



## STATEMENTS AND SPEECHES

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### DEVELOPMENT OF INDUSTRIAL RELATIONS IN CANADA

A speech by the Minister of Labour, Mr. Milton F. Gregg, made at the International Labour Conference, Geneva, June 15, 1955

I welcome the opportunity of attending once again the International Labour Conference. Two years ago I was pleased to find a number of important matters being dealt with in a realistic and intelligent manner, and I was particularly interested at that time in the discussions which took place on the organization and functions of national labour departments. Those discussions have been often in my mind since, and I can truthfully say that I think they have helped and been of benefit in the work of my Department.

I was also able at that time to obtain a first-hand appreciation of the valuable and constructive work that the ILO is doing. Nothing that has happened in the interval has weakened my faith or that of my Government in the aims and purposes of the Organization or in its ability to continue the progress it has made towards the fulfilment of the principles which were incorporated in its Charter 36 years ago. Its achievements over the years are outstanding as a pioneering agency concerned with matters of human welfare and also as a disseminator throughout the world of the great body of useful experience it has accumulated through the various phases of its work. I have confidence that the ILO can and will work out solutions for current issues consistent with its principles and structure.

It is to be hoped that the privileges and rights of membership in the International Labour Organization will be recognized increasingly as carrying corresponding responsibilities to accord basic rights and freedoms. We all recognize however the necessity for patience, co-operation and vigorous thinking on the part of all participating groups here.

The ability of the ILO to enlarge our vision is evidenced once more in this year's Report of the Director-General, which discusses a specific problem--namely labour-management relations--against a very rich background of national outlooks and practices. Labour-management relations is, I think, a particularly rewarding topic for consideration by the ILO. Since the early days of the Organization, a maturing process has been taking place in this field of industrial relations. It is not many years since a discussion of this subject was likely to deal only with a rather negative aspect--that of dispute settlement procedures. Today the more positive aspects of the subject are increasingly recognized. We are exploring more and more

the factors that make for constructive employer-union relations, partly because we know they contribute to higher productivity, but, more important, because they are a desirable end in themselves. They help to provide a more satisfactory industrial environment from the point of view of human aspirations and human needs. Indeed they may be said to constitute a significant aspect of our developing democratic civilization.

A country's industrial relations system reflects the ability of its people to work together freely towards the objectives they hold in common while at the same time working out their differences in constructive fashion. Mature industrial relations require a breadth of outlook sufficient to recognize and respect the other person's position, combined with a determination to hold strongly by basic principles. Their essence is a healthy spirit of give and take.

It is clear from an examination of the Director-General's Report that the development of good industrial relations is an objective which different countries will always pursue in different ways.

I should like to discuss in rather specific terms a few of the significant features of industrial relations as they have developed in my own land, Canada.

The first of these, I think, is the level at which collective bargaining normally takes place--the level of the plant or undertaking. There are exceptions, of course. In several important industries, regional or industry-wide bargaining has for years been standard procedure. In some other industries there is evidence of an interest in the possible advantages of larger bargaining units. Most frequently however, collective agreements apply in Canada to a single plant or undertaking, and there are advantages in this type of bargaining as well.

Why collective bargaining at the plant level? One reason, I think, is geographical. Many of our industries extend across the whole country. Regional variations in wages and working conditions, in the cost of living, in industrial methods, are significant, and, inevitably, they tend to favour negotiating procedures best able to meet local needs. Many Canadians, however, apparently feel that bargaining at the local level is inherently desirable. For one thing, local bargaining, is felt to be one of the best ways of retaining the flexibility needed to deal effectively with local problems.

There seems, moreover, to be general support for the view that local bargaining provides an opportunity for the development of effective working relationship between union and management representatives. When negotiations take place at the local level, the officers of the local union and the managers of the local plant are directly involved. The agreement reached is one of their own making, one to which they feel personally committed.

There is evidence that the chances of unrest, of uneasiness, of unauthorized stoppages, or resentful slow-downs, are reduced in proportion to the degree to which responsibility for agreement is carried by individuals at

the working level. Also, there is good reason to believe that negotiations at the working or plant level are more likely to be guided by practical rather than theoretical or even ideological considerations.

I do not want to leave the impression that in Canada bargaining at the plant level is carried on without reference to outside forces--far from it. Patterns established by agreements reached in the larger establishments are an active influence in local bargaining. Standard policies formulated by the head offices of the different labour unions are frequently carried into the negotiations at the local level by the union representatives.

For their part, employers are obviously interested in the bargaining policies followed by other firms. In fact, the views expressed by both parties at the bargaining table are found to reflect the rates paid and the working conditions prevailing in the area and even in competing firms outside the area. In other words, bargaining at the local level takes into account many regional and national factors but, in the process of doing so, it does not ignore local factors which may be equally or even more important.

Arising out of this rather practical and immediate approach to bargaining is a second distinguishing feature of the Canadian industrial relations system--namely the emphasis on administration of the collective agreement.

The typical agreement in Canada does far more than specify the wages, hours, vacations and other working conditions of the workers it covers. It sets forth also seniority provisions, grievance procedures, and clauses designed to deal in orderly fashion with questions of workload, promotions, job transfers and other matters affecting the worker's security and status.

The administration of a union contract day by day requires skill and patience on the part of union and management officials, affecting as it does the rights and the aspirations of both workers and management. Employers in Canada, while they strongly oppose the insertion in the agreement of any clauses which might unduly circumscribe their rights, nevertheless find value in the orderly procedures set forth in the agreement.

A third significant feature in the industrial relations system in Canada is that bargaining between the parties is usually an annual affair. Practically all collective agreements specify a termination date for the contract, and almost 80 per cent. provide for renegotiation at the end of one year.

Annual negotiation means that the parties have an opportunity every year to revise clauses in the agreement that have not worked well. This almost continuing process of adjustment provides a flexibility in the labour-management relationship, attuned to the complexity of the agreement and the fact that the environment in which it operates is itself subject to constant change in response to trade fluctuations, climatic extremes, technological progress, or the ebb and flow of international tensions.

There are, of course, things to be said against the yearly negotiation of agreements. It has been argued that annual bargaining means the development annually of the tensions that accompany bargaining, and that every renegotiation of an agreement provides an opportunity for conflict. Some people believe that agreements extending over a longer period are conducive to a more settled atmosphere and, in fact, there have recently been a number of important experiments with long-term contracts. Since the Second World War however, annual renegotiation has been the prevailing practice.

Proponents of annual renegotiation stress the merits of the flexibility I have already mentioned. Almost by definition, a collective agreement is a compromise, a settlement that gives complete satisfaction to neither party. Such a settlement, they say, is reached more easily if the period of its binding application is relatively short.

In one sense, the annual renegotiation of agreements reflects a special interest in the general economic outlook. Because they have come to expect a steadily rising standard of living, Canadian workers tend naturally to prefer bargaining procedures that leave room for frequent improvements in conditions of employment. Management representatives understand this line of thought, which is in accord with the generally optimistic attitude towards the economic future of our country, while naturally maintaining, as they do, the right to make such reservations as to its application as circumstances may demand.

This brings me to the fourth significant feature of the Canadian system--namely a general tendency to rely on collective bargaining as the primary means of achieving economic objectives rather than on legislation or government action. I do not mean to suggest here, of course, that the part legislation plays in the process is unimportant. Labour and management in Canada, and for that matter the general public, look to legislation to provide basic minimum economic and protective standards, and to provide assistance to the collective bargaining process.

So much is left, however, to the results of bargaining, that those who enter into negotiations carry a very heavy responsibility. High stakes make for a serious game; and, in Canada, there is every indication that labour and management representatives bargain soberly with clear knowledge that their discussions constitute a vital part of our economic system.

So far I have been talking about industrial relations in terms of four important features of the Canadian system: bargaining at the plant level; administration of the contract; annual renegotiation of agreements; and the emphasis on collective bargaining rather than state action as a means of determining conditions of employment. I could mention other features but these are distinguishing characteristics that I thought might be of particular interest to this Conference.

Let me now say a word or two about the experience over the years we have had with industrial relations in Canada. It has not been possible--nor is it altogether desirable--to avoid conflict; last year, for example, the

time lost due to strikes and lock-outs represented one-seventh of 1 per cent of the total working time. On the whole, however, labour-management relations in Canada have been good, and have been improving. Both sides are developing an increased willingness to talk matters out, to recognize the problems of the people on the other side of the bargaining table and, above all, to give due consideration to the public interest.

There have been positive indications of success; higher productivity, a rising standard of living, the way in which working men and women are treated on the job, their growth in self-confidence, their willingness to participate in activities such as labour-management production committees, designed to foster the economic health of the whole industrial enterprise, the volume of investment in the industrial plant. Some of these factors apply to other aspects of our economy besides industrial relations, but taken altogether they do provide evidence of a satisfactory state of labour-management relations in Canada.

I say this with humility because I know that, if the system has worked, there have been factors that have helped to make it work. In a young country like Canada, with a wide variety of natural resources, a fortunate geographical location, and availability of large amounts of capital investment, there would be little excuse for poor labour-management relations. Furthermore, I know quite well that a system of industrial relations is never good or successful in itself but only in relation to the social framework, the stage of economic development in which it is applied.

The system must also be judged by its ability to meet new conditions. In recent years, new bargaining issues have made their appearance in the Canadian industrial picture. There is, of course, continuing pressure for higher wage rates and other economic improvements. At the same time, more and more attention is being given to problems of job security and industrial efficiency.

In some industries there is pressure from management for greater freedom to conduct business unhampered by unnecessarily rigid collective agreement provisions. The problem of technological change, now termed "automation", presents its challenge. In partial answer, the trend toward shorter hours and longer vacations is continuing; while here and there attention is being given to the guaranteed annual wage. The industrial environment is dynamic rather than static, and the changes and developments are of constant interest.

Against this background it is necessary for government to evaluate its role in industrial relations. As we in Canada are inclined to see it, government may make three main contributions: a good economic environment, legislation that helps and stimulates the collective bargaining process, and a number of research and promotional services. Let us take these one at a time.

The first is a good economic environment. By this I mean that government should help create conditions conducive to high levels of production and employment by

using all the fiscal, monetary and legislative devices at its disposal. In Canada, because of our federal form of government, some problems in the co-ordination of effort are inevitable. By and large, however, I think it is true to say that good progress has been made in recent years.

The net effect on industrial relations of these and other forms of governmental activity is hard to gauge. I think, however, that in helping to provide the ingredients of continuing economic progress, governments in Canada are at the same time fostering those feelings of general confidence and security that lie at the root of good labour-management relations.

The second contribution that government may make to industrial relations is to provide a legislative framework conducive to collective bargaining. Under Canadian law, in most jurisdictions, collective bargaining is compulsory, provision is made for the orderly selection and certification of bargaining agents, a number of practices disruptive to good industrial relations are prohibited, and strikes and lock-outs may not take place legally until full resort has been made to prescribed conciliation procedures.

Behind these statutory provisions and procedures are two main ideas: that collective bargaining should be encouraged; and that the welfare of the general public must be protected against unnecessary industrial conflict. It is my impression that these ideas have been well served by the present legislation since its introduction during the Second World War. Certainly there has been a rapid spread of collective bargaining since then, and a growing appreciation of its value within all segments of our society.

The last of the government contributions to industrial relations that I propose to deal with is the provision of research and other services. As we all know, collective bargaining is no longer a simple matter. To function effectively it must be fed facts--a great many facts. In my Department we find that the bargaining parties have an almost insatiable appetite for accurate information on any number of subjects; and, in an attempt to satisfy that appetite, we have built up a modest staff of economists and research officers. We publish regular information on wage rates, on collective agreements, on the trend of working conditions, on the extent of labour organization, on strikes and lock-outs, and on levels of employment and unemployment.

Other information used by the bargaining parties, particularly production statistics, are provided in large quantities by other agencies of our Government. In fact, our Government is devoting substantial resources to the collection, analysis and publication of information, without which sound collective bargaining could not take place. Clearly, this is a function for which governments are well fitted, and, in my opinion, nothing they can do for industrial relations is likely to be of greater importance.

Another type of activity by means of which my Government has tried to foster the cause of good industrial relations is the sponsorship of labour-management production committees. Such committees provide labour and management with a vehicle for a co-operative approach to production problems, whereby the latent creative abilities of the

workers can find means for expression. In Canada we have felt that such committees can function best on a purely voluntary basis. Our experience has indicated also that co-operation at the level of the undertaking is again here the system best suited to our own particular circumstances.

I have tried to set out some of the characteristics of the Canadian industrial relations system, and the role that government plays in relation thereto. The spirit that underlies these various activities is more difficult to convey.

At the root of our industrial relations system lies the fact that labour and management in Canada--and I am sure in many other countries as well--are succeeding in establishing a kind of dynamic balance of power, in which the two sides are able to feel they have both security and the opportunity for progress. As they succeed, the old bitterness, suspicions and class conflicts are disappearing. In their place we are finding healthy and confident attitudes on both sides of the bargaining table.

This essential honesty and good faith surely characterizes the spirit that we in the ILO wish to see at the base of all industrial relations. It can only be found in an atmosphere of freedom, where principles of freedom of association and of free collective bargaining for which the ILO has stood over the years are scrupulously maintained.

The procedures and techniques of the member countries here assembled may be quite different, but the ILO as one of its outstanding contributions helps us to see that, if we each try to maintain and nurture these basic principles, we shall find ourselves not far apart in the quest for a better international order.

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