Public Address Postal Coding System, op. cit., p. 56.
16. Canada Post, Annual Report 1980, p. 20.
17. Interview with Michael Duquette, mail handler at South Central, Toronto, July 11, 1981.
18. M. Nichols, "Dissatisfaction Guaranteed", Maclean's (July 11, 1977), p. 40.
19. This figure is based on Post Office Department estimates (Cf. Postal Workers Struggle Continues, op. cit., p. 2).
20. Field Study of the Gateway postal plant located outside Toronto, November 25, 1980 and interview with Mr. Carl Whittaker, General Supervisor, Gateway.
21. Interview with Paul Heffernan, Chief Steward at South Central, Toronto, April 6, 1981.
22. Davidson, op. cit., p. 142.
23. Ibid.
24. Field Study of the Hamilton Post Office, Hamilton, April 7, 1981 and interview with Mr. Jim Pallo, Training Officer.
25. Field study of the Gateway, op. cit. The Gateway employs a workforce of approximately 1250 continuing (full-time and part-time) staff and 200 casual employees. Manual sorters thus comprise approximately 20 per cent of the total continuing workforce.
26. Field study of the Hamilton Post Office, op. cit.
27. R. Howard, "Postal Automation Mistake — Inventor", Toronto Sun, November 21, 1978, p. A2.
28. M. Duquette, "Hail, Hail, the Mails in There, What the Hell Do We Care, What the Hell Do We Care", (unpublished paper), Ryerson Polytechnical Institute, April 1980, p. 35.
29. Interview with Geoff Bickerton, CUPW Research Officer, Ottawa, August 25-29, 1980.
30. P. O'Connor, "Post Office Hustling for Electronic Mail", The Financial Times of Canada, December 1, 1980, p. 22.

31. T. Spears, "Most Mail Gets Through on Time, Our Test Shows", The Montréal Gazette, April 18, 1981, p. 1,2. While the first batch was mailed on a Friday and the second batch mailed on a Monday, the difference in mailing over a weekend as against during the 'work week' would have only a slight effect on delivery time - accounting for an extra day at most, since processing plants operate on Sundays. Therefore, the manually processed batch is still the more efficient one. A Montréal Board of Trade survey on postal efficiency found that 90 per cent of local mail is delivered in 2 days, yet another 5 per cent takes 5 - 21 days for delivery (Cf. T. Spears, "Mail Delivery Stories Aren't All Bad", the Montréal Gazette, April 18, 1981, p. 9.
32. A 1978 Canada Post report acknowledges that "The one-billion-dollar automation program has proved to be a financial disaster..." (Cf. Considerations which Affect the Choice of Organization Structure for the Canada Post Office (1978), p. 40).
33. T. Moore, "Posties Pay Talks Develop Snags", The Montréal Star, March 4, 1972, p. 6.
34. Ibid.
35. Ibid.
36. Debates of the House of Commons, March 6, 1972, pp. 529-532. Interestingly, not long after the \$70 million contract was awarded for letter sorting equipment IT&T received a DREE grant of \$13.7 million!
37. M. Wolfe puts the number of ex-servicement in the Post Office in the late 1950's at about 50 per cent of all postal employees (Cf. M. Wolfe "The Perennial Canadian Postal Crisis", Saturday Night (April 1976), p. 17).
38. Selected data, The Composition of the Public Service of Canada, Pay Research Bureau, Public Service Staff Relations Board. This data is taken from the annual reports (except for 1968 where figures are provided by Mr. N.B. Allen, Senior Project Officer, PRB).
39. Ibid.
40. Refer to Article 29.11 (d) of the 1975 Collective Agreement.
41. According to Jim Pallo, Training Officer at the Hamilton Post Office, workers hired after 1975 are required to sign a 'condition of employment' form agreeing to do the coder job.
42. Field study of the Hamilton Post Office, op. cit.
43. Ibid.

44. Davidson, op. cit., pp. 135-6.
45. CUPW, October 1979, p. 6.
46. Davidson, op. cit., p. 136.
47. CUPW, op. cit.
48. A Contract for Postal Workers: Negotiations 80 (a CUPW document), March 26, 1980, p. 6 (this Committee met from the summer of 1974 until early 1975).
49. Submission by the Canadian Union of Postal Workers to the Conciliation Board Established in View of the Renewal of the Collective Agreement Between the Canadian Union of Postal Workers and the Treasury Board April 10, 1978, p. 22 (hereafter referred to as Submission...). This brief is contained in the CUPW negotiating document Negotiations 77.
50. Automation and Postal Workers (a CUPW document), p. 7.
51. Ibid., pp. 5-6.
52. H. Braverman, Labour and Monopoly Capital, (London, 1974), p. 195.
53. Post Office management has not embarked on 'job enrichment' schemes (in the sense of the much publicized Volvo experiments in 'humanizing' the auto assembly line and involving workers in corporate administration) as a method of reducing worker opposition to automation and increasing management control over the work process. The Post Office has instead tried to get the postal union involved in programs like 'Cascade' and 'Intergroup' to improve communications between management and labour (Cf. "Good Communications Key to Post Office Project", The Financial Post, September 19, 1981, p. 27).

The Post Office at one point used a practice called 'Incentive Sort' as a form of job productivity enrichment rather than 'job enrichment'. Incentive Sort involved allowing workers to leave before the end of the shift provided a certain volume of mail had been sorted. This practice was commonplace among inside workers on night shift prior to 1965. The Incentive Sort was 'officially' discontinued because (among other factors) of the introduction of collective bargaining; the use of time and motion studies and a very critical Auditor General's report that chastised the Post Office for paying workers for time not worked (Cf. Report of the Joint Post Office-Treasury Board Secretariat Study Group, Major Organizational and Compensation Issues in Canada Post December 1975, Vol. 1, p. 84 - commonly known as "Canada Post '75"). The Incentive Sort has been occasionally revived by middle and lower management in recent years (without senior approval) mainly during special events such as international hockey tournaments (Ibid.).

Somewhat interestingly, then Postmaster General Bryce Mackasey talked about having swimming pools and gymnasiums at the postal workplace! This is still regarded as quite a joke by the CUPW (Cf. G. Bickerton, private telephone interview, September 21, 1981. This subject is also discussed in J.C. Parrot. "Why We Continue to Struggle", This Magazine, Vol. 13, Nos. 5 & 6 (Nov. - Dec., 1979), pp. 14-5).

For its part, the CUPW took some practical initiative in the area of job enrichment by demanding job rotation be made available to inside workers. The union succeeded in obtaining job rotation (wherever possible) in the 1980 collective agreement under Article 14.09. Yet job rotation is certainly not a management priority.

54. The background information for this description of Scientific Management Theory is found in Braverman, op. cit., pp. 86-90.
55. Interview with Paul Heffernan, op. cit.
56. Reduced Working Time: Backgrounder No. 2 (a CUPW document), March 1981, p. 5 (this document makes reference to the study entitled, Job Stress: The Effects of Repetitious Work).
57. The source of the information on Bell Canada is J. Newman-Kuyek, The Phone Book: Working at the Bell, (Kitchener, 1979), pp. 69-70; and W. Johnson, "Brave New Technology and Ma Bell", Our Generation (Summer-Fall, 1980) Vol. 14, No. 2, pp. 30-1 (Johnson's article is a review of The Phone Book).
58. Telephone Interview with Geoff Bickerton, CUPW Research Officer, April 29, 1981.
59. Accidents and Injuries: Backgrounder No. 6 (a CUPW 1981 negotiation document), May 1981, p. 4.
60. Ibid., p. 5.
61. Ibid., p. 7.
62. Ibid., p. 4.
63. Ibid., p. 7.
64. Ibid., p. 8.
65. South Conveyor, June 1980, Vol. 2 (a South Central employee newspaper).
66. Letter from M. Laframboise (a SC supervisor) to J.D. Hawes, Superintendent (No. 1 Shift at SC-LPP), June 18, 1980.
67. Ibid.

68. Letter from J.E. Aiken, Director, Metro Toronto Processing Plants, Ontario Postal Region, to All Plant Mangers regarding accident prevention, June 11, 1980.
69. M. Duquette, "Hail, Hail ...Care", op. cit., pp. 21-1.
70. Noise: Backgrounder No. 5 (a CUPW 1981 negotiation document), April 1981, p. 4.
71. Ibid., p. 8.
72. Ibid., pp. 8-9.
73. Ibid., p. 10.
74. Ibid.
75. Ibid., p. 14.
76. Night Work: Backgrounder No. 4 (a CUPW 1981 negotiation document), April 1981, p. 3.
77. Ibid.
78. This study entitled, Night Work: Its Effects on the Health and Welfare of the Worker, is cited in Night Work: Backgrounder No. 4, op. cit.
79. Night Work: Backgrounder No. 4, op. cit., p. 5.
80. Postal Workers Struggle Continues, op. cit., p. 6.
81. Reduced Working Time: Backgrounder No. 2 (a CUPW 1981 negotiation document), March 1981, p. 6.
82. Ibid.
83. Postal Workers Struggle Continues, op. cit., p. 8.
84. "Postal Mechanization and Its Positive Impact on Services", op. cit., p. 19.
85. Interview with M. Duquette, op. cit.
86. Davidson, op. cit., p. 144.
87. A Contract for Postal Workers: Negotiations 80, op. cit., p. 37.
88. Davidson, op. cit., pp. 85-6.
89. Ibid., p. 85.

90. Ibid., p. 87.
91. Ibid., p. 86.
92. Refer to Article 39.07 of the 1980 Collective Agreement.
93. Ibid., Articles 14.06(a) and 39.07.
94. Submission..., op. cit., p. 37.
95. Ibid.
96. Refer to Article 39.06 of the 1980 Collective Agreement.
97. See in particular the 'Montpetit Report' and the 'Moisan Conciliation Board Report'.
98. Geoff Bickerton suggests this is precisely one of the major benefits of a casual workforce for management.
99. Selected data, A Contract for Postal Workers: Negotiations 80, op. cit., Table XII, p. 55 (data originally taken from Canada Post, Annual Reports, various years).
100. Ibid.
101. Ibid.
102. Interview with Paul Heffernan, op. cit.
103. Davidson, op. cit., p. 144.
104. Ibid.
105. Ibid., pp. 146-7 (and CUPW, October 1979, p. 6).
106. Interview with Jean-Claude Parrot, National President of the CUPW, Ottawa, June 13, 1981.
107. M. Wolfe, op. cit., p. 22.
108. Davidson, op. cit., p. 144.
109. Interview with M. Duquette, op. cit.
110. Ibid.
111. Ibid.
112. Ibid.

- 113. Letter from C. Rose, Manager (Staff Relations) Western Postal Region to the Director, Staff Relations, Canada Post, Ottawa, Ontario, August 22, 1975, p. 2.
- 114. Ibid.
- 115. G. Bickerton, private telephone interview, Ottawa, September 21, 1981.
- 116. Interview with J.C. Parrot, op. cit.
- 117. Ibid.
- 118. Ibid.
- 119. Ibid.

CHAPTER FIVE - THE SECOND WAVE:
ELECTRONIC MAIL

The massive reorganization of the Post Office in the 1970's also involved the parallel development of electronic mail systems: Telepost pioneered in 1972 and Intelpost inaugurated in 1980. The introduction of these two mail systems underlines a visible trend away from hard copy communications in the private sector (paper as the form of originating and sending messages) to the development of alternative communications methods using recent advances in computer technology.

Electronic information processing and communications transmission is a growing field. Electronic mail systems vary in complexity and functions from systems using a combination of hard copy and electronic methods to corporate 'in-house' computer-to-computer systems. The more advanced Word Processing equipment promises business international communications without ever having to mail a letter!

What is quite clear about new communications technology is the capacity to reduce the involvement of workers in the recording, storing, retrieving and transmitting of information. For postal workers the advent of 'electronic mail' is one further step in the direction of creating a communications infrastructure less dependent on their labour.

The computerization of the office workplace which began in the 1960's is a direct threat to postal workers. New computer-based information technology is aimed at creating a 'paperless' office, minimizing information processing by paper and transmission by mail.

In the process, the traditional way of moving information and the role of postal workers is affected.

This chapter looks at electronic mail and other non-hard copy communications systems and their impact on the Post Office. Importantly, this chapter examines the threat new communications technology poses to postal workers both from within the Post Office and from the private sector. Before turning to electronic mail, we will inquire into changes which have occurred in information processing technology. These changes provide the 'technical base' for the development of electronic mail systems.

5.1 The New Communications Technology

Microelectronics & Information Processing^{*}

At the hub of today's new communications technology is the computer and the 'revolutionary' innovations in microelectronic circuitry that have drastically reduced the size and cost of computers and increased their usefulness to business. The first computers introduced in the 1940's were large, often the size of the family living room, and subject to frequent malfunction due in large part to overheating of vacuum tubes and other heat sensitive components. The size of this first generation

* The source of information on microelectronics is H.M.D. Toong, "Microprocessors", Scientific American (September 1977) Vol. 237, No. 3, pp. 146-61; R. L. Noyce, "Microelectronics", Scientific American (September 1977) Vol. 237, No. 3, pp. 63-9; A. Bailey, "New Generation Could Put a Small Computer in Every Office", The Financial Post (Fall, 1977), pp. 21-2; and where otherwise specifically cited.

of computers limited their functions to mainly information storage and retrieval. Today's computers, in contrast, are desk-top size, cheap, reliable and adaptive to a wide range of business needs from the factory floor to the office. The storage and use of information is infinitely easier and incredibly cheaper in comparison to the prototype.

What makes today's computers so 'revolutionary' is the development of the integrated circuit and the computer or 'microchip'. Microships are tiny silicon wafers etched with data which form the componentry of the small computer (or 'microcomputer' as it is called). The microcomputer can be programmed to fit a variety of functions; it is mobile and with the development of the 'microprocessor' chip opens a new age of freedom in information processing.

The typical microcomputer of today contains three types of chips: a memory chip to store data; an input-output chip to communicate with the computer; and the microprocessor chip which performs the 'intelligent' functions - it receives and stores information, performs data operations and displays the data. The microprocessor chip is itself, as a Financial Post report put it, "a computer on a chip".¹ And here lies the immense potential of the microprocessor for business. Since the microprocessor can be incorporated into factory or office equipment the work process can be coordinated and transformed into an automated process with little need for human intervention.² It is the microcomputer's capacity to integrate and coordinate various work phases which separates today's computers*

* An example of the microprocessor in industry is the 'Numerically Controlled' (NC) machine which, according to Harley Shaiken, "...makes workers' skill and judgement unnecessary". The job knowledge and skill is captured on computer tape instead of residing in the 'brain' of the worker

qualitatively from previously 'mechanically-oriented' computers.³

Perhaps the best illustration of the potential of the micro-processor in the office is Word Processing equipment. The Word Processor incorporates microelectronic technology and drastically changes the nature of office work and information processing.

Information processing traditionally involves moving mountains of information from one stage of processing to the next useful form. The application of new microelectronic technology to the office place promises to end the 'paper pile-up'. As one report observes.⁴

Information originates as speech, typed or handwritten text and accounts, diagrams or photographs. The new technology can deal with these forms: word processing with accounts, electronic telephone systems with speech; and facsimile transmitters with images. The computer services all of them.

Word processing equipment is at the spearhead of a 'rationalization' of information processing and transmission.

The Post Office Department, attempting to respond to these

(Cf. H. Shaiken, "Numerical Control of Work: Workers & Automation in the Computer Age", Radical America (November-December, 1979), p. 29). The vast extent of the 'revolution' of microchips is only fully revealed in the increasing applications of the technology itself. For example, a French computer company has developed a "smart credit card". The credit card is actually a microcomputer which can be programmed to store varied information. "...the card's eight kilobit memory is enough to store all the information now contained on 30 different cards - drivers licences, social insurance cards, medical cards, etc". Moreover, the smart credit card has "...the capacity to enter information into computers and have information entered into them..." Incredibly, the next step is to incorporate a "voice fingerprint" into the card's memory! (Cf. S. Strauss, "Microchip Credit Card Can Store Data, Self-Destruct", The Globe & Mail, November 29, 1980, p. 18). Or the development of the "Heart/Pulse Tachometer" - a device the wearer slips on his/her finger. The tachometer digitally displays heart/pulse beat! (Cf. Advertisement in the The Financial Times of Canada, October 20, 1980, p. 37.

sweeping changes in communications technology, has developed electronic mail systems. Telepost and Intelpost are particular types of new communications technology.

5.2 Electronic Mail*

Electronic Mail (information) delivery systems are methods of conveying information electronically in place of the traditional hard copy (letter) mail delivery network. Electronic information sending systems are many: telex, facsimile transmission and electronic funds transfer systems (EFTS) to cite only a few. The Post Office has developed two forms - telex and facsimile transmission.

Telepost

Telepost is a joint Canada Post - CNCP venture which uses the existing telex/telegram facilities of CNCP and links this up with the postal system's mail delivery facilities. Telepost is really a more efficient hard copy mail system.

Customers can telephone or telex messages to CNCP offices throughout Canada. The CNCP - Telepost computer converts the message into telegram form and dispatches the message to a specially-equipped

* The principal sources of information for this section are: a field study of the Front Street Intelpost Office in Toronto, November 3, 1980; the following reference material: P. O'Connor, "Post Office Hustling for Electronic Mail", The Financial Times of Canada, December 1, 1980, p. 23; Canada Post, Telepost (a Post Office Department brochure); CNCP, Window on the Communications World, (a CNCP publication), p. 6; and where otherwise specifically cited.

Post Office nearest the destination point. The telegram (letter) is then put into the regular first class mail stream for next mail delivery. An interesting feature of Telepost is that messages can be multi-addressed - the same message can be sent to many people.

The advantages of Telepost over letter posting are that the message can be sent quickly and directly by telephone (no hard copy original is needed, nor physical posting of the letter); or with Telex service in the office the message is directly fed into the CNCP computer and switched to the Post Office closest to the mail delivery point. The Telepost service is an especially 'integrative' system for offices equipped with Telex.

The cost of Telepost is cheaper in many instances than other equivalent communications mediums. For example, a Telepost message input by Telex is much cheaper than the 'Teltex' service (linking Telex users to clients without Telex facilities using the telegram as the intermediary).⁵ Telepost input by telephone is also less expensive than telegram.⁶

Intelpost (International Electronic Mail)

Intelpost electronically beams messages from Canada to points around the globe. The service originally linked Toronto and London (England), but quickly expanded to include major points in the United States and Europe.⁷ In addition, Intelpost now services 8 major Canadian cities. Intelpost is a trilateral Canada Post - CNCP - Teleglobe facsimile transmission venture.

The Intelpost service operates as follows: a document (up to

legal size) is fed into a xerox-like photocopier machine. The machine converts the document into electronic signals which are beamed to its destination via an 'Intelstat' system satellite orbiting 22,300 miles above the earth.⁸ The message is first sent from the originating Intelpost Office along land lines and beamed to the satellite and back to earth again, and then over land lines to the receiving Post Office. Intelpost is the first ever satellite transmission of mail.⁹

Once the document is received at its destination an acknowledgment is beamed back. A high quality exact black and white copy is now ready for pick-up or delivery by first class mail, or for an extra fee the document will be sent special delivery. The transmission phase takes about 20 seconds to 1½ minutes.

The cost of Intelpost is \$5.00 per page from Toronto to London and other international points. Inside Canada, the cost is \$4.00. The service is ideally suited for small business where low volume militates against the cost of Telex or other communications equipment and for companies where exact reproduction is critical - drawings, blueprints, etc. which cannot be telexed.

The Intelpost system initially cost Canada Post \$1 million to set-up.¹⁰ Interestingly, the electronic mail technology used in Intelpost was pioneered by the U.S. postal system. Owing to regulatory snags with the Federal Communications Commission (FCC) the U.S. postal service never put electronic mail into use on its own.¹¹

Intelpost is also cheaper than equivalent services. For example, Intelpost is less costly than private courier delivery and telegram service. A 200 word message from Ottawa to Vancouver costs \$17.50 for

next day private courier delivery; CNCP's "two-hour telegram" costs \$33.50 and Intelpost only \$4.00.¹² Between shorter distances (e.g. Toronto and Ottawa) the Post Office service is also cheaper - \$6.00 by courier and \$4.00 by Intelpost.¹³

The Post Office Department's Telepost and Intelpost mail systems are electronic communications networks which represent to some extent a parallel postal service to the traditional hard copy mail system. However, electronic information sending systems are not exclusively developed by the Post Office. Corporate terminal-to-terminal computer systems and CNCP/TCTS (Trans-Canada Telephone System) offer fierce market competition to Canada Post. Indeed, CNCP's 'Infotex' system of interactive Word Processors is a major advance in communications technology. Infotex has the potential to render the Intelpost service functionally useless for all but small business users (we examine Infotex below).

5.3 Alternative Electronic Communications

A number of other non-hard copy communications systems are in operation outside the Post Office and new systems are in the developmental stage. These systems offer the Post Office serious competition for the information sending market and in some respects pose a threat to the viability of the state-run postal network in the decades ahead. Two types of communications systems stand out: (1) Word Processing systems which make inter-office communications virtually 'mail-less'; and (2) electronic banking, in particular, EFTS (electronic funds transfer systems) that reduce the amount of financial transactions otherwise

passing through the regular mail as hard copy communications.

Word Processing

The computerization of the office through the development and use of computer-based equipment like the Word Processor allows the movement of information through the computer system. New office equipment eliminates the need to manually move the information from one work stage to the next, eliminating human intermediaries in the process. There is less and less human intervention in the entire work process, much like automation in the factory.¹⁴ Importantly, Word Processing also reduces inter-business communications by mail as computer-to-computer 'in-house' communications are now possible. A report in The Economist points out that,¹⁵

...many high-technology multi-national companies have already moved toward automated offices and boast private communications networks that routinely send messages to their offices all over the world in three to five seconds at a cost of less than 4 cents a copy.

Word Processing equipment is an integrated information handling system typically consisting of three components: (1) an electronic keyboard (typewriter face); (2) a memory bank (computer) with a VDT screen; and (3) a printer - a machine which prints directly from the screen at a speed in excess of 2400 words per minute. The Word Processor is usually linked up with a larger central computer and through it to other offices (work stations) in a telecommunications network. Information can be transmitted directly, less expensively than conventional means, and much more rapidly.¹⁶ Editing of material can be done with-

out having to re-type entire documents.* A form letter can be revised, including new paragraphs and excluding others without the need to re-type the whole document. The labour savings are obvious. In weighing the value of Word Processing to the office, Walter A. Kleinschrod (an industry spokesperson) observes:¹⁷

...word processing promises a 'better way'. Its dictation equipment saves word originators' time. Its electronic typing equipment and recording media 'capture' keystrokes. Its managerial design fuses separate tasks into true systems. The haphazard and manual give way to the automated and controlled. The combination of these elements can mean faster throughput rates, reduced costs, and overall improvement in organization effectiveness... Thanks to the electronic logic of modern editing typewriters she [the typist] can now type a fast draft and retype only the parts in need of change.

Word Processing equipment reorganizes the office workplace; tasks are broken down around this equipment. Word processing computerizes the flow of word origination-typing-review-and-delivery by integrating these functions into a single process.

Word Processing equipment is constantly undergoing improvement in its capacity to handle information. For example, IBM's 'Intelligent Printer' can communicate with other computers, print at a rate of 36 pages per minute and store information received over the telephone.¹⁸

The most profound development in Word Processing technology is the 'Infotex' system developed by CNCP to be offered publicly later in

* An important feature considering one estimate shows a typist using a conventional typewriter spends 28 per cent of the working day on correction and re-typing. The Word Processor reduces time consumed here by over 35 per cent (Cf. CIS, The New Technology, supra, p. 2).

1981. This new system is a quantum leap in communications technology:¹⁹

Infotex will be a network of communicating typewriters and word processors which will be able to send a 300 word document anywhere in the network in about seven seconds. Business people will be able to send letters, documents, sales reports, all kinds of information between offices in the same building, across Canada or around the world instantly through this new Infotex network.

Infotex will be as indispensable a tool to business as the telephone.

In information sending, the Infotex system will be a corporate must.

This system will also add a facsimile feature later which will make

Infotex even more useful to business.²⁰

Electronic Banking

Electronic banking also offers an alternative to the conventional method of making payments by mail. EFTS (electronic funds transfer systems) promise paperless transfer of funds between banks, corporations, governments, etc. by computer terminal. EFTS already offers a variety of management services: payroll systems (automatic crediting of employee accounts); pre-authorized payments; cash concentration (pooling all cash balances into one account); transfer of funds into term deposits (the ability to instantly capitalize on economic shifts and trend indicators); daily cash reports; account reconciliation; and, eventually, automatic telephone bill payments (debiting bank accounts directly).²¹ According to J.F. Crean,²²

EFTS represent nothing more than a new way of carrying out that most basic of banking functions - the transfer of funds... EFTS is nothing more than the application of computers and modern communications technology to speed up the passing of payment instructions.

A good illustration of the importance of EFTS is the international

mass credit system (Visa, Mastercard, etc.). Through EFTS the major credit lending institutions can electronically verify customer account status from virtually anywhere in the world, authorize sales and record transactions. Another example of the role played by EFTS is the Royal Bank of Canada's "Cash-Command" service:²³

With Cash-Command, a corporate treasure can sit in his office in front of a terminal, call up specifically tailored information on all his company's banking operations across the country, transfer funds between accounts, shift cash into the money market at current rates, draw on credit lines and perform other functions.

EFTS also reduce cost factors in payments - cheque printing; payroll preparation; bank fees for cheque handling and reconciliation. As Crean observes, "It is frequently cheaper for the corporation to have its computer payroll system directly record the payment information on magnetic tape and have these items distributed automatically within the banks' computer-based clearing system".²⁴ *

5.4 Electronic Mail & Postal Workers

The development of electronic mail and other computer-based information sending systems poses a serious threat to postal workers' job security in the long run. New communications technology substitutes

* EFTS also reduce the cost and problems of handling cash. Although one would think cash to be the most convenient form of payment "...cash is far from costless... It has been estimated in the U.S. that the total cost for producing, counting, handling, and protecting cash amounted to almost \$3 billion [in 1975]" (Cf. J.F. Crean, supra, p. 19).

electronic methods for the traditional hard copy mail delivery service of the Post Office. These changes in communications technology are the product of the computerization of the office that has gained momentum since the 1960's. The computer industry in Canada recorded over \$4 billion in revenues for 1980 - a jump from \$1 billion in 1975.²⁵ What this represents is a continued trend to computers to handle business communications needs. Word Processing equipment, in particular, has become the principal tool of the business world. Word Processing reduces costs and boosts productivity. One Word Processing distributor, Logica, "...claims productivity increases of 150-400%, or one typist doing the work of 2½ to 5 typists on conventional equipment".²⁶

Market Volumes

Telepost and Intelpost combined handled less than 1 per cent of all first class mail (1% of 3.9 billion pieces of first class mail) in fiscal year 1979/80.²⁷ However, both Post Office services are expected to handle 30 per cent of first class mail in 1990.²⁸ All electronic mail systems (private and public) will be the principal conveyor of first class mail by 1993.²⁹

Word Processors, private data transmission systems and EFTS could handle almost 8 billion letter equivalents by 1995.³⁰ Some Word Processors already have inter-office communications capabilities linked together through a computer network. These interactive Word Processors mean less messages sent by mail. Word Processing machines in use in 1978 in Canada totalled approximately 10,000 (about 10 per cent with communicating ability).³¹ The Post Office Department projects that "It is possible that by 1995 approximately 350,000 word processing machines will be in

use in Canada and together they could be transmitting about 1.3 billion pages annually".³²

Facsimile transmission use has also grown in Canada. It is estimated that by 1995 facsimile transmission will reach 76,000 units from 2,100 in 1973, or a volume of 10 million pages annually in 1975 to 380 million pages by 1995.³³ The increases in facsimile transmission usage will come at the expense of the Post Office's first class mail product. At least one-third and perhaps even higher of the increases expected in facsimile transmission will be "...a direct diversion from current [Canada Post] mail volumes".³⁴

Electronic funds transfer systems (EFTS) are directed at replacing mail related to financial transactions (40 per cent of all mail)³⁵ by computer-based financial transactions. EFTS is viewed by the Post Office Department as a "significant competitor" in the near future, one which could handle about 2.1 billion letter equivalent transactions annually by 1995.³⁶

What these projected market volumes mean concretely for postal workers engaged in the hard copy transmission of information is, of course, the threat of being rendered surplus by a new communications network based on microelectronics instead of paper and mechanical information processing methods. This threat to postal workers originates in the communications technology itself, particularly in Word Processing technology which the private sector is developing to reduce labour costs and to transform the office into an automated workplace. The changes in office technology have a direct and critical impact on the Post Office. This fact is even more clearly revealed when the Post Office's Intelpost

service is compared to the developing Infotex system of interactive Word Processors. Intelpost, although a substantial move away from strictly hard copy communications, is being outmoded by the Infotex system - a true 'electronic mail' network.

Infotex vs Intelpost

In Chapter Four it was suggested the decision to automate the internal processing of mail was perhaps a mistake in view of the trend toward electronic mail. The introduction of Intelpost, a facsimile satellite transmission service, represented a move in the direction of electronic mail. However, the mistake of proceeding with mechanization of hard copy communications is largely duplicated with the type of electronic mail system the Post Office has now committed itself to. Intelpost is based on the hard copy principal - a document must be brought to the Intelpost Office for electronic mailing and at the other end the document is again mailed or picked up. The process involves electronic methods but relies on the physical activity of posting the hard copy. By contrast, Infotex will allow business to communicate with other Word Processors (work stations) without having to physically present the document at a Post Office or await mail delivery. As CNCP Product Manager, Roy Savage writes:³⁷

Infotex...will be able to provide electronic mailboxes for individuals, departments, companies or communities of interest. The authorized executive or individual will be able to retrieve from this 'mailbox', at a convenient time, all the messages addressed to him or her - or his department - since the mailbox was last 'emptied'.

Infotex has a larger potential to completely 'rationalize' information processing and transmission. Infotex is a more efficient and less time consuming method of communicating. In an important sense, the Infotex system will transform every office into a post office - messages will be dispatched and received; Word Processor operators will become 'postal clerks' - the basic business of the Post Office will be changed by this new communications network.

Summary

Market trends indicate 'electronic mail' will substantially replace hard copy communications by 1995 in the highly important first class mail category. The traditional function of the Post Office will be changed and the major role now played by inside postal workers to move information will decline. In this environment it is hard to imagine the Post Office will maintain the 23,000 workforce now in the CUPW bargaining unit.

The communications infrastructure of the national economy is shifting away from the government-run postal network. New communications technology is increasingly being developed and used by the private sector. The Post Office's Intelpost is not a flexible enough and 'compatible' business communications system to allow the Post Office to continue to play the central role in this country's communications network. The Post Office will have to undergo dramatic changes in the next decade as business communications networks handle more and more inter-office communications 'in-house' with systems like Infotex.

The Federal government is well aware its \$1 billion plus investment in postal automation is in jeopardy of being rendered functionally

useless as the core of the national communications infrastructure by recent innovations in communications technology. For this reason, the Crown Corporation legislation as initially prepared was designed to give the Post Office a monopoly over communications including electronic methods.

The next and concluding chapter of this Thesis examines the Post Office as a Crown Corporation. The chapter explores the issues of communications monopoly as well as the prospects for management - union peace now that the Post Office is officially a Crown company.

NOTES TO CHAPTER FIVE

1. A. Bailey, "New Generation Could Put a Small Computer in Every Office", The Financial Post (Fall, 1977), p. 22.
2. The major technical stumbling block in arriving at the stage of fully automated work processes has been the need for the system to self-adjust/correct and be flexible to changing conditions in which the system operates. Bernard M. Oliver writes, "...automation involves far more than the development of sequential machines. It calls for feedback mechanisms that sense anomalies in the system, analyse them and take the appropriate corrective action" (Cf. B.M. Oliver, "The Role of Microelectronics in Instrumentation and Control", Scientific American (September 1977), p. 187). The microprocessor is a solution. Steps in the direction of totally automated processes are already in evidence, for instance, traffic lights which assess traffic volume and flow and operate accordingly (Cf. The Financial Post, March 8, 1980, p. S1 ("Special Report on Computers"). The key element in microprocessor technology is programmability - since once the production or other work process can be programmed via the microprocessor, the work process can obtain self-adjustment according to information stored in the computer memory, which the microprocessor translates into corrective action.
3. See: J.C. McDonald, Impact and Implications of Office Automation, (Ottawa, 1964).
4. Counter Information Services, The New Technology, (London, 1979), p. 8 (a CIS document, hereafter 'CIS report').
5. Canada Post, Telepost Rates, (September 1980 - a Post Office rate 'flyer').
6. Ibid.
7. Intelpost was initially offered between Toronto and London in June 1980 and between Toronto and New York/Washington in September 1980 (Cf. The Spectator (Hamilton) September 23, 1980, p. 22 "Electronic Message Link Bridges US, Canada").
8. Canada Post, Introducing Intelpost: Satellite Document Transmission (a Post Office Department brochure).
9. D. McGregor, "Post Office Launches Intelpost", The Financial Times of Canada, June 30, 1980, p. 10.

10. Ibid.
11. Toronto Star, September 24, 1980, p. D12 "Electronic Mail Expanding".
12. P. O'Connor, "Post Office Hustling for Electronic Mail", The Financial Times of Canada, December 1, 1980, p. 23.
13. Ibid.
14. Harry Braverman writes that the mechanization of the office is "... the conversion of the office routine into a factory-like process... [where] ... The recording of everything in a mechanical way, is the ideal of the office manager" (Cf. H. Braverman, Labour and Monopoly Capital. (London, 1974), p. 347.
15. The Globe & Mail (Toronto), March 17, 1980, p. B9 "New Technology for Office Resisted by Many" (This article originally appeared in the The Economist).
16. Forexample, the British Post Office, according to the CIS report The New Technology (supra, p. 11) "... estimates that, for an organization sending 2,000 pages of A4 a month an average of 100 km, by 1986 the cost of sending each page will be 11p first class post; 2.5 by word processor on a store and forward overnight basis; 5.4p by facsimile transmission and 37p by telex".
17. W. A. Kleinschrod, Word Processing, (New York, 1974), p. 7 (prepared as a management document for industry distribution by AMACOM).
18. J. S. Stinson, "New Technology: How You Can Get Lost in the Computer Age", The Facts (CUPE newspaper), (August 1979), p. 41.
19. CNCP, Window on the Communications World, (a CNCP publication), p. 23.
20. The Infotex system is also planning a 'portability' feature which will enable business executives to have system's access in a hotel room or at home via a portable terminal that hooks up to the telephone (Cf. R. Savage, "A System for the Future", (A CNCP document published in Cips). Mr. Savage is Product Manager at CNCP, Toronto.
21. Cf. T. Corcoran, "New Wave Banking: Fierce Competition Shaping Up Over Electronic Funds Transfer", The Financial Times of Canada, September 8, 1980, p. 23.
22. J. F. Crean, "Automation in Canadian Banking: EFTS and the Public Interest", The Canadian Banker & ICB Review (Toronto, 1979) p. 16 (This document is a special publication of articles written by Crean on the subject of EFTS and automation in Canadian banking in The Canadian Banker between August 1978 and June 1979).
23. Corcoran, op. cit., p. 23, 34.

24. Crean, op. cit., p. 17.
25. D.P. Vanderlee, "High Tech's Money Needs", The Financial Times of Canada, July 20, 1981, p. 4.
26. CIS report, op. cit., p. 11.
27. P. O'Connor, op. cit., p. 22.
28. Ibid.
29. Ibid.
30. Canada Post Office, Considerations Which Affect the Choice of Organization Structure for the Canada Post Office, (August, 1978), p. 36 - Appendix C.
31. Ibid., p. 35.
32. Ibid.
33. Ibid.
34. Ibid. (emphasis mine).
35. Ibid., p. 36. Another report notes that as high as one-third of first class mail involves payments (Cf. D.P. Vanderlee, "Automation: How Banking Will Change in the 1980's", The Financial Times of Canada, September 14, 1981, p. 30). Interestingly, this report observes that the Federal government is reluctant to make extensive use of 'direct funds transfer' systems because of the negative effect on the Post Office's share of the first class mail market.
36. Ibid.
37. Savage, op. cit.

CHAPTER SIX - THE POST OFFICE CORPORATION

After over a decade of postal conflict, government royal commissions, internal studies and government inaction, the Post Office is now a Crown corporation governed by the legislative provisions of the Canada Labour Code. A large part of postal conflict has centered on replacing the restrictive Public Service Staff Relations Act with the Canada Labour Code. The CUPW sought the transformation of the Post Office to a Crown corporation to by-pass the 'cul desac' of the existing legislative framework.

The Crown corporation organization structure is not viewed by the postal union as a 'cure all' for labour - management ills. The Code is simply a more 'open' labour law that will at least give postal workers the chance to put pressing issues on the bargaining table.

This chapter reviews the recommendations of past studies on the postal corporation issue and the arguments for a new postal organization. The Crown corporation legislation is then examined. Finally, the prospects for management - union peace in the Post Office are taken up.

6.1 Recommendations of Past Studies

The Post Office Department has been the subject of two Royal Commissions and numerous other government studies in the 1960's and 1970's. Virtually all of these postal studies (in the process of studying problems in the postal operation) deal with the issue of the Post Office as a

Crown corporation.

The first of these postal studies was the Royal Commission on Government Organization (known as the 'Glassco Commission') in 1962.

The Glassco Commission undertook an extensive review of Federal government department and agency organization to improve government services and reduce costs. Volume Three of the sweeping five-volume report dealt extensively with the postal operation - touching on services, postal rates, the deficit and varied operational problems in manual sortation and mail distribution. While the Glassco Commission's report did not recommend the Crown corporation option for the Post Office, the report's authors very importantly pointed out the fundamental difference between the Post Office and other government services. The different nature of work performed in the Post Office and its revenue generating ability, the report concluded, "... lends itself to organization on a semi-autonomous basis with independent control of its financial resources".¹ In addition, the report observed the idea of a postal corporation had been suggested elsewhere and "...can be supported on logical grounds..."² The Glassco Commission report concentrated its recommendations for organizational change in the Post Office on improving financial accounting and review procedures³ and avoided a proposal for an "independent operating form"⁴ as the Commission described the Crown corporation structure.

The Commission of Inquiry into the Increases in Rates of Pay for Civil Servants in Group D appointed by the Federal government during the 1965 postal strike and chaired by Mr. Justice J.C. Anderson went beyond its mandate to simply consider the fairness of pay rates proposed for postal workers. In the Commission's Final Report, Anderson commented on the process which determined pay rates and asked "...whether or not

the postal service of Canada and the needs of those people who provide such services could best be met by organizing the postal services as a Crown corporation...".⁵

Anderson was highly critical of existing Federal labour relations practices which allowed the Treasury Board to arbitrarily set wage levels for postal employees and to tie postal workers to wages and working conditions established for the public service as a whole.* Pegging postal wages to those paid other public servants, according to Anderson, "...perpetuates a meaningless pay relationship between different classes of civil servants",⁶ since the work now done in the public service may not be as closely related as it was in the past. The pay "relativity" approach also ignored regional differences in the cost of living and did not allow for wages commensurate with maintaining the same standard of living throughout the country among federal workers.** In addition, a time lag in the collection of data on which pay increases were based meant that "...salaries may be up to two years in arrears in relation to the increases prevailing in industry".⁷ The necessary statistics on pay rate determination were made available only after increases were granted!

* For example, the Anderson Report noted that of eight recommendations made by the Civil Service Commission (see Chapter Two) between 1961-1964, the Treasury Board altered these recommendations "in varying degrees" four times (Cf. Canada, Final Report of the Commission of Inquiry into the Increases in Rates of Pay for Civil Servants in Group D, (Ottawa, 1965), pp. 7-8).

** This point was earlier addressed by the Glassco Commission as Anderson points out in his report. Anderson, for his part, urged a formula which would provide for "local rates" while maintaining a "national floor of rates" (Cf. The Anderson Report, supra, p. 18).

The conversion of the Post Office into a Crown corporation was defensible, according to the Anderson Report, on the basis of the "distinct" nature of postal work and postal workers as a "semi-industrial group". A postal reorganization along corporate lines was thus a timely question in his mind, one that could not be ignored in the Commission's recommendations.

In the aftermath of the postal strike and the Anderson Commission, the Federal government appointed a Royal Commission of Inquiry into postal workers' grievances over work rules, discipline and other working conditions (except wages). The Commission was headed by André Montpetit. The Montpetit Report (as it is commonly referred to) recommended the Post Office Department study the "advisability" of converting the Post Office into a Crown corporation.⁸ The report commented on the "constant desire" of postal workers to obtain collective bargaining rights and the need to transform the Post Office Department into a Crown company to achieve this objective.

Montpetit refrained, however, from explicitly recommending this transformation on the grounds that changes already in progress in the Post Office and Bill C-170 (the "Public Service Staff Relations Act") before the House of Commons made this designation "premature". Although the proposed legislation did not include the transformation of the Post Office into a Crown corporation, Montpetit believed the legislation allowed for this transformation later on, and, that, the PSSRA "... should at least be put to the test".^{9*}

* Montpetit observed postal employees were prepared to give the

Montpetit incorrectly pointed out that employee organizations would be able to discuss "...all but a few working conditions affecting the employees they represent".¹⁰ Obviously, Montpetit could not, at the time of his report, anticipate all the legal barriers to open collective bargaining this legislation would later contain. The Montpetit Report, importantly, placed the issue of the Post Office as a Crown corporation high on the agenda for improved working conditions in the postal service.

The first major study dealing directly with the question of a postal corporation as part of its mandate was a series of five separate studies commissioned by Postmaster General Eric Kierans in 1968.* The summary report of the five studies is contained in the document A Blueprint for Change, prepared by the consultant firm of Kates, Peat, Marwick & Company and completed in 1969.

The major recommendation of A Blueprint for Change was the creation of a postal corporation. The report's authors concluded:¹¹

It is difficult to envisage the Post Office-as a department of Government-becoming a dynamic, progressive, efficient operation with [out] commercially-oriented executives and employees.

new labour legislation a "fair trial", although postal workers obviously favoured the corporate organization form and the Industrial Relations and Disputes Investigation Act (now Part IV of the Canada Labour Code). Cf. The Montpetit Report, *supra*, p. 33.

* A Blueprint for Change summarized five separate studies under the following titles: Organization; Environment Forecast; Management Practices; Management Inventory; and Management Information Systems - all prepared by Kates, Peat, Marwick & Company. Nine other postal studies, as part of the Kierans' undertaking, were prepared by other consultant firms and one individual consultant.

However, this is the environment that is virtually needed and we believe that the status of Crown corporation for the Canada Post Office is the vehicle which will permit the evolution of this environment.

By pointing to the need for 'commercially-oriented' management, the report underlined the need to operate the Post Office in-line with private sector market imperatives; that the Post Office become "...alert to the realities of the competitive environment..."¹² The summary report was very critical of the existing management cadres in the Post Office and suggested "fundamental changes" in management "attitudes and practices" were in order under a Crown corporation.¹³ However, the report shifted the blame for existing management attitudes and practices to the fact that the "actual" and "latent" talents of management were not being "optimized".¹⁴ That is, management was being kept in a state of 'under-development' in the existing organization framework. Paradoxically, the report elsewhere observed the Post Office was weighted down by older and less educated executive cadres than was the case in the private sector at comparable administrative levels. Education attainment for managerial group officers in the Post Office was cited as "unusually low",¹⁵ while age distribution among executives in all postal occupational categories revealed only 13 percent were under forty years of age.¹⁶

The A Blueprint for Change report also enumerated six powers the postal corporation must exercise to ensure an efficient and successful operation. Among the most important of these powers were: (1) the authority to decide on postal rates (to be approved by a 'Rates Commission') in order for the Post office to become self-financing; (2) authority

over its labour force,* that is, to bargain directly with its employees instead of through the Treasury Board; and (3) the authority to contract out Post Office work to other government departments - a cost cutting power postal workers would certainly oppose.

The report also recommended the postal corporation receive government subsidies for "uneconomic activities" - services which cannot be cost justified such as Northern postal service, but must nevertheless be provided in view of the Federal government's commitment to a national service.

The decade of the Seventies was also filled with a barrage of postal studies. In 1975, four separate reports touched on the corporation issue and the need to overcome the problems of inefficient postal service, administrative procedures and poor management - union relations: the Uberig Report; the Bernie Wilson Report; Organization Climate Audit and the Arnot-Mullington Report.¹⁷ Similarly, the Ritchie Report (1978) recommended the abolition of the Post Office as a government department and the creation of a Crown corporation in its place.¹⁸

For postal workers and their union the reasons for a postal corporation were abundantly clear. The benefits of the corporate structure lay in the extension of bargaining rights. As pointed out in

* This 'authority' over the postal workforce was viewed by the report's authors as an important background to a better labour relations environment, particularly if the cooperation of postal workers was to be obtained for the program of automation (Cf. A Blueprint for Change, supra, p. 20). The Crown corporation organization form was thus envisioned by the report as, to some extent, an administrative or structural means of getting workers to accept technological change.

Chapters Two and Three, the Crown corporation covered by the Canada Labour Code would provide a more open bargaining climate. Importantly, bargaining would cover such areas as job descriptions, classifications, hiring and promotions, and, critically, technological change. Perhaps it is important to briefly review and contrast these areas.

Under the PSSRA the employer decides job content and can change job descriptions. The Code would allow the union to eliminate overlapping of job duties and promote a better work distribution.¹⁹

The employer has the power to create or modify job classes (e.g., the Coder classification - see Chapter Four) and to set wage rates as it sees fit. This allows the employer to increase the division of labour and thereby set low wage rates by splitting up jobs among different levels (e.g. P.O. 1,2,3,4). This division of jobs fragments and cheapens the postal workforce. Under the Code, job classification is negotiable and the postal union would be able to fight to standardize jobs and pay rates and, thus, prevent the employer from arbitrarily introducing new classifications and wage rates.²⁰

The employer has the exclusive right to hire and fire workers which gives rise to many abuses, including patronage for job promotion and preferential shifts. The Code would allow negotiation of hiring practices. In addition, employee grievances would also be widened to include grieving dismissal and other employer actions. With the inclusion of 'policy' grievances, the grievance process would be made more efficient and responsive to postal workers.

In the all critical area of technological change, the right of the employer (as witnessed in Chapter Three) to introduce changes in the method and organization of work under Section 7 of the PSSRA is legendary.

The Code would make technological change negotiable and thus allow postal workers to fight for broader job security by directly negotiating such items as classifications, the use of casual and part-time labour and contracting-out.

In light of the many improvements a Crown corporation would bring about in the bargaining power of postal workers, it is not surprising the CUPW made the creation of the postal corporation a pre-condition for improved management - union relations. J.C. Parrot was unequivocal on this point in a speech before the Canadian Postal Users' Conference in Toronto on September 25, 1978:²¹

... it should be obvious that a prerequisite to improvement [in labour relations] is the placing of postal workers under the Canada Labour Code without restriction. At the moment, we have the right to negotiate on paper, but the law denies us this right on many issues and the employer, by refusing to negotiate at all, denies it to us on the rest. The Canada Labour Code is the only chance we have that the employer will be forced to honour our right to negotiate so that we can avoid using our last recourse - the strike. *

The creation of the Crown corporation was viewed by the postal union as a substantive switch from the status quo, representing more than just an "administrative exercise".²² Ironically, it was during debate on Bill C-42 (crown corporation legislation) on November 27, 1980 that the Federal government finally admitted the mistake of placing the Post Office

* In point of fact, the Code would not guarantee the Post Office would be bound to negotiate in a meaningful sense. However, the Code would guarantee that what the employer agrees to must be honoured in practice (see Chapter Two-Section 2.4). The issue of negotiation is discussed later in this chapter.

Department under the legislative framework of the PSSRA. Postmaster General André Ouellet acknowledged:²³

...many of the legitimate demands of our union people were turned down because of the fear of creating ripple effects, of creating precedents within the larger civil service apparatus. It was basically and fundamentally an error to treat the Post Office like any other department of the government. The environment, the type of work these employees [do], are very different from the type of work of employees of Supply and Services for instance, or of National Revenue, or other departments...*

Despite the fact that the idea of a postal corporation had been dealt with at great length in many government studies and the inadequacies of the Public Service Staff Relations Act pointed out by the CUPW and acknowledged by the Federal government, the Post Office did not become a Crown corporation until April 1981. The most obvious question is why did it take so long for the government to act upon the various studies and recommendations? What were the reasons for government inaction while the postal service continued to visibly deteriorate in the 1970's amid loud criticism from business, labour and the public?

Government Inaction

The question of government inaction on the postal corporation

* This statement by Postmaster General Ouellet was a somewhat hypocritical bit of backtracking, since Postmaster General J.P. Côté remarked to the House as far back as December 11, 1967 that "It is not surprising...that some unrest exists among postal employees. When they discuss with the management, they realize that they are trying to find solutions to problems over which the management has no control" (Cf. Debates of the House of Commons, December 11, 1967, p. 5287).

issue was one both Conservative and NDP MP's were quick to take up following the completion of the Kierans' studies in late 1969. The general belief among federal politicians was that the transformation to a Crown company was imminent as the decade of the Seventies began. Yet as early as 1971, one MP charges that the prospect of converting the Post Office into a Crown corporation was fading:²⁴

A few months ago we were told that the glittering prospect of the establishment of a Crown corporation was not far away and that this was the answer... Now it seems that the idea, like the studies from which it was produced is gathering dust and no one mentions the Crown corporation any more.

Indeed, the years quickly passed and by the mid-1970's, Postmaster General Bryce Mackasey was now talking of finding a "happy medium" between the status quo and postal corporation.²⁵ Both Mackasey and his successor, J.J. Blais, raised questions about the feasibility of a Crown corporation in light of the U.S. postal service's experience since 1971 as a quasi-independent corporation.²⁶ Mackasey pointed to increased deficit problems in the U.S. postal system as "...some indication of what happens when Post Offices become Crown corporations".²⁷

Mackasey drew public attention to an article which appeared in the July 7, 1975 issue of Time magazine entitled, "Why the Postal Service Must Be Changed". This article observed the U.S. postal system was in no better shape as a form of government corporation. The U.S. postal deficit rose to \$820 million in 1975 (in addition to the existing \$1.5 billion government subsidy) and postal rates also increased.²⁸ Importantly, the article goes on to suggest that if the U.S. postal system was run on a cost-service basis (without government subsidy) the rate increases

would be hefty. For example,²⁹

Time, whose postal costs jumped from \$3.7 million in 1970 to \$7.5 million in 1974, would have to pay an estimated \$36 million in 1980; other publications would face proportionate increases...[moreover]... A truly 'businesslike' operation, in short, would serve perhaps two-thirds of the American people one-third of the time. Financially, it might break even, but politically and socially, it would break many links connecting Americans.

The Time article provides an important insight into the reasons for the procrastination of the Canadian Federal government to convert the Post Office into a Crown corporation. With the postal deficit at \$560 million in fiscal year 1976-77,³⁰ the Federal government was not eager to see the cost of postal service mushroom. If the Post Office was made a Crown company and removed from the 'fiscal umbrella' of the Federal government, the postal deficit would no longer be picked-up by the taxpayer. Postal rates would have to increase immediately and dramatically in a self-financing organization - to a point where the government would lose credibility with both the public and, importantly, the business sector (instead of reaping praise for a long overdue bureaucratic house cleaning).

The postal deficit and the almost certain prospect of huge postal rate increases, thus, kept the Crown corporation reform under political 'wraps'. The report, A Blueprint for Change, as discussed in Chapter One, emphasized the immediate need for higher postal rates throughout the 1970's to make the postal operation financially sound. Yet the amount of rate increases needed to make a postal corporation a viable project by 1975 would have had to go well beyond the conservative estimates contained in this report, especially considering the inflationary pressure

in the 1970's and the \$1 billion plus program of automation not anticipated by the report in its projected rates.*

In comparing the postal deficit in 1972 (at \$70 million) and 1977 (\$560 million), Postmaster General J.J. Blais expressed the Government's concern over a greater financial shortfall in the Post Office when he argued that:³¹

...it is essential that the government keep its hand in the operation and maintain the operation of the Post Office in order to ensure expenditures are kept at the lowest possible level.

Mackasey (Blais' successor) had earlier conceded to the House that his reluctance to make the Post Office a Crown corporation was "perhaps related to costs".³² **

* The \$0.30 first class mail rate hinted at since the Post Office became a Crown company would likely have had to be adopted in the mid-1970's to make a postal corporation successful at that time. In view of the public outcry at this proposed rate in 1981, it is inconceivable business interests would have 'tolerated' a \$0.30 stamp in 1975. It is also interesting to note that the legislation to convert the Post Office was first introduced in 1978 (Bill C-27) at a point when the major costs of the program of automation had already been incurred.

** The CUPW has always felt a key reason behind government inaction on the postal corporation issue in the 1970's was related to senior Post Office management opposition to the idea. In view of the criticism levelled against management cadres in the A Blueprint for Change report in 1969 and the stated intention of the new postal corporation president Michael Warren to "keep only the best of senior management", this may indeed be a factor (Cf. N. Louttit, "High Hopes", Today Magazine October 24, 1981, p. 8). A serious shake-up in Post Office management appears to be one of Warren's immediate objectives for the new Post Office. This organizational 'spring cleaning' actually began with Warren himself, who got the job instead of Deputy Postmaster General James Corkery (a ten year veteran) whom many viewed as the 'inside' choice for Post Office president (Cf. D. McGregor, "Canada Post Braces for Business", The Financial Times of Canada, April 20, 1981, p. 3). Warren subscribes to the view of the Post Office as lacking adequate human resources to run the postal system properly. As Warren wryly observed, "You get the kind of union you deserve" (Cf. G. Oake, -

While the government failed to act on the postal corporation, this issue did not disappear from the minds of MP's. The increasing postal deficit, strikes by postal workers, and complaints of poor service put pressure on the Federal government to revive the prospect of a Post Office corporation. In April 1978, the Postmaster General Gilles Lamontagne and the Minister of Labour, Bryce Mackasey, jointly announced the undertaking of an internal study on the "advisability" of turning the Post Office into a corporation.³³

This latest postal corporation study was completed less than four months later in August, 1978. The report, entitled Considerations Which Affect the Choice of Organization Structure for the Canada Post Office, was critical of Federal government inaction on the postal corporation issue. The report stated.³⁴

The problems identified in A Blueprint for Change are still very much in existence today-largely because of the Government's refusal, despite the attempts of two former Postmasters General, Eric Kierans and Jean-Pierre Côté, to implement the solution clearly identified in 1969 - conversion of the Post Office into a Crown Corporation.

The Federal government took no action in this direction until December 1978 when Bill C-27 - "An Act to Establish the Canada Post Corporation" - was introduced in the House of Commons.

- "Postal Rates Will Skyrocket New Boss Feels", The Spectator (Hamilton) August 15, 1981, p. 1).

6.2 Crown Corporation Legislation

Bill C-27

In the 'Speech from the Throne' opening the Thirtieth Parliament on October 11, 1978, the Federal government publicly conveyed its intention to convert the Post Office into a Crown corporation. Under the heading "Expenditure Restraint" the government asked Parliament "...to enact legislation making the Post Office a Crown Corporation, with a view to making postal services more efficient and responsive to public needs."³⁵ The enabling legislation, Bill C-27, was introduced and received first reading on December 11, 1978.³⁶

Bill C-27 proposed the creation of the Canada Post Corporation, yet retained the office of the Postmaster General and its power to coordinate and plan policies relating to postal services and the overall efficiency of the Post Office.* The postal corporation was thus envisioned as having a dual or "two-tier" organization structure in which the Postmaster General continued to exercise an important influence - a much criticized point by the Conservatives.**

* The title of Bill C-27 - "An Act to Establish the Canada Post Corporation, to amend the Post Office Act..." itself gave an indication that the new postal corporation was not to be cut from the governmental umbilical cord at that time. That is, this proposed legislation would create the postal corporation, but only amend and not repeal the Post Office Act which tied the Post Office to the Federal government as a department.

** The Conservative MP, Mr. Dinsdale, argued C-27 did not go all the way toward an autonomous Crown corporation: "It envisaged a two-tier system having the Postmaster General, his staff, secretariat and all his employees running parallel with a corporation which would have no authority whatsoever". Dinsdale charged this two-tier structure was designed to keep "important patronage" in place (Cf. Debates of the House of Commons, October 24, 1980, p. 4081.

As a transitional step to full Crown corporation status, Bill C-27 provided for the existing collective agreement to remain in force until its expiry. During the transitional period, postal workers would still be governed by the Public Service Staff Relations Act.³⁷ The bargaining units certified before the creation of the postal corporation would remain the legal bargaining agents. The full provisions of the Code would only come into effect when the existing contract was re-negotiated. Until then, the PSSRA was to be used for interpreting and applying the collective agreement.

The Canada Post Corporation would be responsible for establishing and operating a national postal service, that is, "...the collection, transmission and delivery of messages, information, funds and goods..."³⁸ Immediately, the Bill hinted at a profound change in the function of the new corporation. The traditional concept of mail delivery (as transmission and delivery of hard copy communications and goods) was changed to explicitly mean messages, information and funds without restricting these categories to the hard copy medium.

That the Post Office was to move away from its traditional hard copy function was best evidenced in the amendments proposed to the Post Office Act. For example, 'mail conveyance' now included "...any physical, electronic, optical or other means of transmitting mail".³⁹ Similarly, 'mailable matter' specifically included messages, information, funds or goods transmitted by the corporation.⁴⁰ The unamended Post Office Act, in comparison, defined 'mailable matter' only as any "thing" sent by "post".⁴¹ The new wording, thus, gave a more 'fluid' mandate to the proposed postal corporation, in keeping with the new communications

technology. This flexibility was further evidenced by the definition of a 'post office' to mean not just a building, but also a "device" for the "transmission" of mail.⁴²

Bill C-27 clearly set out to make the mandate of the postal service more in-line with the changing nature of the communications world. To ensure the viability of the Canada Post Corporation in the midst of rapidly changing communications technology, the Bill proposed certain monopoly privileges.

The postal corporation was to have the "sole and exclusive privilege of collecting, transmitting and delivering letters within Canada" (excluding parcels and certain types of letter delivery of a casual and non-profit nature). This 'exclusive privilege' was coupled to the power (with Cabinet approval) to define what is a 'letter' and what constitutes 'mailable' and 'non-mailable' matter.⁴⁴ The exact definition of a letter was thus left to the discretion of the Post Office Corporation. The proposed legislation went so far as to empower the postal corporation to regulate the manufacture and use of postal meters and other postal equipment.⁴⁵

The 'exclusive privilege' provisions of Bill C-27, then, differed fundamentally from the existing Post Office Act. The proposed power to define a letter and mailable matter meant a potential to impose a monopoly over the entire communications field. For example, this legislation could allow the Post Office Corporation to define a letter as 'electronic sending of messages or information' and thus impinge upon the existing (and future role) played by telecommunications companies.

The introduction of Bill C-27, less than one month after postal

workers were ordered back on the job during the national postal strike,⁴⁶ made the conversion of the Post Office appear finally at hand. This was, however, not to be the case. Bill C-27 'died' on the order paper in the wake of the May 22, 1979 Liberal election defeat by Joe Clark's Conservatives.

During the short lived Clark government, the Conservatives intended to introduce their own postal corporation legislation and held meetings with the CUPW on the structure of a postal corporation.⁴⁷ However, the Conservatives suffered an election defeat on February 18, 1980 and a majority Liberal government returned to power.

Bill C-42: A Second Chance

In the Throne Speech of April 14, 1980 following Trudeau's dramatic political 'ressurrection' and return to power, plans were announced to give the Post Office Corporation idea another try.⁴⁸ With a majority government there was little doubt what Postmaster General Quellet later called the "second major transformation" was about to take place.⁴⁹

Bill C-42 - "to establish the Canada Post Corporation" - was introduced three months after the Throne Speech on July 17, 1980.⁵⁰ Postmaster General Quellet told the public it could expect three "specific benefits" from a postal corporation:⁵¹ (1) a simplified organization with responsibility for all aspects of the postal service vested in the corporation and not spread out among various government agencies; (2) greater flexibility in the generating and use of revenues since the new Post Office would not be tied by Parliament; and (3) more 'latitude' in bargaining which would improve labour - management relations.

This second Crown corporation legislation was in all essential respects a carbon copy of Bill C-27.* The transitional mechanisms of C-42 provided that employees of the Post Office Department automatically became Canada Post Corporation employees retaining existing benefits and seniority. The collective agreement remained in force (under the framework of the PSSRA) until contract re-negotiation under the Code.

On the important question of the right to strike, the proposed legislation contained no prohibition. The bargaining and dispute resolution mechanisms of the Code were to apply in full to the new postal corporation. Back-to-work legislation such as Bill C-8 (which ordered postal workers back on the job in 1978) was, however, always possible. Indeed, Postmaster General André Quéllet told the Standing Committee on Miscellaneous Estimates during hearings on C-42 that while the proposed legislation contained no "before-the-fact mechanism...to force the employees back to work", Parliament could legislate an end to a postal strike just as it had done in strikes by other Crown corporation employees (e.g. dockworkers and railway-workers).^{52**}

* There are two major differences: C-42 consolidated certain amendments to the Post Office Act proposed in C-27; the Post Office Act was now repealed and written into one conclusive law. The Ministry of the Postmaster General was abolished and the two-tier structure proposed in C-27 eliminated. Although, it should be borne in mind, that C-42 still required Cabinet approval for by-law changes and regulations governing the operation of the Corporation.

** Similarly, the new Post Office corporation president, Michael Warren, while discounting calls from business quarters for a ban on postal strikes under the new corporate structure, was quick to warn such action was not inconceivable down the road: "As far as the postal unions are concerned we should give them an opportunity to act responsibly and I'm going to treat them responsibly. If they act some other way consistently in the future, then I think some of these concerns that are being voiced now about the right to strike may prevail - but I think -its premature"

Mail Monopoly

The most controversial aspect of the proposed legislation was the monopoly this Bill conferred on the Post Office corporation. Like its predecessor, C-42 implied a post office monopoly over sending messages, including electronic means. This potential mail monopoly stemmed from the 'regulatory power' of the Post Office corporation under Section 17 to define what is a letter and what is mailable/non-mailable matter. A letter could be defined to include electronic messages. Telecommunications companies would then be infringing on the Post Office's mail monopoly by operating computer-to-computer, facsimile and other electronic information sending systems.

Fears were loudly expressed in business circles that C-42 could be used to nationalize telecommunications and telephone systems and "... put the telecommunications industry in Canada out of business".⁵³ Private courier companies were also concerned the Bill, if enacted, would eliminate private courier services. The proposed legislation did not exempt courier services from the exclusive privileges of the postal corporation. Again, the failure of Bill C-42 to explicitly define a 'letter' left the courier companies to contemplate the prospect of being

(Cf. "Budget Will Tell Post Office Costs", The Spectator (Hamilton) October 17, 1981, p. 3). No sooner had the Post Office Corporation officially been declared when the Canadian Manufacturers Association (CMA) called for postal strikes to be outlawed (Cf. C. Montgomery and A. Barnes, "CMA Wants Postal Competition Allowed", The Globe & Mail (Toronto) October 17, 1981, p. B1). The CMA also called for widening the exemptions to the mail monopoly if strikes were not prohibited - obviously a move to lessen the impact of future postal strikes by allowing, for example, varied forms of extra-Post Office mail delivery (e.g. companies to organize their own delivery networks during strikes, etc.).

legally thrown-out of the market at a later time.

A common view expressed by those opposed to the postal corporation exercising a mail monopoly was that the Post Office should be at best a market 'competitor' and not a market predator equipped with an unfair advantage in the form of a monopoly over message sending.⁵⁴ Predictably, the Canadian Chamber of Commerce opposed the mail monopoly on the grounds that "This monopoly privilege is counter to the economic philosophy that competition should result in a more efficient service" and that the "public" would be left without "alternate services ...when disruptions or delays in service occur...".⁵⁵ The Canadian Business Equipment Manufacturers Association (CBEMA) also raised concern on behalf of its members, many of whom manufacture electronic mail systems equipment. The CBEMA objected to Section 5 which would allow the Post Office Corporation to involve itself in the manufacture of, for example, mail sorting equipment, including facsimile machines, word processors, etc. and thus affect the economic activities of those companies in this field.⁵⁶

Bill C-42 was eventually referred to the Standing Committee on Miscellaneous Estimates on November 29, 1980.⁵⁷ This was the only way the Bill could receive a speedy second reading. The Conservatives, concerned about the proposed regulatory powers of the postal corporation, were prepared to give quick second reading to the Bill only on the understanding that Section 17, in particular, would be immediately referred to the Committee for review and possible amendment.⁵⁸

The Miscellaneous Estimates Committee subsequently amended a number of clauses, most importantly, the "exclusive privilege" section of C-42 was changed. Section 15.(1) (e) was added to legalize the

operation of private couriers. Section 15.(1)(g) now allowed companies to send intra-office messages by an office 'mailboy'. Most importantly, Section 15.(1)(h) exempted electronic messages ('mail') from the exclusive privilege monopoly of the postal corporation.

These amendments were, in part, the product of a highly organized lobby by business interests. The Miscellaneous Estimates Committee had not yet decided on whether to invite public representations on C-42 when twelve organizations requested to appear and three others were interested in submitting briefs.*

While these amendments exempted telecommunications and other companies (including banks) from the monopoly powers of the postal

* Of these twelve organizations, only the Consumers' Association of Canada and the Government of Ontario were not from the 'private sector'. These organizations included the Canadian Daily Newspaper Publishers Association, Canadian Chamber of Commerce, Canadian Business Press, Canadian Periodical Publishers Association, Canadian Trucking Association, Canadian Business Equipment Manufacturers Association, Time Magazine, Action Bell Canada, and the Magazine Association of Canada. The three other interested parties were the Government of Alberta, the Canadian Manufacturers' Association and the Canadian Direct Mail/Marketing Association (a complete listing of all organizations appearing before the Committee and others submitting briefs is provided in Debates of the House of Commons, April 14, 1981, p. 9263). The interest of the Ontario and Alberta governments in the proposed legislation was, no doubt, related to Section 5.(c) which defines one of the Corporation's objects as "to provide to or on behalf of departments and agencies of, and corporations owned, controlled or operated by, the Government of Canada or any provincial, regional or municipal government in Canada or to any person services that, in the opinion of the Corporation, are capable of being conveniently provided in the course of carrying out the other objects of the Corporation" (emphasis mine). The Corporation could absorb inter-departmental mail services and provincially owned/operated telephone companies. The Bill could also affect municipally owned utilities in the practice of having 'meter-readers' deliver bills to customers (the case of the Markham Hydro Commission is discussed in Debates of the House of Commons, April 7, 1981, p. 9040; also see: Debates... April 9, 1981, p. 9183). This would mean that during postal strikes, utilities and telephone companies would not have an avenue open to deliver customer invoices. Section 5 could thus prevent the 'underground' delivery of mail practiced by some organizations and perhaps adopted by many others during mail disruptions (e.g. Bell Canada organizes its own corps of 'letter carriers' to deliver customer bills during strikes).

corporation, the Post Office Corporation was not stripped of its considerable discretionary power to define a letter. The postal corporation could still define a letter in such a way to prohibit private electronic communications. For example, the Post Office could define a letter as including any 'commercial communication'. While Postmaster General Ouellet did his best to dissuade fears of the new postal corporation 'taking over', Ouellet would not guarantee the Post Office would never exercise an electronic mail monopoly.⁵⁹

By leaving the regulatory powers of the Post Office Corporation in tact, the Federal government gave itself an insurance policy against the telecommunications companies. If the postal corporation continued to lose its revenue base, the mail monopoly could be invoked to protect it from market competition.

In relation to competition from the courier services, the higher premium on private couriers appears to be the Federal government's strategy at present to allow the new Post Office to recapture lost business in the time critical market. The amended C-42 (Section 15.(1) (e)) exempts "letters of an urgent nature" from the mail delivery monopoly, but requires the couriers to fix their fee at three times the normal first class rate. With the expected first class mail rate increase at \$0.30, this would make the minimum courier fee \$0.90 per item. While the postal corporation's monopoly is not so extensive to prohibit private couriers from doing business, the minimum fee schedule should make couriers less economically attractive. Moreover, should improved postal

service be realized under the Corporation, couriers could be challenged on their key selling point - quick service.

Amid the storm of protest over the proposed monopoly powers of the postal corporation from the telecommunications industry, courier companies and provincial governments, and the Miscellaneous Estimates Committee amendments, the House of Commons passed Bill C-42 on April 14, 1981. The Post Office Corporation received its official status (by proclamation) on October 16, 1981.⁶⁰

Before leaving this discussion of the legal framework of the new postal corporation, a few other points should be stressed in respect of the financial structure of the Corporation. The postal corporation will receive 'transitional subsidies' from the Federal government until the Corporation's financial affairs are put in order. The extent of postal subsidies are yet to be spelled-out; however, the legislation provides under Section 29.(1) and (3) for the Federal government (that is, the taxpayer) to make available money for operational costs and to cover budgetary deficits where postal revenues are inadequate. Postal rates are also expected to take a substantial jump under the new corporation. Although each one-cent increase in the first class mail rate will chop \$30 million off the postal deficit,⁶¹ the new postal corporation will likely remain a public liability for some time yet.

6.3 Prospects for Management - Union Peace

'Industrial Democracy' or Negotiation?

Now that the Post Office is a Crown corporation, independent in

its day-to-day operation from the Treasury Board and other Federal government departments and agencies, the question both the general public and the business sector will want answered is 'can it work'? Will the new Crown corporation be able to offer an efficient and economically viable postal service without the almost annual strikes and work slowdowns? What are the prospects for management - union peace in the Post Office?

The question of postal labour relations under the new organization structure can only be realistically looked at within the context of the issues which led to the existing state of affairs in the Post Office. This question boils down to whether or not Post Office Corporation management is really prepared to find solutions to the problems postal workers face. Is management prepared to negotiate technological change? Or, again, is postal automation and now the development of electronic mail systems not open to bargaining as has been the case with postal automation in the 1970's? As Jean-Claude Parrot so clearly put the issue in a 1979 speech before the Convention of the Confederation of Canadian Unions in Vancouver:⁶²

The real battle is over the right to negotiate: the right to negotiate the demands put forward by the membership; the right to negotiate on the strength of the membership. This is a right the Government has continuously denied us for the past twelve years.

While the Canada Labour Code allows postal workers to put automation and other issues on the bargaining table, the success of collective bargaining will require a commitment on the part of Post Office Corporation management to resolve these issues.

Moreover, the problems of the Post Office will not be solved by simply improving the calibre of management personnel. The postal conflict of the last decade was not only the product of bad 'human chemistry' as many people think.* Rather, in promoting machinery over labour, management became locked into an intractable struggle. Management's priority was the implementation of the program of automation; postal workers resisted changes in the method and organization of work and fought to regain control over their workplace.

In an important sense, the prospects for management - union peace in the Post Office are restricted by the goals of management. The new Corporations's management will continue to promote capital over labour in the postal system. The development of electronic mail systems and the continued mechanization of internal mail processing (vis-a-vis keeping pace with technological improvements to the existing system) is a must if the Post Office wants to be competitive with developments in the private

* The view of postal conflict as essentially bad management relations has been propounded by even those observers one might think to be closer to the issues. For example, NDP member Mr. D. Orlikow, in underlining the fact that the postal corporation is no guarantee of improved management - union relations, remarked to the House that the new postal corporation "... will not make much difference unless the people who deal with the workers concerned use some common sense and compassionunless the new Crown Corporation puts in charge of its relationships with its workers, both inside and outside, people who have an understanding of human relations...changing the Post Office to a Crown Corporation will not achieve anything" (Cf. Debates of the House of Commons, October 24, 1980, p. 4084-emphasis mine). To be fair, the quality (i.e. experience, skill, personality, etc.) of both management and union representatives will undoubtedly affect the nature of management - labour relations in any organization. However, the point here is that unless the concrete issues - the very substance of postal conflict - are tackled, no fundamental reversal of the poor labour relations climate in the Post Office is possible. This point is missed by many postal observers.

sector. The only alternative is for the Federal government to nationalize the communications field, in which case, technological change would likely come even faster to the Post Office.

Against this background, can postal users realistically expect dramatic improvement in postal labour relations? The major issues facing postal workers have not evaporated with the simple creation of a new organization structure.

Interestingly, the Post Office Corporation has already moved to create a labour - management forum. Michael Warren, the postal corporation's president, wasted no time in indicating his intention to have representatives from business, labour, consumers and the communications industry sit on the Corporation's Board of Directors.^{63*} The CUPW was initially approached through Postmaster General Quellet but declined to nominate a Board member.⁶⁴

The postal union's participation in the Post Office Corporation's experiment in 'industrial democracy' was doubtful from the outset for two reasons: Firstly, the experiences of the Manpower and Special Adjudication committees on technological change showed that Post Office management had no interest in coming to grips with automation and its

* Section 10.(1) of the postal corporation legislation defines the mandate of the Board of Directors to administer the affairs of the corporation, but does not state representatives from labour or other sectors are to be included on the Board. Rather, the input of these groups is a product of Michael Warren and his belief that labour representation is essential for labour peace (Cf. N. Louttit, "High Hopes", Today Magazine October 24, 1981, p. 8). Warren will have to go beyond cooptation of the postal union to accepting real negotiation if this 'labour peace' is to be obtained.

effects. And, secondly, the CUPW is strongly opposed to tripartite consultation mechanisms and has publicly criticized labour-management forums in the past.

Consultation forums such as the proposed tripartite Board of Directors, in the postal union's view, only allow the employer to "...retain the arbitrary power to make decisions...[moreover]... the Union eventually becomes a device to justify the employer's actions to its members rather than a vehicle to transmit the workers' demands to the employer".⁶⁵ Thus, for the CUPW, coming to grips with the issues means dealing with the union directly to decide the working relationship, based on the input of the rank-and-file, and not through mechanisms which by-pass the collective bargaining process. Parrot's comments are instructive here:⁶⁶

...through these industrial democracy schemes, all these employers know they can remove issues away from the collective bargaining process, away from the democratic control of the membership, away from any possibility of collective worker action or reprisals - and into the cozy atmosphere of back-room deals and bartered privileges which they call consultation?

The CUPW's flat rejection of participation in the new Corporation's Board of Directors is a rejection of the notion workers and management share a common interest. In this, the postal union has clearly set itself apart from 'business unionism', and, instead accepts the adversarial nature of capitalist society which puts workers and owners/managers against each other at the workplace.

Summary

The Federal government converted the Post Office Department to

a Crown company on April 14, 1981. The Canada Post Corporation officially acquired its new status on October 16, 1981. The Public Service Staff Relations Act, the labour law which had governed collective bargaining in the Post Office since 1967, was replaced by the Canada Labour Code.

This long overdue transformation in organization structure will set in motion a real collective bargaining process. The PSSRA, with its many restrictions on bargaining, did not allow negotiation on key items. For postal workers, the new postal corporation is both a vindication of the many criticisms levelled by the CUPW against the PSSRA and an event they greet with scepticism. The new collective bargaining climate will depend more than anything else on the willingness of Post Office Corporation management to sit down at the bargaining table and negotiate with the union. Anything less will only perpetuate the postal conflict which postal users have grown accustomed to since the introduction of collective bargaining in the late 1960's.

The prospects for better postal labour relations, as suggested in this chapter, do not appear promising. The fact postal workers can now 'legally' negotiate automation and its adverse effects does not mean management will automatically be willing to accept some of the changes negotiating technological change may imply. As pointed out in Chapter Four, equipment modification and re-design to reduce, for example, problems of noise and vibration is an expensive proposition - one Post Office management is likely to accept only if forced to by the postal union. Yet, a wholesale review of postal automation is a necessary consideration to improved labour relations. There can be no question, that after over a decade of automation in the Post Office, a 'humanization'

of the postal workplace is in order. Postal workers must be involved in changing the shape of postal automation for the better, moreover, electronic mail systems must also take into account the needs of workers. Otherwise, the last recourse of postal workers, the strike, will likely be exercised to emphasize that automation, in whatever form, is still an unacceptable project if workers do not benefit.

NOTES TO CHAPTER SIX

1. Canada, Report of the Royal Commission on Government Organization, Vol. 3 (1962), p. 328 - hereafter the Glassco Commission (emphasis mine).
2. Ibid. (emphasis mine).
3. Ibid., pp. 330-1 (recommendations Nos. 1-3); and p. 329.
4. Ibid., p. 330.
5. Canada, Final Report of the Commission of Inquiry into the Increase in Rates of Pay for Civil Servants in Group D, (1965), pp. 6-7 - hereafter the Anderson Report. In posing this question Anderson obviously outstripped the Commission's mandate, as he was well aware (p.6).
6. Ibid., p. 11
7. Ibid., pp. 8-9
8. Canada, Report of the Royal Commission of Inquiry into Working Conditions in the Post Office, (1966), pp. 29-34 - hereafter the Montpetit Report.
9. Ibid., p. 30.
10. Ibid., p. 32.
11. Canada, A Blueprint for Change, (1969), pp. 9-10 (this summary report was prepared by Kates, Peat, Marwick & Co.).
12. Ibid., p. 10.
13. Ibid., p. 16.
14. Ibid.
15. Ibid., p. 35.
16. Ibid., p. 36. The report goes on to suggest that this age distribution among executives might create "serious succession problems" within the Post Office by the end of the Seventies.

17. These reports were mainly prepared for the Postmaster General as evaluations of operational problems in the postal system and are cited in: Considerations Which Affect the Choice of Organization Structure for the Canada Post Office (1978), p. 40.
18. The Ritchie Report is cited in The Postal Journal of Canada Vol. 39, No. 2 (1979), p. 25.
19. ..., "Reasons for a Crown Corporation", The Postal Journal of Canada, Vol. 38, No. 3 (1978), p. 19.
20. Ibid.
21. CUPW, Address by the National President of the Canadian Union of Postal Workers to the Canadian Postal Users' Conference in Toronto, Ontario, September 25, 1978 (a CUPW document), p. 4 -(emphasis mine).
22. CUPW, The Crown Corporation (a CUPW Special Tabloid), p. 1
23. Canada, Standing Committee on Miscellaneous Estimates, November 27, 1980, pp. 31: 58-9 (emphasis mine).
24. Debates of the House of Commons, May 31, 1971, p. 6238.
25. Debates of the House of Commons, May 21, 1976, p. 13769.
26. Debates of the House of Commons, June 30, 1977, p. 7223.
27. Debates of the House of Commons, July 9, 1975, p. 7391.
28. ..., "Why the Postal Service Must Be Changed", Time, July 7, 1975, p. 18.
29. Ibid., p. 19.
30. Data taken from: Debates of the House of Commons, October 24, 1977, p. 161.
31. Ibid.
32. Debates of the House of Commons, May 21, 1976, p. 13769.
33. Debates of the House of Commons, April 27, 1978, p. 4939.
34. Considerations Which Affect the Choice of Organization Structure for the Canada Post Office (1978), p. 42 - hereafter Considerations...
35. Debates of the House of Commons, October 11, 1978, p. 2.
36. Debates of the House of Commons, December 11, 1978, p. 1983.
37. Bill C-27 - "An Act to Establish the Canada Post Corporation...", Section 61.(1) (a) (b) and 61.(3).

38. Ibid., Section 4.(1) (a).
39. Ibid., Section 33.(4).
40. Ibid., Section 33.(5).
41. "The Post Office Act", Section 2.(1).
42. Bill C-27, op. cit., Section 33.(7).
43. Ibid., Section 13.(1).
44. Ibid., Section 17.(1) (a).
45. Ibid., Section 17.(1) (c) and (m).
46. The Federal government introduced Bill C-8 - "Postal Services Continuation Bill" - on October 18, 1978 (Cf. Debates of the House of Commons, October 18, 1978, p. 249). This legislation was enacted only 14 hours after the CUPW began a 'legal' strike. And, as J.C. Parrot observes, Bill C-8 was passed "...despite the fact they [the Federal government] themselves admitted there was no national emergency; despite the fact that they did absolutely nothing to avert a strike and everything to provoke one; despite the fact that they admitted that banning our strike would do nothing to resolve the problems in the Post Office" (Cf. J.C. Parrot, "Why We Continue to Struggle", This Magazine Vol. 13, Nos. 5 & 6 (November - December, 1979), p. 15).
47. Debates of the House of Commons, October 24, 1979, p. 578.
48. Debates of the House of Commons, April 14, 1980, p. 6.
49. Debates of the House of Commons, October 24, 1980, p. 4075. The 'first' major transformation was, of course, postal automation.
50. Debates of the House of Commons, July 17, 1980, p. 2999.
51. Debates of the House of Commons, October 24, 1980, p. 4076.
52. Standing Committee on Miscellaneous Estimates, November 27, 1980, p. 31:51.
53. Debates of the House of Commons, November 20, 1980, p. 4905.
54. Ibid.
55. Cf. Submission on Bill C-42, An Act to Establish the Canada Post Corporation Submitted by the Canadian Chamber of Commerce, November 1980, pp. 4-5.

56. Cf.: Bill C-42, An Act to Establish the Canada Post Corporation
November 18, 1980 Canadian Business Equipment Manufacturers Association.
57. Debates of the House of Commons, November 20, 1980, p. 4920.
58. For the discussion which took place on this issue, see: Debates of
the House of Commons, November 20, 1980, pp. 4920-1.
59. Standing Committee on Miscellaneous Estimates, November 25, 1980, p.
30: 43.
60., "Budget Will Tell Post Office Costs", The Spectator (Hamilton)
October 17, 1981, p. 3.
61. D. McGregor, "Canada Post Braces for Business", The Financial Times
of Canada, April 20, 1981, p. 3.
62. J.C. Parrot, "Why We Continue to Struggle", This Magazine Vol. 13,
Nos. 5 & 6 (November-December, 1979), p. 14.
63. N. Louttit, "High Hopes", Today Magazine, October 24, 1981, p. 8.
64. The CIC was then asked to participate and nominated its Director of
Research and Legislation - Ron Lang and André Lorrain, retired
President of the Canadian Paperworkers Union (this information was
supplied by Geoff Bickerton, CUPW research officer in a telephone
interview on October 29, 1981).
65. Parrot, op. cit.
66. Ibid., p. 16.

CONCLUSION

This Thesis suggests the bitter postal conflict of the last decade is a product of the highly restrictive nature of the collective bargaining process into which postal workers were placed, and the massive reorganization of the postal system in the 1970's. It is argued that the collective bargaining process prevented the postal union from negotiating on behalf of postal workers. The fact postal workers were denied the right to negotiate automation of internal mail processing created the conditions for a 'protracted war' between Post Office management and the CUPW.

The introduction of collective bargaining in 1967 did not change the traditionally weak bargaining position of postal workers. Collective bargaining did not give the postal union the kind of negotiating rights to deal with the day-to-day problems facing postal workers. As a result, the practice of collective bargaining has been characterized by strike after strike, grievance upon grievance and a deteriorating postal service.

While the legislation governing collective bargaining in the Federal public sector may have been adequate enough for the 'white collar' branches of the Federal public service, this labour law was a legal 'straitjacket' for the postal union. The Post Office, as an industrial workplace, was set apart from the mainstream of public sector work. The public service-wide collective bargaining mold the government applied to the Post Office simply did not fit. In addition, the postal union was forced to negotiate with the Treasury Board as 'employer' - an employer

not involved in the day-to-day problems of running a national postal network. When compared to the collective bargaining framework for industrial relations in the private sector, it was clear postal workers were getting only a poor facsimile of collective bargaining rights.

The total inadequacy of the existing bargaining process became evident when the Federal government launched a major transformation of the postal system and introduced automation into the Post Office. The labour law left the postal union 'legally' powerless to halt or alter changes in the method and organization of work. Postal workers had no other option but strike action.

At its most visible level automating internal mail processing means replacing human letter sorting by mechanical methods. Automation incorporates the mental aspects of a letter sorter's job into sophisticated letter processing equipment. Yet automation has created many problems for postal workers.

Automation means huge postal factories where processing areas are transformed into mass production lines. Automation means an increase in accidents and disabling injuries, and working with unsafe equipment in a noisy and dusty environment. Automation means more night work and its disruptive consequences for workers and their families. Automation means job redundancies and looking ahead to the prospect of even more 'surplus' workers while the use of part-time and casual labour increases. Automation means management can control the work process now that job knowledge is machine knowledge, now that the sorter's vast distribution knowledge is incapsulated in the equipment. Finally, automation means more power over postal workers and less workers' control over the work

they do.

While the CUPW has taken a leading role among public and even private sector unions in opposing technological change, the postal union has not been successful in reversing automation or eliminating its adverse effects. The solutions the postal union seeks to the problems posed by technological change are not likely to be found in a more open collective bargaining framework such as the Canada Labour Code. The new postal corporation offers no guarantee management will negotiate with the union. The fact that management has refused to negotiate automation in the past brings up at least two related questions. Is automation preventable on a workplace by workplace basis? And, secondly, since automation is a problem facing the entire working class, what is a viable trade union response to technological change?

It is idealistic to expect the CUPW to wage the battle against automation by itself and win. The issue of technological change is a political one, pointing to the fact that technology in capitalist society is used to increase productivity and profits at the expense of workers. Solutions such as the CUPW and other unions seek so workers may 'benefit from automation' and put an end to the arbitrary exercise of power over their lives requires a different response from the trade union movement: the direct challenge of the very institutions which reproduce a society where technology is at the service of profit-making while ignoring the social needs of the people.

Instead of taking the offensive on automation and other critical issues facing workers, the trade union movement has slipped into a 'lethargy'. Unions now concentrate on preventing rollbacks of existing

rights. This approach is not enough to protect the interests of workers. As Walter Johnson sums up the situation in the trade union movement today:¹

At present, unions fight to hold onto the jobs of their members. They try to defend what they have gained against the encroachments of capitalist technology. This is essentially a rearguard action which time and again has resulted in setbacks for workers. As more defenders of the status quo unions are losing strikes, losing members, and losing influence among the general public who increasingly regard them with suspicion, alarm, or outright hostility.

Johnson, like many other workers, believes trade unions must begin to question the economic system itself and capitalist control and use of technology.

What is also necessary is for trade unions to reject the notion workers share a 'common cause' with those who manage or own the institutions of capitalist society. In this respect, the CUPW has been in the forefront of the Canadian labour movement in denouncing the many forms of tripartism, the object of which, as Jean-Claude Parrot so bluntly puts it, is "...to destroy the power of workers and reassert the unchecked arbitrary power of the corporate bosses, not just at the workplace, but throughout our society".²

Collective bargaining must serve the interests of the working class and not be used as a means of controlling labour. Union leaders must be more than 'contract lawyers'.³ Unions must democratically involve the rank-and-file and not seek to exclude the participation of the membership by bureaucratizing union structures.

The trade union movement must build a 'common front' to debate

common problems and seek collective solutions. The trade union movement must, to again use Parrot's words,⁴

...create a situation where every employer considering forcing his employees to strike will do so in the knowledge that those workers will receive financial help from all organized workers. Where every employer considering using scabs will know in advance that that action will provoke a mass picket organized by the local labour organizations. And where every employer realizes that when the labour movement calls a boycott of anti-medicare doctors or of the products of a single company, that boycott will be actively promoted and supported by millions of workers.

The agenda for working class responses to automation must be nothing less than building the collective power of the working class to challenge the purposes to which technology is put in our society. Nothing less will produce the results workers require.

NOTES

1. W. Johnson, "Brave New Technology", Our Generation, Vol. 14, No. 2 (Summer-Fall, 1980), p. 32.
2. J.C. Parrot, "Why We Continue to Struggle", This Magazine, Vol. 13, Nos. 5 & 6 (November-December, 1979), p. 16.
3. Joan Newman Kuyek observes, "...the techniques of collective bargaining has tended to create a managerial elite within unions, a grouping not dissimilar to the managerial elite within the company. The union leader, once a rank and file militant, has increasingly become a contract lawyer wrapped up in the details and legalities of the contract" (Cf. J. Newman-Kuyek, The Phone Book: Working at the Bell, (Kitchener, 1979), p. 89).
4. Parrot, op. cit., p. 17.

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