DIVERGENT PATHS: CANADIAN AND AMERICAN LABOR SINCE THE 1930S

By

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ABSTRACT

The purpose of this thesis is to determine the major causes of the divergence which has occurred between Canadian and American labor during the past three decades. Employing a comparative case study methodology, I examine the history of the two labor movements during three distinct periods: 1) the formative period for modern industrial relations, roughly 1930-1960; 2) the two decades of divergence, 1960-1980, when Canadian union density grew to nearly double the American level; and 3) the 1980s, a period of major economic restructuring that has witnessed the accelerated decline of American labor while Canadian labor continues to maintain its membership base. I conclude that the primary factors for divergence are: 1) the different political cultures of Canada and the United States; 2) the more favorable labor laws in Canada; and 3) the differences in the ideologies and actions of the unions themselves. During the 1980s, the presence of a relatively strong social democratic movement, better labor legislation, and the rejection of American-style "business unionism" by Canadian unions helps to account for why union density in Canada remains over double the American level.
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I wish to extend my deepest appreciation to Philip Resnick for his help related to this study. I count myself fortunate to have received his generous encouragement and support. Special thanks goes to Julie Hauf who, chapter by chapter, edited, suggested, encouraged, and generally created order out of chaos in the most tactful and patient manner imaginable.
The principal objective of this thesis is to account for the divergence that has occurred between the Canadian and American labor movements during the past three decades. From 1963 to 1983, the proportion of the American workforce that was unionized declined from thirty percent to twenty percent; during the same period, Canadian unionization rates increased from thirty percent to forty percent. During the 1980s, Canadian unions have, by and large, successfully defended their membership base; in contrast, American unions have declined at an accelerated pace.

Given the interconnectedness of the American and Canadian economies and the rough comparability of the industrial structures of each country, as well as the fact that Canadian unions have been dominated by their American counterparts since the early 1900s, how does one account for the striking differences in unionization rates since the mid-1960s?

The first chapter will examine the development of industrial unionism and the formation of the postwar capital-labor accord in the United States and Canada. In order to understand the characteristic traits of the contemporary labor movements, it is necessary to examine the formative period, 1930-1960, when industrial unionism
replaced craft unionism as the dominant form of trade union organization and when basic collective-bargaining rights and legal protection were granted to workers and their unions by the state in both countries. The chapter will then compare the role of the union movement in the new social contract established between capital and labor in the early postwar years.

The second chapter will describe and attempt to account for the divergent trends in union growth (or decline in the American case) that occurred during the 1960s and 1970s. It will argue that the major factors in explaining divergence between the Canadian and American labor movements include: differences in the political systems and cultures; differences in labor laws; and differences in the political outlook and ideological orientation of the union movements themselves. In Canada, the nationalist public-sector unions were the catalyst for membership growth and for "Canadianization" of the broader labor movement; by contrast, in the United States, public-sector unions did not have a similar effect on the broader movement (although they did account for most of the new organizing that occurred).

The third chapter will examine the course of the two labor movements during the turbulent decade of the 1980s. With the dramatic changes in the economic situation during the 1980s, the differences between the Canadian and
American labor movements have been brought to the forefront. Attention will be given to the restructuring of the economy and the alterations in the balance of power between capital and labor that have occurred in both countries and how the labor movements have responded to the changing conditions. Considering that both countries have experienced comparable restructuring of the industrial order, Canadian labor's success at maintaining its membership base is no small feat. Compared to European capitalist nations, the Canadian trade union movement is relatively weak; but given the North American political climate and the difficult times for labor in the United States, the Canadian trade union movement is relatively strong and I argue that its experience over the past two decades can be instructive to the American labor movement.
CHAPTER I

THE PRINCIPAL DEVELOPMENTS OF THE AMERICAN AND CANADIAN TRADE UNION MOVEMENTS BETWEEN 1930-1960

Introduction

The purpose of this chapter is to examine the principal developments of the Canadian and American trade union movements between 1930 and 1960—the period of the emergence and crystallization of the "New Deal" order. The birth of contemporary industrial unionism in the United States and Canada occurred in the 1930s and 1940s and the goal of independent organization, for which the "unskilled" and "semi-skilled" workers had devoted more than half a century of sacrifice and bloodshed, was finally achieved. The legions of workers in the mass production and resource industries won the right through coordinated struggle to bargain collectively and to form inclusive trade unions of their own choosing. In order to attain these new rights, however, organized labor had to abandon the historic and classic working-class objectives of political and economic control over factories and the system of production. To put it another way, socialism and independent political action were traded off by the industrial working class for economic rights. Nonetheless, given the political climate in North America, the gains made by Canadian and American workers
represented a significant achievement. In this chapter we will examine the macroeconomic factors that shaped the industrial union movements of the two countries and then examine the development of American and Canadian labor law and the impact of the legal and administrative structures on the course of the two movements.

The Structure of the Economy and the Rise of Industrial Unionism

The industrial union movement that emerged in the United States and Canada during the 1930s and 1940s was fundamentally shaped by three historical circumstances, including: 1) the dramatic changes in the structure of the industrial economy during the initial decades of the twentieth century; 2) the resultant obsolescence of craft unionism, which served as the primary form of labor organization prior to the 1930s; and 3) the economic collapse of the Great Depression. These factors compelled Canadian and American workers to seek new forms of organization to advance their interests.

By the 1930s, the structures of the American and Canadian economies had rendered the exclusionary craft unionism of the American Federation of Labor (AFL) obsolete. The nature of the labor force had changed dramatically since the birth of the AFL in the late nineteenth century; no longer was the organization of workers strictly by skilled craft capable of advancing the interests of mass production
and resource extraction workers in the primary and secondary manufacturing industries.\(^1\) As the outgrowth of economic developments and shifts in the business community toward a consumer-based economy progressed, the need for a new organizational model of trade unionism became readily apparent. By the time of the Great Depression, craft unionism had run its historical course. The majority of workers in the newly automated, mass production industries, such as auto and steel, were simply excluded from the craft union structure.

During the early 1930s, unemployment, wage cuts, and bitter working conditions radicalized tens of thousands of workers consigned to the bottom of the occupational structure. The legacy of defeat and destruction of workers' organizations after World War I had persisted in the 1930s; American workers, however, now believing Congress was on their side, proceeded to breathe new life into established unions, e.g., in coal and clothing. They joined hastily chartered AFL federal locals in the auto, rubber, and electrical industries, created an independent rank-and-file movement in the steel industry, rebelled within and transformed many company-sponsored unions, and joined Socialist- and Communist-led councils of the unemployed.\(^2\) In short, the expansion of primary and secondary manufacturing industries, the shift in the business community toward a consumer-based economy and the economic
collapse of the Great Depression served to radicalize the industrial labor movement. Meanwhile, lawmakers in the United States (beginning in the 1930s) and Canada (in the 1940s) moved to stem the growing social unrest by passing pro-labor legislation, which in turn fueled large-scale organizing drives and heightened labor militancy as workers took advantage of the improved legal structure.

Craft unionism—the organization of workers by skilled craft—had by the 1930s been rendered obsolete, for it was not suited to an industrial structure made up of an increasing percentage of mass production workers who had to endure harsh working conditions and poverty-level living standards. In the American situation, workers (particularly in the auto and steel industries) initiated organizing drives on an industry-wide, rather than strictly skill, basis, paving the way for the emergence of the Congress of Industrial Organizations (CIO).

Although initially the CIO practiced broad "social unionism" in countering the hegemonic position of corporate power, the model of trade union organization eventually adopted by the CIO leadership simply extended the model of the AFL to cover a wider spectrum of the working population. Just as the emphasis of the AFL had been on bargaining on behalf of skilled workers for higher wages and better working conditions, so too would the emphasis of the CIO unions be on one basic function: contract bargaining.
"Social unionism" was abandoned when it was realized that strict contract bargaining could be used as a tool to attract new workers into the unions as well as to convince existing members that increases in living standards and improvements in working conditions depended upon negotiation of contracts with the companies. In short, the idea of politicized unionism more akin to the European tradition was dropped and the tradition practiced by the AFL was maintained. The major difference, to reiterate, was that the CIO went about organizing workers not by occupation, but by facility or groups of facilities in one industry, and this was done on a national level. This new model of organization was, as we shall see, institutionalized by Canadian and American labor law and, in spite of its limited function of contract bargaining, became a powerful weapon for workers on both sides of the border in countering corporate power.

The specific pattern of Canadian economic development during the period under consideration was structured around staples production and its linkages. This led, as Mel Watkins writes, "to a unique pattern of capital and class formation" which established "Canada's place in the world" and subsequently distinguished its economy from the American.

The Canadian economy has always been heavily influenced by the American. Canada's industrialization
during the latter part of the nineteenth century was affected by the northward expansion of large American mining and manufacturing corporations. Canada was where many American corporations undertook their first foreign endeavours, as they raced to set up branch plants to avoid a high tariff wall erected in 1879. The sectors in which American corporations were most active included the utility sector, the mining industry, and, after World War II, the petroleum industry. Manufacturing became the main area of concentration of American capital as the "forward linkages" of staples production were developed. For example, large American investments were made in automobile manufacturing, chemical production, and electrical industries. By 1932, subsidiaries of American corporations accounted for nearly one-fourth of the gross value of manufacturing production in Canada; about half of all direct American foreign investment in Canada by 1945 was in manufacturing, as Table I indicates.

The "Americanization" of the Canadian economy during the 1920s, 1930s, and 1940s reflected the emergence of the new mass-production consumer-goods industries as the Canadian business community shifted toward a consumer-based or "Fordist" economy. The period witnessed increasing expenditure on a wide range of consumer goods, ranging from automobiles and radios to household appliances and furnishings, and to entertainment commodities.
Table I: Foreign Control in Canada, Selected Years 1926-1977*

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**Oil and gas industry data were included in mining before 1954.**


Given the interconnectedness of the two North American economies, it is hardly surprising that the emergence of industrial unionism in Canada paralleled its emergence in the United States. At this point, it is necessary to examine in closer detail the development of labor law in the two countries and the institutionalization of single-function contract bargaining unionism as the predominant form of organization.

The Legal and Administrative Structures of American Labor Law

It was the legal and administrative structures of labor law that institutionalized the single-function unionism adopted by the Congress of Industrial Organizations (CIO) leaders in the 1930s and 1940s. The first major
legislative victory for American workers was the Norris-LaGuardia Act of 1932, also known as the "Anti-Injunction Act." Worker actions prior to the 1930s were subject to being enjoined by federal courts, but the Norris-LaGuardia Act for the first time restricted the power of the courts to issue injunctions in labor disputes. The act stated that:

No court in the United States shall have jurisdiction to issue any restraining order or temporary or permanent injunction in any case involving or growing out of any labor dispute to prohibit any person or persons participating or interested in any such dispute . . . from doing, whether singly or in concert, any of the following acts . . . .

The acts protected included strikes, union membership, picketing, paying or receiving strike benefits, and boycotts.

The Norris-LaGuardia Act had its weaknesses and contradictions. For example, the act prevented injunctions in labor disputes that were not considered to be "beset by violence or fraud," but it said nothing about the legality of worker actions, including strikes, pickets, and boycotts. The act stated that when these actions were considered to be part of a "labor dispute," an injunction could not be issued by a federal court. Governments at both the state and federal levels declared several types of strikes, pickets, and boycotts to be illegal, therefore limiting the number of employer/employee conflicts that were even considered to be "labor disputes." Thus, in many cases, worker actions were not afforded legal protection.
The impact of the Norris-LaGuardia Act was "pro-labor," but the underlying philosophy was more "laissez-faire." Michael Yates has noted that the act "allowed unions and employers to fight it out without legal restraints and assumed that this somehow created an equality between them." The act, however, did not establish equality of bargaining power between labor and management, nor did it protect workers from employer assault. The Norris-LaGuardia Act, according to Yates, has:

... curtailed the use of injunctions and outlawed yellow dog contracts but it did not protect workers from firings, blacklists, espionage, strikebreaking, goon squads, company unions, company policy, refusals-to-bargain, and so forth.

The passage of the Norris-LaGuardia Act signifies a crack in the united front of business and the state against labor and was an affirmation of the ability of labor to effect change in government policy. The Congress passed the act with the intention of stemming the labor insurgency and growing class conflict, but, instead, workers took advantage of their victory and expanded their militancy.

The National Recovery Act (NRA) of 1933 resulted in an explosion of union recognition strikes and marked the beginning or "original rebellion of the unorganized proletariat" in the United States. The industrial uprising which began that year was not primarily concerned with wages, or even with working hours, but instead with non-economic issues. In a majority of strikes the
fundamental grievance was often over the specific environment of the workplace, including the "petty despotism . . . incarnated in the capricious power of the foremen and the inhuman pressures of mechanized production lines." Business leaders in the early 1930s regarded industrial unionism as a movement with "dangerous embryonic proclivities," and felt threatened by the growing worker unrest.

The most outward manifestations of the new insurgent unionism occurred in Minneapolis, Toledo, and San Francisco, where local radical labor movements engaged in quasi-military confrontations with government troops and extralegal forces during strikes. In Minneapolis, conflict erupted after Teamster members in the local coalyards went out on strike demanding various improvements. The strike caught employers off guard and, due to the relatively unique industrial-style union of the Teamsters, which included workers in businesses ranging from department stores to meathouses to oil and gas companies, the strike had a sharp impact on the local economy.

As the strike progressed, battles broke out between police and unionists. Recognizing the militant "embryonic proclivities" of the Minneapolis labor movement, the governor of the state (who initially had supported the strikers) declared martial law and summoned the National Guard after a funeral for a slain picketer drew 100,000
people. But even the National Guard with all its military hardware was unable to put an end to the strike and eventually business and the government capitulated and gave in to the original demands of the strikers, a victory that would have been unheard of just a few years earlier.\textsuperscript{15}

The Minneapolis Teamsters' strike was a telling manifestation of the polarization of class forces occurring in the United States. The period from 1933 to 1937, as Mike Davis has written, was "arguably the highwater mark of the class struggle in modern American history."\textsuperscript{16} Recognizing the deepening militancy and radicalization of the working class, Congress drafted legislation to legalize and protect trade unionism and to recognize labor as a "co-partner in production." Their efforts were aimed at cultivating peace in the production process and at stemming worker radicalism in order to save American capitalism from ruin.

Congress included a section in the National Industrial Recovery Act (NIRA) which stated that "workers have the right to organize and bargain collectively through representatives of their own choosing and be free from the interference, restraint, or coercion of employers of labor." The NIRA also stated that business could collectively fix prices, wages, and market shares in order to stabilize the economy.\textsuperscript{17} The act was an attempt by the state to "level the economic playing field" for American capitalists during the Depression years. Organized labor, however, was
reluctant to go along with this scheme, or any other, until workers were granted fundamental legal protection to organize and bargain collectively.

The NIRA was passed by Congress in the face of bitter opposition from business. Not only did Congress not leave out the section giving workers the right to organize and bargain collectively, as employers had insisted, but it added provisions to the act that banned child labor and mandated maximum hours and minimum wage. Given the enormous opposition from business, this was no small feat. It appeared again that labor had won a major legislative victory.

The initial celebration of the workers over the passage of the NIRA, however, proved to be premature. Because Congress had failed to include any means of enforcing the act, employers simply ignored it, and finally the pro-business Supreme Court declared it unconstitutional in 1935. A short time later, Congress took definitive action and passed the National Labor Relations (Wagner) Act (NLRA), the most significant labor legislation ever won by American workers.

Specifically, the NLRA gave workers the right to "organize and bargain collectively through representatives freely chosen by a majority and engage in concerted activities for their mutual aid and protection." The act established the National Labor Relations Board (NLRB) whose
three primary duties are to: conduct union representation elections; to determine which management acts are unfair labor practices; and to decide remedies for violations of the act. Unfair labor practices included any interference by employers to deny or discourage workers' rights to organize and join a union, usage of company unions in place of unions chosen by workers, and the refusal of an employer to bargain collectively with the representatives of his employers. The act outlined the process by which workers choose the union they want to represent them. The NLRA and its subsequent amendments became the statutory basis for American labor law, around which the capital-labor accord and liberal/Keynesian welfare state were constructed. The major purpose of the NLRA was to establish a collective bargaining system wherein labor and management would supposedly have equal power so that the production process could be carried out with limited interference. 18

Closer examination reveals that the NLRA was not an unmitigated victory for labor. The National Labor Relations Board (NLRB) was established to determine unfair management practices and as a means to determine and draft remedies, yet it was not given power to enforce its remedial orders and instead must rely on the courts to do so, which can be an extremely slow and tedious process. Furthermore, history has demonstrated that the courts are usually quite hesitant to severely penalize an employer which does not
obey an NLRB decree. It is not uncommon, in fact, for NLRB hearings to take months or even years, and an employer's illegal act is not changed until a decision is rendered. The weakness of the NLRB has encouraged employers to ignore the act and to pay off what minimal fines might occur in the future.

The passage of the NLRA in 1935 helped to defuse worker militancy by channelling conflict into strict legal and bureaucratic procedures. The new laws discouraged more direct worker action such as organizing and wildcat strikes. Essentially, the act served to institutionalize the single-function "business" unionism adopted by the CIO leadership and effectively stripped labor of much of its power.

Nonetheless, in spite of its limitations, the NLRA was a positive development in that it finally legitimized and legalized the right of labor to bargain and, for the first time, it put the American government on the side of workers. Organizing workers in the United States prior to the NLRA was an extremely difficult process. The 1920s had been a disastrous period for the trade union movement and yet a decade later workers were able to pressure the state into forcing capital to bargain on more equal footing with unions. Without the protection of the NLRA, the labor movement simply would not have been able to expand as it did during and after World War II. And, had the house of labor
not been so badly divided when the act was passed, it is likely that even greater unionization of the workforce would have occurred. Nevertheless, between 1936 and 1954, union membership as a percentage of non-agricultural workforce surged from 13.7% to 34.7% (see Figure 1 on page 38).\textsuperscript{22}

One of the reasons capital was able to keep union membership from rising higher than it did was due to the split between the craft-oriented American Federation of Labor (AFL) and the industrial Congress of Industrial Organizations (CIO). Furthermore, the CIO itself was split between those who saw it as an independent political force and those who viewed it as a pressure group within the Democratic Party. Still, organization of over one-third of the American workforce was not insignificant. The major increase in union density occurred between 1933-1937 and then again during World War II.

Following the war and buoyed by huge wartime profits, business launched a frontal assault on the labor movement and the NLRA, its crowning victory coming in June of 1947 with the passage of the Taft-Hartley Amendments, the most blatantly anti-labor legislation ever passed in the United States.

Among the more important provisions of the Taft-Hartley Amendments were the following: 1) the closed shop, by which an employer can hire only union members, is illegal; and 2) the union shop, by which all workers must
join the union within some period of time but need not be members when hired, is illegal in the so-called "right-to-work" states, whose laws prohibit making union membership a condition of employment under any circumstances. These two provisions seemed to have little effect on organized labor during the 1950s, but later proved to be particularly damaging to the ability of a union to organize. The right-to-work states in the 1970s and 1980s "have allowed American capital a unique internal mobility, leaving a vast economic space for the evolution . . . and crystallization of new non-union sectors." Furthermore, Taft-Hartley prohibited the use of sympathy strikes and secondary boycotts. For example, it is illegal in the United States for carpenters to strike in support of steel workers. It is not illegal, however, for an employer to lockout employees who belong to a union that is waging a strike at another business. The practice of secondary boycotts, whereby a union tries to get a third party, such as suppliers, other workers, or the general public, to stop dealing with a targeted employer, was made illegal.

Jurisdictional strikes were outlawed by Taft-Hartley. These are strikes called by a union seeking to get employer attention when it is competing with another union to represent the workers involved. Picketing in support of sympathy strikes, secondary boycotts, or jurisdictional
strikes was also outlawed. Further, it is considered an "unfair labor practice" for a union to charge excessive or discriminatory fees or dues, a provision which greatly regulates the internal affairs of a union.

Another important element of Taft-Hartley is that it granted employers broad "freedom of speech" in their relations with workers and unions. For example, during certification elections, which are called after a majority of workers express an interest in forming a union, employers are allowed to use all the resources they have to propagandize against the union and to attempt to sway employee sentiment against the organizing drive. Michael Yates has noted that the American certification election is seen to be just like a political election between Democrats and Republicans. This analogy is false. For one thing, the two political parties face each other as equals, but employers always have the advantage of ownership, and any hostile campaign comments can be expected to make at least some workers fearful for their jobs. Second, in a political election, the victor gets to make rules, to exercise real control. A union, however, wins only the right to represent workers in collective bargaining; the employers' ownership rights are not reduced at all.25

Other important provisions of the act included legal restrictions imposed on the unions during "national emergency" disputes. The President was authorized to declare any major strike a "national emergency" and to order a federal court to issue an injunction to stop the strike for an eighty-day cooling-off period (during which time
business can muster its resources and attempt to sway public opinion in favor of the injunction).

The Taft-Hartley Act once again permitted the broad use of federal court injunctions in labor disputes, essentially gutting the Norris-LaGuardia Act. In addition, employers were given the right and even encouraged to sue unions in court for alleged losses which occur as a result of illegal strikes or boycotts. This provision has made unions extremely cautious about taking any action which might violate a contract.

In summary, the passage of the Taft-Hartley Amendments was "a symbol of the shifting relationship between government and unions during the 1940s." The act marked the return to the repressive labor legislation of the pre-Depression years and a return by capital to aggressive anti-unionism. The collapse of the American labor movement in the 1980s can at least in part be explained by the repressive legal implications and anti-union ideology of the Taft-Hartley Act, as American businesses have taken advantage of the laws and provisions to wage a frontal assault on their opponent.

The last significant labor legislation passed in the United States was the Landrum-Griffin Act of 1959, informally known as the "Labor Reform Act." This measure further strengthened the restrictions Taft-Hartley placed on the internal procedures of unions by establishing a so-
called "bill of rights" for union members and by requiring that unions provide detailed financial and internal operations reports upon demand to the Secretary of Labor.\textsuperscript{28}

The Legal and Administrative Structures of Canadian Labor Law

The first major attempt toward developing a comprehensive industrial relations system in Canada was the 1907 Industrial Disputes and Investigation Act (IDIA). The IDIA served as the statutory basis for Canadian labor law well into the 1940s and has had a lasting impact on Canadian industrial relations.

The act was drafted by Deputy Minister of Labor Mackenzie King as a measure to "moderate and contain" class conflict. The government perceived the staples-based economy as being "especially vulnerable" to strikes and disruptions and was compelled to develop a comprehensive industrial relations system to ensure smooth production.\textsuperscript{29}

Mandating compulsory conciliation in labor-capital disputes, the IDIA "suspended conflict" by making strikes and lockouts illegal until a tripartite board, made up of representatives of business, government, and labor, could issue a resolution proposal. The ad hoc suspension of hostilities and compulsory conciliation initiated by the 1907 IDIA have become trademarks of Canadian industrial relations and have also influenced American lawmakers who fashioned the NLRA in 1935. Although the IDIA only applied to "key industries"--
transportation, mining, and public utilities—it set the tone for labor relations in general.

The major role of the Canadian state under the IDIA was to act as an "impartial mediator" in capital-labor disputes. Initially the largest labor organization in Canada, the Trades and Labor Congress (TLC), supported the act before soon discovering that actual state practices under its rubric were, as Leo Panitch has noted, "filled with coercive implications and restrictions on freedom of association, including the right to strike."\(^{30}\)

Although passage of the IDIA in 1907 demonstrated that the workers could bring about change in state policy, the act hardly addressed the important issues arising out of the changing capitalist economy. Stuart Jamieson has remarked that the IDIA probably "delayed the evolution in Canada of mature collective bargaining" because the precedent was established where mediation boards "used the disputes settlement strategy of arranging agreements between employers and committees of their employees instead of with bona fide unions."\(^{31}\) True power, in other words, remained fully in the hands of capital.

In 1925, an important court case was decided that effectively transferred jurisdiction over labor relations from the federal government to the provinces, leaving Canada with one of the most decentralized collective bargaining structures of any Western country. The Judicial Committee
of the British Privy Council ruled in the Snider Case that labor relations was a "contractual matter" and therefore fell under the "property and civil rights" clause of the British North America Act (BNA).\(^{32}\) As a result, the provinces were left with legislative responsibility for over ninety percent of labor contracts. In spite of this enormous provincial freedom in deciding labor policy, it was "the influence of federal policy which held sway for most of the twentieth century."\(^{33}\) Nonetheless, the 1925 decision had lasting impact on the course of industrial relations in Canada by limiting the ability of Parliament to forge a "national labor policy."

In some contrast to Roosevelt's New Deal, the Canadian government was slow to respond to the economic collapse of the 1930s and offered only mild palliatives to stem growing class conflict. The Canadian response to the crisis of capitalism in the 1930s resulted in fewer reforms and political breakthroughs than elsewhere. As Philip Resnick writes:

The Bennett government spent its first four and a half years in office trying to downplay the severity of the Depression. Imperial preferences were established in 1932, to little avail. Expenditures were carefully controlled, while many of the single unemployed were herded into work camps. When some of these objected and organized the On-to-Ottawa Trek of 1935, they were stopped at Regina. Then, in a deathbed conversion to reform in 1935, the Conservatives attempted to introduce bits and pieces of the New Deal into Canada . . . . The Liberals under King had little more to offer . . . . There was a little more vitality in some provinces, with long standing party patterns coming unstuck. The 1930s saw the emergence of the CCF and Social Credit,
and the Union Nationale in Quebec. But here too, promises and reality seldom jibed . . . .\textsuperscript{34}

In spite (or because) of the lack of response from the Canadian government to the growing crisis, workers increased their militancy. Inspired by the success of the sitdown strikes in the United States, workers at the GM auto plant in Oshawa, Ottawa greeted an announcement of a production speed-up with a sudden and unexpected strike. In the absence of the kind of legal backing represented by the Wagner Act, it was extremely difficult for the new CIO unions to establish themselves in the Canadian environment, but, in spite of the obstacles, workers at the Oshawa plant still managed to win every substantive demand, from a forty-four-hour week to a clause promising no discrimination against union members.\textsuperscript{35}

Between 1936 and 1939, union membership as a percentage of the non-agricultural workforce more than doubled in the United States, from 13.7\% to 28.6\%, but grew only slightly in Canada, from 16.2\% to 17.3\%.\textsuperscript{36} The failure of industrial unionism to organize a greater percentage of the workforce in the late 1930s can be largely attributed to the absence of basic legal protection. It was the 1940s that proved to be the crucial period for the rise and recognition of industrial unionism in Canada and for the subsequent formation of the liberal/Keynesian state.

With the onset of the war in 1939, the Canadian economy underwent tremendous expansion. Most unionized
sectors of the industrial structure were directly involved in the war effort and there were numerous strikes and disruptions—more than at any time since 1919. It was in this context of rising output, consumption, and militancy on the economic front that a vital transformation in Canadian labor relations occurred over the years 1939-1948.37

In response to growing incidences of strikes and disruption in the early 1940s, federal and provincial governments in Canada passed legislation which strictly focused mostly on "the wage question" and did little to shift the relationship between capital and labor. Order-in-Council PC2685 did go as far as to argue that "fair wages and conditions for workers should be encouraged, along with the right to freedom of association," but employers simply ignored the argument. As the war progressed, workers were striking not over wages, but rather over union recognition. To ensure smooth wartime production and to cultivate labor peace, the Canadian government finally went about "Wagnerizing" its labor law in 1944 with the introduction of PC1003.38

The major factors prompting government action were growing labor unrest, class conflict, and the emergence of the Cooperative Commonwealth Federation (CCF). Modeled on the major principles of the American NLRA, PC1003 provided most private sector employees with the right to union representation and collective bargaining, and established a
code of unfair labor practices primarily intended to prevent employers from interfering with the right of employees to union representation. Canadian employers were required to negotiate with those unions that had been elected and certified by the employees. Furthermore, PC1003 established a labor relations board to administer the law.

In some contrast to the American model, the IDIA influence was present in PC1003, as revealed in the inclusion of provisions for compulsory conciliation before legal strikes and the banning of strikes and lockouts during the tenure of an agreement as the contract itself became legally enforceable. The provision calling for compulsory conciliation in PC1003 has had lasting impact on Canadian industrial relations.

The tenor of the new industrial relations system in Canada was summarized in the famous 1946 ruling of Justice Rand on industrial security:

This is machinery devised to adjust, toward an increasing harmony, the interests of capital, labour, and public in the production of goods and services which our philosophy accepts as part of the good life; it is to secure industrial civilization within a framework of labour-employer constitutional law based on rational economic and social doctrine . . . .

PC1003 was a temporary measure designed to last only for the duration of the war. The passage of the 1948 Industrial Relations and Disputes Investigation Act (IRDIA) by Parliament, accompanied by similar provincial legislation, ensured the survival of the wartime gains of
labor by making "permanent" the provisions of PC1003. At that point, Canadian workers had every reason to believe their hard-fought gains would expand gradually to cover other workers. The expansion of the liberal/Keynesian welfare state entailed a large increase in the number of public-sector workers and it was thought that these workers would gain legal rights as well. Also, in some contrast to the experience of labor in the United States, Canadian labor outside Quebec in the early years of the postwar period did not experience as repressive a business/state backlash, and the gains of PC1003 remained largely intact. The right-to-work provision of Taft-Hartley, for example, has had a profound impact on the organizing ability of labor in the United States; this provision has proved to be an important difference between the two legal systems.

In contrast to the experience of labor in the United States, Canadian labor during the postwar years established itself as a political force by eventually forging ties with the New Democratic Party (NDP). There had been links between the Canadian Congress of Labor (CCL) and the Cooperative Commonwealth Federation (CCF) dating back to World War II, but none between the Trades and Labor Congress (TLC) and the CCF. Whereas in the United States the leadership of the industrial unions had an effect on the nature of the Democratic Party in the northeast and Pacific Northwest, the orientation in Canada was different. By the
1960s, Canadian labor had become an integral component of the social democratic movement and, in the process, attained a much higher degree of political representation of its short- and long-term interests than its counterpart south of the border.

In spite of the gains made by labor in Canada during the 1940s, the 1950s proved to be a decade of limited growth for labor. Between 1948 and 1960, union density in Canada hovered around the thirty percent mark. "The organized working class," as Bryan Palmer has written, "appeared to have reached a new plateau of authority and power . . . ."42 As the economy expanded, Canadian union leaders focussed their energies on securing better wages, conditions, and benefit agreements. Contract bargaining became the trademark of the Canadian labor movement as well.

**Conclusion**

The period between 1930 and 1960 can be described as the "formative period" for contemporary labor in North America. The United States and Canada both adopted liberal/Keynesian labor law which served three primary functions: 1) to legalize trade unions and collective bargaining and to contain class conflict through close regulation of trade union activity; 2) to restrict worker action to the narrow goal of contract bargaining; and 3) to promote and institutionalize the labor-management
relationship, which served to distance the rank-and-file from the operation of the union.

Organized labor in effect traded political independence for economic rights, as a major section of unionized workers in the crafts, construction, and basic industries was incorporated into the advanced capitalist order under a system of collective bargaining. The Keynesian solution for the ills of capitalism represented a move towards corporatism, or social bargaining. The success of this structurally rearranged social system was underwritten by a new era of American imperial expansion. In the years following the war, state and corporate planners believed that the great battle to redistribute the national income would never have to be fought. Rather, the income of all sectors could be increased by enlarging the national income (primarily through expansion of overseas markets). Both Canadian and American workers benefitted from the expanding North American economy, and, during the 1950s and early 1960s, the two labor movements seemed to be in a fairly good position.

As John Kenneth Galbraith observed in 1952, however, "There is no reason . . . to suppose that this . . . favorable situation is either inevitable or immutable. On the contrary, there is reason to believe that it is not." Indeed, the restructuring of the capitalist industrial order that began in the 1960s would have important ramifications
for American and Canadian economic success and for the trade union movements.
CHAPTER I NOTES


2Barbara Ehrenreich, "Labors Lost," Atlantic, September 1987, p. 100

3Ibid.


6Jorge Niosi, Canadian Multinationals (Toronto: Between the Lines, 1985), p. 36.


8Ibid.

9Ibid., p 21.

10Ibid.


12Ibid., p. 55.

13Ibid.


15Davis, p. 163.

16Davis, p. 52.

18 Yates, p. 22.

19 Ibid.

20 Davis, p. 233; also Yates, p. 24.

21 Moody, p. 19.


24 Davis, pp. 59, 137.


27 Goldfield, pp. 32-33.

28 Yates, p. 34.


33 Shields, p. 356.

35 Morton and Copp, p. 160.

36 Huxley, et al., p. 118.


39 Shields, p. 357; Riddell, p. 8.

40 Shields, p. 354.

41 As quoted by Panitch and Swartz, p. 19.

42 Palmer, p. 252.

CHAPTER II

THE DIVERGENCE OF CANADIAN AND AMERICAN LABOR, 1960-1980

The purpose of this chapter is to describe and account for the divergence that occurred between the Canadian and American labor movements during the 1960s and 1970s. Prior to 1963, union density in Canada largely paralleled that of the United States; but then between 1963 and 1983 the number of workers organized in Canada soared from 29.8% of the non-agricultural workforce to 40.0%, while in the United States the number decreased from 29.1% to 20.7% (see Table II). By 1983, the Canadian union-density level was nearly double that of the American.

How does one account for the divergence, especially considering the economic and social interconnectedness of the two countries as well as the fact that the Canadian labor movement was dominated by its American counterpart? As we have seen, the capital-labor accords reached in Canada and the United States during and immediately following World War II were broadly similar; the Canadian system was largely modelled on the American system, with industrial unionism institutionalized as the legitimate form of organizing. Organized labor during the 1950s in the United States was relatively strong, and every indication was that unionism
would continue to expand. The same was true for Canadian labor. Given these circumstances, what are the key factors that explain the diverging trends of the two North American labor movements?

In attempting to account for the divergence, several important factors must be taken into account, including: 1) differences in political culture; 2) differences in labor law; and 3) differences in the ideology and actions of the unions themselves.

A major factor in explaining divergence during the 1960s and 1970s is the differing political cultures and value systems of Canada and the United States. For purposes of this study, this factor constitutes the independent variable. Seymour Martin Lipset has written extensively on the distinctions between Canadian and American political cultures and the implications these distinctions have had for the two labor movements. He has argued that the differing value systems of each country—the "Tory-touched" conservatism of Canada versus the "Lockeian liberalism" of the United States—constitute a primary factor in accounting for the position of labor in Canadian and American society today.¹ Gad Horowitz has written that "the relative strength of socialism in Canada is related to the relative strength of toryism."² This chapter will examine these arguments and attempt to demonstrate that the different political cultures of the two nations did account for a
significant part of the divergence that occurred in the 1960s and 1970s.

Canadian labor law was generally modelled on the American system, but there were differences which have proven especially important since the 1960s. Legal specialist Paul Weiler and economists Richard Freeman and J.L. Medoff have argued that the more favorable legal environment for union organizing in Canada was a major factor behind divergence.³

The third factor this chapter will explore is the differing political actions of the unions themselves. Public-sector unions grew dramatically in both countries during the 1960s and 1970s. In Canada, they served as a vanguard in the formation of a more militant and independent trade union movement. Canadian public-sector unions were the principal force pushing the labor movement in a more radical direction.

Union Membership in the United States and Canada

The statistical data on union growth (or decline in the American case) constitute the most obvious indication that divergence has indeed occurred. As Figure 1 indicates, union density levels in the two countries paralleled each other until the mid-1960s, but then divergence began. Within twenty years, Canadian union density was nearly double that of the American.
The divergent trends in membership growth patterns have led many to speculate that the overall distribution of employment in each country and the manner in which the statistics were compiled account for the change. For example, it can be argued that if the large numbers of newly
certified, public-sector bargaining units in Canada were excluded, the figures for the private sectors in the two countries would show considerably less divergence. Noah Meltz, among others, has found that this is not the case. His detailed analysis of employment patterns revealed that by 1980 in virtually every sector of the two economies—private as well as public—Canadian union density was higher; furthermore, had the employment patterns been the same in both countries, Canada's union density probably would have been about ten percent greater.  

Another factor which might have affected union density was the structural changes in the composition of the labor force in the United States and Canada during the 1960s and 1970s. Specifically, shifts from manufacturing and transportation to services has meant that sectors of high union density have tended to decline while those of low union density have tended to increase. But, as Meltz has observed:

In both countries, had there been no other changes, the shift in employment towards trade, finance, and service employees would have lowered overall rates of unionization. A decrease did not occur in Canada because membership rates grew in these industries and remained unchanged in the others. A net decline occurred in the United States because the growth of unionization in trade, finance, service, and government was not sufficient to offset the declining rates of organization in the other sectors.

In short, neither changes in industrial structure nor the expansion of public-sector unionism solely accounted for divergence. Meltz's main point is that Canadian unions
succeeded in organizing sufficiently large numbers of workers in the growing sectors to overcome losses in older, more highly unionized sectors. In contrast, American unions failed to make adequate gains in the new sectors and suffered severe losses in traditional strongholds, such as manufacturing and construction. This divergence is reflected in Table II.

Table II: Canadian and American Union Densities, Selected Years 1960-1983*

<table>
<thead>
<tr>
<th></th>
<th>CANADA</th>
<th>UNITED STATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>32.3%</td>
<td>31.4%</td>
</tr>
<tr>
<td>1963</td>
<td>29.8%</td>
<td>29.1%</td>
</tr>
<tr>
<td>1966</td>
<td>30.7%</td>
<td>28.1%</td>
</tr>
<tr>
<td>1969</td>
<td>32.5%</td>
<td>27.0%</td>
</tr>
<tr>
<td>1972</td>
<td>34.6%</td>
<td>26.4%</td>
</tr>
<tr>
<td>1975</td>
<td>36.9%</td>
<td>25.3%</td>
</tr>
<tr>
<td>1978</td>
<td>39.0%</td>
<td>23.6%</td>
</tr>
<tr>
<td>1980</td>
<td>37.6%</td>
<td>N/A</td>
</tr>
<tr>
<td>1981</td>
<td>37.4%</td>
<td>N/A</td>
</tr>
<tr>
<td>1982</td>
<td>39.0%</td>
<td>N/A</td>
</tr>
<tr>
<td>1983</td>
<td>40.0%</td>
<td>20.7%</td>
</tr>
</tbody>
</table>


Many attempts to explain the decline of the American labor movement during this period have been based on highly empirical studies of structural and occupational changes in the economy. As we have seen, however, these explanations have proven to be inadequate. During the 1960s and 1970s, the Canadian economy became further integrated with the American economy, and labor unions in Canada remained dominated by their American counterparts. If structural and occupational factors were to account for the decline of union density in the United States, then certainly one would
have expected to see a similar decline in Canada. Studies comparing the American situation with various Western European nations also confirm that changes in industrial makeup and employment patterns cannot be viewed as primary causal factors for trade union decline in the United States.6

Table III: Union Membership Growth and Density in Selected Countries, 1961-1981*

<table>
<thead>
<tr>
<th>COUNTRIES</th>
<th>MEMBERSHIP (000s)</th>
<th>AS PERCENT OF WAGE AND SALARY EARNERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>1,895</td>
<td>2,437</td>
</tr>
<tr>
<td>Canada</td>
<td>1,447</td>
<td>2,231</td>
</tr>
<tr>
<td>Japan</td>
<td>8,154</td>
<td>11,684</td>
</tr>
<tr>
<td>Sweden</td>
<td>1,922</td>
<td>2,622</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>9,916</td>
<td>11,126</td>
</tr>
<tr>
<td>United States</td>
<td>16,303</td>
<td>21,327</td>
</tr>
<tr>
<td>West Germany</td>
<td>6,306</td>
<td>8,105</td>
</tr>
</tbody>
</table>


The Political Factor behind Divergence

The most significant factor in accounting for the divergent paths of Canadian and American labor since the early 1960s is the differing political cultures of the two countries. Comparing several other industrialized countries, especially Canada and the United States, sociologist Seymour Martin Lipset has concluded that the weakness of socialism and of trade unionism are associated. Lipset has argued that the undermining of social democratic forces unleashed by the Great Depression in the United States and their maintenance in Canada is a primary reason for the relatively weak labor movement in the south compared
to the strong movement in the north. Gad Horowitz has argued that socialism is stronger in Canada because of the relative strength of toryism and the different position of liberalism. He writes,

If the U.S. had maintained a close relationship similar to that of English Canada with Britain, that is, if the U.S. had been touched significantly with toryism . . . a viable social democracy could have developed.  

It has been argued that the third party alternative in Quebec and English Canada created the opportunity for Canadian workers to generate political pressure for better legislation. Although social democracy has never moved beyond being a third party movement, it has had an important impact on the dominant Liberal and Progressive Conservative parties, forcing the spectrum of political and social debate to the left. In contrast, American workers had no social democratic alternative and instead were forced to rely solely on the Democratic Party to articulate their interests.  

In Canada, labor's ties to the social democratic Cooperative Commonwealth Federation (CCF)/New Democratic Party (NDP) opened up many avenues toward achieving certain legislative goals that were not available to American labor. For example, the passage of PC1003 by a reluctant Liberal government in 1944 can be seen as an attempt to preempt a CCF victory at the polls rather than as a conversion to the principles of the American Wagner Act, reflecting the strength of the CCF.  

Similarly, former Prime Minister Lester Pearson's motives for extending
bargaining rights to federal employees in the mid-1960s were probably designed to steal a key labor platform of the NDP.10

In Quebec, the actions taken by the Liberal government to amend the labor code in 1964 and to extend the right to collective bargaining to the public sector can be seen as a reaction to the growing labor discontent that had preceded and helped fuel the "Quiet Revolution." The Parti Quebecois (PQ) came to power in 1976 advocating social democratic policies analogous to those of the NDP in English Canada and, in response to growing social unrest and labor militancy, moved to further amend the labor code by including strong anti-scab prohibitions.

Lipset has argued that American unions, with their collectivist orientation, have been uneasy participants in the conservative laissez-faire culture of the United States and that the social democratic tradition of Canada has been much more hospitable to unions.11 In addition, the more regional character of American politics and the division of power between the courts, legislature, and executive have given American employers (and government) many more avenues to stymie union growth which do not exist in Canada. In short, since the 1960s the Canadian political system has proved more amenable to union demands and to expansion of union membership than has the American.
The argument that the different political cultures alone account for the divergence, however, appears to explain more than it actually does. For example, some of the actions and policies of social democratic governments while in power during the 1960s, 1970s, and 1980s—namely the NDP in British Columbia and Saskatchewan and the PQ in Quebec—could hardly be described as having been in labor's best interest. These governments enacted back-to-work legislation or wage roll-backs in both the private and public sectors and often were guilty of pressuring labor leaders into clamping down on their members because strikes and disruptions were seen as electorally damaging.12

Lipset's argument tends to minimize the politics and actions of the unions themselves. Factors associated with cultural differences are certainly crucial in explaining the divergent membership trends during the 1960s and 1970s (and the contemporary situation in the 1980s), but they are only part of the story. The growth in union membership in Canada and decline in the United States during this period was also due in large part to the different legal regimes and different policies and organizing strategies of the labor movements themselves. The actions of the unions should be seen not only as reflecting the political culture, but also as causing it.

Nonetheless, for purposes of this study, the differing political cultures of the two countries can be
seen as the independent variable, the key determining factor in explaining divergence. We will now examine how the different legal systems of the two countries contributed to divergence and how the policies and actions of the unions themselves have affected the course of the two movements.

The Legal Factor in Divergence

Perhaps the most widely accepted explanation for divergence between the two North American labor movements has been the cumulative effect of the differences between Canadian and American labor laws. One particular aspect of the law—the certification model for union recognition—has been cited as the crucial difference that allowed Canadian unions to expand in the 1960s and 1970s while American union membership declined. Another factor was the activities of federal and provincial labor boards, which tended to promote unionization and collective bargaining as desirable objectives of Canadian public policy. In public-sector labor relations, it has been argued that Canadian labor law went further and gave public employees more power in their relations with government than did labor law in the United States.

With regard to the certification process, Paul Weiler has argued that the difficulties faced by American unions during the certification process has been a prominent cause for the declining success of organizing drives. In the United States, once it has been determined
that at least forty-five percent of employees are interested in joining a union, the National Labor Relations Board (NLRB) automatically orders a vote. This leads to a prolonged campaign during which the employer is allowed to attempt to persuade potential union voters to vote against certification. The right of the employer to express opinions is justified on the grounds of "free speech;" however, the discrepancy between resources available to the employer compared to the resources of the employees is not addressed in the law, and consequently the employer has a significant advantage in trying to sway the opinions of the employees.\(^{17}\) Weiler has asserted that this practice allows management unreasonable and unjustifiable opportunity to pressure and often victimize union supporters.\(^{18}\)

By contrast, the certification process in Canada tends to work to labor's advantage. In most jurisdictions a union is automatically recognized when it has fifty-five percent of the workers signed up.\(^{19}\) Elections are required only in cases where the union has forty-five to fifty-five percent of the workers signed.\(^{20}\) Furthermore, elections are normally held within five days, giving Canadian employers little time to mount an anti-union campaign.

As economists Richard Freeman and J.L. Medoff have shown, the different certification procedure appears to have led to a very different outcome in Canada than in the U.S. Whereas in 1957 unions had a larger share of workers in the U.S. than in Canada (33\% to 29\%), in 1978 the pattern was reversed due to the declining
percentage unionized of the U.S. While not all of the
differences in trend may be attributed to the difference
in laws, few would dispute the statement that the
Canadian system, by limiting the ability of management
to fight unions, has contributed to the comparative
stability of Canadian private sector unionism.\textsuperscript{21}

Another difference in the legal regimes of the two
countries that has often been cited for the divergence
during the 1960s and 1970s has been that in Canada the
adversarial system of collective bargaining was given
greater weight, thus benefitting the union process. The
categorical prohibition on strikes in Canadian
jurisdictions during an impasse--until there is an attempt
at conciliation by a public official and a finding by a
minister that further conciliation efforts will not remedy
the situation--has meant that unions have had to give
considerable notice before striking. It has been argued
that this requirement allowed for mutually supportive
interplay between union negotiators and members.\textsuperscript{22}

Another significant difference between Canadian and
American labor law concerns the rights of public employees.
During the 1960s and 1970s, collective bargaining rights
were extended to public workers in both Canada and the
United States. Not surprisingly, the greatest amount of
union growth and vigor in both countries occurred in the
public sector.

In Canada, however, the bargaining rights extended
to public-sector workers, while generally not as extensive
as those covering workers in the private sector, were more
extensive than those extended to their American counterparts. As Huxley, Kettler, and Struthers have written, "... the extent, scope, and conflictual character of public-sector unionization in Canada make the legal differences worth understanding." It was the militancy of the public-sector unions that sparked the expansion of union membership in Canada during the 1960s and 1970s. The public-sector unions in the United States did affect the general movement in the same manner, but not to the same extent. At this point, a closer examination of the extension of rights to public employees in each country is necessary.

In Canada, public-sector bargaining rights first appeared in Saskatchewan in 1944, but the major expansion occurred during the 1960s. Public employees in Quebec during the so-called "Quiet Revolution" managed to amend the province's labor code and to attain collective bargaining rights in 1964. Three years later, the Canadian Parliament passed the Public Service Staff Relations Act (PSSRA), which permitted employees of the federal government and its agencies to bargain collectively. This, in turn, encouraged the remaining provinces to grant their employees bargaining rights, although the range of issues that workers could bargain over varied from province to province.24

Prior to the 1960s, public employees in the United States were allowed to join unions but they could not force
their employers to bargain with them. As in Canada, public employees in the United States courageously defied the laws, striking illegally and shutting down critical public facilities.25

In 1962 President Kennedy issued Executive Order 10988 which provided some basic bargaining rights to federal employees. These were extended by another Executive Order under President Nixon in 1969. Although these orders improved the legal rights of federal workers, they did not go far enough. Further disruptions, especially by postal workers, eventually forced Congress to pass the Federal Service Labor-Management and Employee Relations Law in 1978, which replaced and improved upon the previous Executive Orders.26 The 1978 law established the Federal Labor Relations Authority to enforce it and a Federal Service Impasse Panel to resolve disputes. In contrast to Canadian legislation, however, American federal employees were not given the right to strike.

Similarly, most American states and local jurisdictions did not grant their employees the right to strike. State laws in the United States are anything but uniform, although there are some similarities in most of the laws. As Michael Yates has noted:

Ordinarily, a law grants some of all state and local public employees the right to join unions and bargain in some manner with their employers. Most likely it also prohibits certain union and management unfair labor practices similar to those outlawed by the NLRA. It will definitely contain restrictions on unions not found
in the NLRA, making it more difficult for unions to function effectively . . . . Second, public workers are invariably legally forbidden to negotiate union or agency shops. Therefore, a union which wins a representation election cannot be assured that every employee in the bargaining unit will pay dues or join the union . . . . Third, in states which permit collective bargaining for public employees, the laws forbid bargaining over matters of "inherent managerial prerogative." In practice, this means that public employees, many of whom provide important public services, cannot legally compel their employers to bargain over things which would affect the quality of public services . . . .

In short, the legal situation facing public workers in the United States is quite complex and confusing, and only a few generalities can be made: 1) there are strict limits or prohibitions on strikes; 2) public-sector unions have limited security compared to unions in the private sector; and 3) bargaining is not allowed on important issues.

The crucial difference between American and Canadian law is in the area of dispute resolution. As W. Craig Riddell has noted:

Canada's federal sector is marked by a unique feature that, should negotiations fail to produce an agreement, the employees' bargaining agent alone may select either the conciliation/strike or the arbitration route as the means for resolution of an interest dispute. The provinces tend to rely on binding arbitration as the ultimate method for resolving interest disputes in the public sector. Nevertheless, the Canadian system goes far beyond that of the United States in permitting the use of the strike weapon. While limitations on the right to strike do exist in Canada, they fall far short of the outright ban that is in effect for most federal and many state public-sector employees in the United States.28
In summary, there are important differences between Canadian and American labor law and these differences help to account for the divergent membership patterns of the two labor movements during the 1960s and 1970s. There are, however, problems with attaching too much significance to this factor. Most notably, it tends to slip rather too readily from establishing correlations between laws and union density—or changes in density—to asserting that there is a causal relationship which can be empirically demonstrated. One might ask, why are Canadian laws more favorable? There has to be a reason for the content of the laws. Labor laws reflect—at least in part—the balance of power between workers and their employers, as well as the politics of the wider society. They are not simply "just there."

The empirical evidence behind the argument that the more favorable legal framework in Canada fostered union expansion in the 1960s and 1970s is impressive, but it does not necessarily establish causation. It could just as easily be argued that the existence of a more favorable legal framework in Canada is a reflection of the strength of labor and not its cause. Take, for example, the experience of the labor movement in British Columbia. During the 1950s and 1960s, British Columbia unions faced reactionary labor laws, constant interference by the courts in labor disputes, and broad restrictions on picketing,
secondary boycotts and other strike-related tactics.\textsuperscript{29} Throughout most of the postwar period, however, union density in British Columbia was the highest in Canada.

Another example of how the legal framework came to reflect the strength of organized labor is the development of public-sector bargaining rights. The decision to grant public employees the right to strike and bargain collectively can be viewed as recognition that existing laws were not working and as a calculation that it was better to have legal controls which achieved more limited objectives than ones which were simply ignored.\textsuperscript{30} Leo Panitch and Donald Swartz have argued convincingly that, in passing these laws, federal and provincial governments have tried to shape the development of the labor movement so as to manage worker discontent more easily.\textsuperscript{31}

\textbf{The Impact of Public-Sector Militancy}

During the 1960s and 1970s the Canadian labor movement was more militant, more socially aware, more politically involved, and more class conscious than its American counterpart. Key factors behind this orientation were the actions and policies of the public-sector unions. Although American public-sector unions grew dramatically during the 1960s and 1970s, they failed to sustain their growth in the 1980s and had considerably less impact on the broader movement.\textsuperscript{32} Canadian public-sector unions have been a principal force in steering the labor movement in a more
radical direction, creating opportunities for a new kind of unionism in both the public and private sectors.

The roots of this transformation lie in the recent history of public-sector unions in Quebec.\textsuperscript{33} The struggle to achieve public-sector bargaining rights in Quebec began during the 1950s under the quasi-authoritarian, clericalist, and "anti-labor" Union Nationale government of Maurice Duplessis. By 1960, the previously confessionalized Quebecois labor movement had grown militant and radical, which was reflected in the change in name of the Canadian and Catholic Confederation of Labor to the Confederation des Syndicats Nationaux (CSN).\textsuperscript{34} The Liberal Party was able to wrest power from the Union Nationale in 1960 and, shortly thereafter, as part of its concessions to the new militant labor movement, enacted a new labor code granting full collective bargaining rights, including the right to strike, to almost all public employees in the province.\textsuperscript{35}

Meanwhile, postal workers throughout Canada staged numerous wildcat strikes demanding pay and benefit increases, and their actions encouraged other public-sector workers to seek better conditions. The Quebec developments, postal workers' activities, and the parliamentary position of the NDP convinced the minority Liberal government to extend bargaining rights to its employees; in 1967 the Public Service Staff Relations Act (PSSRA) was enacted.\textsuperscript{36}
During the 1970s, the CSN joined with the teachers' federation (Corporation des Enseignants du Quebec (CEQ)) and other public-sector unions in the Quebec Federation of Labour and launched the Common Front, which engaged in collective bargaining with the provincial government and ignited one of the most bitter and prolonged labor confrontations in Canadian history. The political orientation of the CSN and independent CEQ was more akin to the Marxist orientations of labor in France and Italy than to anything in North America. The radical direction of these unions caused the Canadian Labor Congress (CLC)-backed Quebec Federation of Labor to adopt more militant positions as well.  

The same pattern of public-sector unionism that arose in Quebec during the 1960s and 1970s could also be seen in the public-sector unions of English Canada. As we have seen, the militancy of Canadian postal workers had significant impact on national legislation. The rapid growth of Canada's largest union, the Canadian Union of Public Employees (CUPE), occurred as the result of repeated strike action and militancy throughout every occupational jurisdiction in the union's sprawling membership.

During the 1970s, government preoccupation with controlling inflation and the growth of state expenditures was an important factor in politicizing the public-sector unions. As the expansion of postwar capitalism drew to a
close, the state increasingly turned toward coercion, which in turn opened space for resistance to such coercion. By the early 1980s, the three largest unions in Canada were in the public sector and accounted for nearly one-third of the membership of Canada's largest union center, the Canadian Labor Congress (CLC).

Conclusion

The impact of public-sector militancy on the Canadian labor movement can be seen as a key factor in accounting for the divergence which occurred between Canadian and American labor during the 1960s and 1970s. As we shall see in the following chapter, it was the growth of public-sector unions and nationalism that provided the example and the catalyst for workers in the private sector to consider repatriating their unions.

2Gad Horowitz, Canadian Labor in Politics (Toronto: University of Toronto Press, 1987), p. 3.


5As quoted by Huxley, et al., p. 121.


10Ibid., pp. 253-254.

11Lipset, pp. 421-425.


13Legal specialist Paul Weiler is the most well-known proponent of this view.


Weiler, p. 1174.


Weiler, p. 1174.


Ibid. In British Columbia and Nova Scotia, elections are required in all cases.


Ibid., pp. 125-126.

Morton and Copp, p. 261.

Ibid.


Riddell, p. 18.


Panitch and Swartz, p. 36.

Ibid.

Huxley, et al., p. 125.
33 Morton and Copp, p. 267.


36 Panitch and Swartz, p. 25.

37 Palmer, pp. 261-265.
CHAPTER III

CANADIAN AND AMERICAN LABOR IN THE 1980S

This chapter will examine the course of the Canadian and American labor movements during the turbulent decade of the 1980s. In the face of major restructuring of its economy and the rise of neoconservatism, the American labor movement has lost twenty percent of its membership during this period alone. Meanwhile, the Canadian labor movement has been largely successful in maintaining its membership base. Union density in Canada has been more than double that of the American level for most of the decade. The most important development during the 1980s has been the growing separation of Canadian unions from their parent unions based in the United States and the resultant formation of an autonomous and fully independent labor movement in Canada. "Canadianization" is a dramatic indicator of the different political outlooks and ideological orientations of the two North American union movements.

The first section will examine the effects of neoconservatism and the changes in the economic structure on the American labor movement during the 1980s. This decade has been a disaster for trade unionism. Between 1981 and 1987, the American labor movement lost nearly four million
members. The first section will then examine the impact of the Reagan Administration's anti-unionism and the heightened employer resistance to union organizing and how the American labor movement has responded (or not responded, as the case may be) to these new challenges.

Table IV: Union Membership in Canada and the United States, 1978-1986*

<table>
<thead>
<tr>
<th>YEAR</th>
<th>TOTAL MEMBERSHIP (,000)</th>
<th>AS A % OF NON-AGRICULTURAL WORKERS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CANADA</td>
<td>UNITED STATES</td>
</tr>
<tr>
<td>1978</td>
<td>3,278</td>
<td>21,757</td>
</tr>
<tr>
<td>1981</td>
<td>3,487</td>
<td>20,647</td>
</tr>
<tr>
<td>1982</td>
<td>3,617</td>
<td>19,571</td>
</tr>
<tr>
<td>1983</td>
<td>3,563</td>
<td>17,717</td>
</tr>
<tr>
<td>1984</td>
<td>3,651</td>
<td>17,340</td>
</tr>
<tr>
<td>1985</td>
<td>3,666</td>
<td>16,996</td>
</tr>
<tr>
<td>1986</td>
<td>3,730</td>
<td>16,975</td>
</tr>
</tbody>
</table>


The second section will focus on the effects of neoconservatism and changes in the economic structure on the Canadian labor movement during the same period. Union density in Canada continued to rise through 1983, peaking at 40.0%, but then began to decline slightly, levelling off at approximately 37.7% during the last half of the decade. In spite of this decline, the Canadian labor movement has continued to be a stronger force compared to its American counterpart. The second section will then examine the major factors that have propelled Canadian affiliates toward autonomy, including the AFL-CIO's concessionary policies in response to the massive employers' offensive that began in the late 1970s, and the militancy of Canadian public-sector
unions, which have been in the vanguard of the transformation.

The Decline of American Labor in the 1980s

Just this year, a local I loved, one of the best in the country, disappeared—Local 72 of the Auto Workers, in Kenosha, Wisconsin, with 5,000 members. The Chrysler plant closed, and so did the local: the earth just swallowed it up. Just before that happened, the union called a rally. The workers stood outside the plant, and not knowing what else to do, they decided to scream. It was a scream so loud it could be heard in the Loop, 60 miles away. So a story said in the Chicago Sun Times.¹

The empirical evidence of accelerated decline in union membership during the 1980s is strong and consistent. In 1981, approximately twenty million American workers belonged to a union—about the same number as in 1970. By 1986, however, the number of workers who belonged to a union had dropped to below seventeen million—a twenty percent drop in just five years.² What makes the accelerated decline of American labor during the 1980s so striking is when it is viewed in a comparative context. The evidence displayed in Table V refutes the widely repeated claim that trade unions are in decline across the whole of the advanced capitalist world. Trade union experience of recession has been highly variable, but only in the United States has it reached crisis proportions. For the first time since the 1930s, the absolute number of union members has declined significantly (see Table IV). During the first half of the 1980s, union losses were quite substantial. In addition, the trend to major losses in traditionally unionized
Table V: Trade Union Density in 17 Advanced Capitalist Countries, 1979-1985*

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>DENSITY 1979 (%)</th>
<th>DENSITY 1985 (%)</th>
<th>CHANGE 1979-85 (%) POINTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denmark</td>
<td>86</td>
<td>98</td>
<td>+12</td>
</tr>
<tr>
<td>Belgium</td>
<td>77</td>
<td>84</td>
<td>+7</td>
</tr>
<tr>
<td>Sweden</td>
<td>89</td>
<td>95</td>
<td>+6</td>
</tr>
<tr>
<td>Ireland</td>
<td>49</td>
<td>51</td>
<td>+2</td>
</tr>
<tr>
<td>Austria</td>
<td>59</td>
<td>61</td>
<td>+2</td>
</tr>
<tr>
<td>Norway</td>
<td>60</td>
<td>61</td>
<td>+1</td>
</tr>
<tr>
<td>Canada</td>
<td>36</td>
<td>37</td>
<td>+1</td>
</tr>
<tr>
<td>Finland</td>
<td>84</td>
<td>85</td>
<td>+1</td>
</tr>
<tr>
<td>West Germany</td>
<td>42</td>
<td>42</td>
<td>0</td>
</tr>
<tr>
<td>France</td>
<td>28</td>
<td>28</td>
<td>0</td>
</tr>
<tr>
<td>Switzerland</td>
<td>36</td>
<td>35</td>
<td>-1</td>
</tr>
<tr>
<td>Australia</td>
<td>58</td>
<td>57</td>
<td>-1</td>
</tr>
<tr>
<td>Japan</td>
<td>32</td>
<td>29</td>
<td>-3</td>
</tr>
<tr>
<td>Italy</td>
<td>51</td>
<td>45</td>
<td>-6</td>
</tr>
<tr>
<td>Netherlands</td>
<td>43</td>
<td>37</td>
<td>-6</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>58</td>
<td>52</td>
<td>-6</td>
</tr>
<tr>
<td>United States</td>
<td>25</td>
<td>18</td>
<td>-7</td>
</tr>
</tbody>
</table>


industrial sectors was especially sharp between 1980 and 1984. For example, union membership in the American mining industry dropped from 285,000 in 1980 to 162,000 in 1984, the proportion of union members in the industry falling from 32.0% to 17.9%. The proportion of organized workers in manufacturing declined from 32.3% in 1980 to 24.8% in 1985, a twenty-three percent drop.3 Similar declines were noted in construction and transportation as well.

Not only have union losses in traditional strongholds continued apace during the 1980s, but organizing in the rapidly expanding private-sector services has been slow or nonexistent. The percentage of organized workers in health care, food preparation, clerical and kindred, and sales workers, for example, has remained low.4 The changing industrial structure of the American economy is having a
devastating effect on union membership. Note, for example, the dramatic and absolute declines in membership in the auto and steel unions. Moreover, as the service sectors expand, the percentage of unionized workers in these industries is declining (see Table VI).

Table VI: Percentage of Union Membership Among Wage and Salary Workers in the United States

<table>
<thead>
<tr>
<th></th>
<th>1980</th>
<th>1984</th>
<th>% DECLINE</th>
</tr>
</thead>
<tbody>
<tr>
<td>All industries</td>
<td>23.0</td>
<td>19.1</td>
<td>17</td>
</tr>
<tr>
<td>Private Sector</td>
<td>20.1</td>
<td>15.6</td>
<td>22</td>
</tr>
<tr>
<td>GOODS-PRODUCING</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mining</td>
<td>30.5</td>
<td>24.5</td>
<td>20</td>
</tr>
<tr>
<td>Construction</td>
<td>32.0</td>
<td>17.9</td>
<td>44</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>30.9</td>
<td>24.3</td>
<td>21</td>
</tr>
<tr>
<td>Durable Goods</td>
<td>32.3</td>
<td>26.5</td>
<td>18</td>
</tr>
<tr>
<td>Non-Durable</td>
<td>34.8</td>
<td>28.0</td>
<td>20</td>
</tr>
<tr>
<td>SERVICE-PRODUCING</td>
<td>28.5</td>
<td>24.2</td>
<td>15</td>
</tr>
<tr>
<td>Transportation, utilities, and communications</td>
<td>13.5</td>
<td>10.6</td>
<td>21</td>
</tr>
<tr>
<td>Wholesale and retail trade</td>
<td>48.4</td>
<td>39.6</td>
<td>18</td>
</tr>
<tr>
<td>Finance, insurance and real estate</td>
<td>10.1</td>
<td>8.2</td>
<td>19</td>
</tr>
<tr>
<td>Service</td>
<td>3.2</td>
<td>2.7</td>
<td>16</td>
</tr>
<tr>
<td>Government</td>
<td>8.9</td>
<td>7.2</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td>35.9</td>
<td>35.9</td>
<td>0</td>
</tr>
</tbody>
</table>


The Rise of Neoconservatism: The American Case

The rise of neoconservatism and of the New Right to power in the United States during the 1980s has greatly affected the trade union movement. The policies of the Reagan Administration, particularly during his first term of office from 1981–1985, shattered any illusion that the government structures of labor relations possess an institutional integrity or autonomy beyond the dominant ideological current of the day. Upon taking office, the Reagan Administration moved swiftly to reverse the policies of the principal state and judicial instruments of labor
policy, the Supreme Court, and the National Labor Relations Board (NLRB). In the process, the Administration created an executive and judicial framework that has been most conducive to the new accumulation strategies of capital. The judicial supports upon which industrial unionism has vitally depended for nearly four decades have been significantly weakened. Whether this is a temporary or permanent phenomenon is open to speculation.

It should be noted that the influence of neoconservatism in the United States was apparent by the mid-1970s, several years before the ascension of Reagan to power. The defeat of the Labor Law and Reform Bill in 1977 (and again in 1978) by a Democratically-controlled Congress attested to the growing influence of neoconservatism. The Labor Law Reform Bill was a mild reform that if passed would not have changed the main provisions of the Taft-Hartley Amendments, nor would it have had a major effect on business. The bill's main provisions called for speeding up unfair labor practice decisions, simplifying the union certification process, increasing the size of the National Labor Relations Board (NLRB), and providing for monetary fines against employers who refused to bargain. The bill basically would have given some clout to already existing laws. Although the bill did nothing to challenge the major anti-labor provisions of Taft-Hartley (including the rights
to work, free speech, secondary boycotts and injunctions), and overall was very mild, Congress rejected it—twice.

The defeat of the Labor Law Reform Bill symbolized the beginning of a heightened capitalist offensive against unions. In contrast to their counterparts in other developed countries, most American capitalists have never fully accepted the legitimacy of unions. Management resistance to unions has always been a trademark feature of American capital-labor relations, but since the late 1970s, American businesses have invested unprecedented amounts of resources into anti-union activity, and have been assisted by favorable policies from the courts, the executive branch, and the Congress.  

The first significant action of the Reagan Administration was the appointment of Raymond Donovan to head the Labor Department. Traditionally, Republican presidents have always awarded the office of head of the Labor Department to a representative of the construction trades. Donovan, however, was connected with the Teamsters and was known for doing business with organized crime. His appointment sent a clear political message to the AFL-CIO, who viewed the office of head of the Labor Department as traditionally being their own: the times had changed.

Donovan's tenure as Labor Department Head lasted until 1985 and the damage inflicted upon the labor movement during his time was substantial. The Justice Department,
for example, moved aggressively to reverse many labor reforms, particularly in the areas of affirmative action, regulations in the construction industry, and occupational health and safety. The experience of the Occupational Safety and Health Administration (OSHA), established to enforce safety and health standards in industry, was especially telling. During Donovan's tenure, safety and health regulations were lowered, and enforcement of OSHA standards was dramatically weakened. The Supreme Court made it considerably more difficult for OSHA inspectors to get search warrants, thus, in effect, physically preventing OSHA from enforcing standards. In short, the Reagan Administration, with Donovan as point man, made a mockery of this extremely crucial agency. Reagan's OSHA appointees believed that safety and health regulations should be justified on a "cost-benefit" basis. That is, the cost to the company or industry must be less than the benefits of regulation before it is justifiable. Such logic, according to Michael Yates,

... means basically that if regulation saves only a "few" lives and the cost is high, then the regulation must not be put into effect. Needless to say, business and its Reagan allies place very low value on the benefits of saved lives and better health! ... Reagan and company have targeted OSHA for destruction...

Meanwhile, the Reagan Administration turned the National Labor Relations Board (NLRB) into a bastion for neoconservative and New Right ideologues. The NLRB was
established by the Wagner Act in 1936 to mediate class struggle in certain key areas, notably the right to organize and to engage in collective action on the job. As vacancies opened, Reagan filled the chairs of the NLRB with ideological opponents of labor, including representatives of the Heritage Foundation (a prominent right-wing thinktank), the National Right to Work Committee, and the Business Roundtable. In 1983, Reagan appointed Donald Dotson to chair the NLRB. Under Dotson's leadership, the NLRB produced several decisions which made it increasingly difficult for labor to find redress through the law. During his tenure, the NLRB ruled against management in unfair labor cases only fifty-five percent of the time, compared to roughly eighty-five percent during previous Republican administrations. In cases involving union organizing efforts, Dotson's NLRB ruled in favor of employers seventy-five percent of the time, compared to previous rulings of thirty-six percent and forty-four percent. In the spirit of the Reagan Administration's deregulatory wishes, Dotson's contribution was a significant blow to organized labor.

An additional factor that worked against the labor movement was the support given to the reactionary NLRB by the Supreme Court. As Mike Davis has noted, the Burger Court lent "legal justification for the runaway shop and concessionary bargaining." In various rulings, the Court allowed employers to contract out work without bargaining
with unions, and supported their right to reopen contracts to demand concessions. Such legal rulings, in effect, encouraged the phenomenon known as "outsourcing," where management decides to cut costs by producing fewer components of a product in-house and purchasing these components more cheaply from outside suppliers. As Michael J. Piore and Charles F. Sabel have remarked, this is significant because "outsourcing" is predicted to be the dominant form of organization of the future. Given the current organizing woes of the labor movement, increased outsourcing is bound to cause further problems.

Shift in the Balance of Power

During the 1980s there has been a significant shift in the balance of power between capital and labor throughout the capitalist world, reflecting dramatic changes in the economic order. The most striking development in the United States has been the abrogation by management of the social contract that was reached between capital and labor during the 1930s and 1940s.

The restructuring of the American economy from the "Fordist" or mass-consumption model to a more competitive economic order has been a result of the emergence of international competition in a wide range of industries where American companies formerly prevailed. Other features of the transition to a more competitive economic order include the expansion of non-union economic activity and the
deregulation of financial markets and other key industries. These factors have compelled employers to experiment with new strategies for capital accumulation, usually including union busting and other "cost-cutting" measures. The economic conditions which made the social contract possible in both the United States and Canada for nearly three decades following World War II had, by the 1980s, collapsed.\textsuperscript{14}

The shift in accumulation strategy by corporate management in the face of the new economic reality has not been met with a corresponding change in the organizational structure of the labor movement, which has resulted in the shifting of power to capital. The consequences of this shift in power have been devastating. As Gary Fields has noted,

\begin{quote}
[t]he resultant shift in the balance of power has preempted the ability of trade unions to perform effectively the one function that gives meaning to trade unionism--contract bargaining. In its new role as administrator of concessions bargaining, the trade union movement has undermined the basis of its own existence. By shattering the ability of trade unions to pursue meaningful contract negotiations, the latest phase of capitalist development has not only made workers redundant but has brought trade unions to the brink of historical redundancy. Just as craft unionism had run its historical course by the time of the Great Crash, so too has industrial trade unionism now fulfilled its historic mission.\textsuperscript{15}
\end{quote}

Intensified management resistance to unions during the 1980s has been meeting with increased success in defeating attempts at new union organizing and in decertifying already existing unions. Another important
feature of the employer offensive has been the spread of concessionary bargaining. The crisis of accumulation in the 1980s has led management to take a new approach to the pattern of contract bargaining that had prevailed since the 1950s. Replacing the emphasis on labor peace has been a preoccupation with controlling costs, increasing productivity and deciding how, where, and with whom to produce a certain product.

One of the more symbolic events marking the new era of concessionary bargaining was the government bailout of the Chrysler Corporation. The United States Congress made passage of the bail-out bill contingent on concessions from the United Autoworkers Union (UAW), one of the largest and most powerful industrial unions in the United States. The UAW accepted broad concessions, including reduction in paid holidays and hourly wage cuts. In the end, Chrysler workers were about three dollars per hour behind workers at Ford and General Motors, introducing a new economic element in Big Three bargaining and shattering the pattern of bargaining that had been established four decades earlier.16

The recession of the early 1980s led to many similar experiences in other firms, including laying off workers, closing plants, restricting production, and resisting wage increases. Considering the magnitude of the recession, these moves were not surprising. Management reacted to the crisis as it had reacted to previous economic downturns
since 1945. It was presumed, however, that with the restoration of economic prosperity, the trade union movement might reasonably expect a return to the model of contract bargaining that had existed prior to the 1980s. That is, the first round of concessions in the 1980s were seen as temporary measures until the economic recovery could take hold.

The economic recovery that began in 1983, however, did not bring about renewed fortune for the labor movement; instead, management resistance intensified and concessionary bargaining expanded. For example, in the settlement between the United Steelworkers (USW) and the seven major steel firms, the union granted the steelmakers concessions worth nearly three billion dollars.\(^{17}\) Phelps Dodge, a copper mining company with several facilities in the Southwest, forced concessions on its employees (who then engaged in a bitter and ultimately unsuccessful strike). The Teamsters signed a Master Freight Agreement which included concessions. Even profitable firms such as Greyhound, the three major aerospace corporations, the major oil refiners, Hormel, and growing service industries, such as the hotel industry, have demanded and won concessions.\(^{18}\) The notion that concessions were a temporary phenomenon was no longer tenable. As Mike Davis has written:

Far from recovering their bargaining strength as the economy resumed growth, most unions experienced a virtual collapse of their wage power. The Reagan boom was the first upturn in modern American economic history
not accompanied by a substantial increase in wages. In the second year of the expansion, real wages were actually falling, as the three percent growth in compensation chased four percent inflation. Within a remarkably short period, the management offensive had achieved total flexibility in the real wage, thereby inadvertently weakening one of the main supports of mass purchasing power. The trend is likely to be a long-lasting one to the extent that larger wage patterns have been irreversibly fragmented.19

Concessionary demands, in fact, continued unabated through 1986 and 1987. Even in profitable industries, such as meatpacking, concessions continued to be the norm, demonstrating that the imperative of capital does not apply only to ailing firms.20

Another important phenomenon which has had an impact on the American labor movement has been the shifting of operations from the Northeast and the Midwest to the South, Southwest, and Mexican border. These non-unionized areas have stimulated capital flight from the unionized north central region in what has been the most rapid and large-scale shift in economic power in American history. The emergence of this non-union sector has reintroduced competitive labor markets.21

One of the primary causes of the political weakness of American labor unions, and an underlying reason for their defensive stance, was the failure to organize the South immediately following World War II. This failure left a bastion of political and economic reaction and helped to create the "vast economic space" of cheap labor, which has
played a particularly important role in the restructuring of the American economy during the 1980s.\textsuperscript{22}

It has been argued almost universally by American union officials and others that the South is harder to organize than other areas, but extensive studies by Michael Goldfield and Ray Marshall have demonstrated that the South is not as inhospitable to unions as has often been claimed. Goldfield and Marshall argue that in addition to labor's failure to organize the region during Operation Dixie, the low union density in the South is primarily due to the area's industrial composition, not to legal or social factors.\textsuperscript{23} In other words, while it is undeniable that the South is an area of low union density, it isn't necessarily "unorganizable," as many have argued. To organize the South continues to be a crucial task for the American labor movement. The failure to do so thus far is an important reason why American union density is so low.\textsuperscript{24}

The Canadian Labor Movement in the 1980s

The experience of the trade union movement in Canada during the 1980s has been markedly different from that of its counterpart in the United States. In spite of economic restructuring and a major legislative offensive against freedoms won during the previous three decades, the Canadian labor movement has been successful in maintaining its membership base and in resisting the erosion of collective bargaining. Moreover, during the past decade
Canadian unions have seceded from their parent American internationals at a dramatic pace, severing the close ties Canadian workers have had with the American movement since the turn of the century. The repatriation of the Canadian labor movement is probably the single most important development in Canada's post-war trade union history.

Union membership in Canada, in some contrast to the American experience, grew during the early 1980s. The percentage of organized workers in Canada went from 37.4% in 1981 to 40.0% in 1983 (see Table II). In absolute numbers, union membership expanded by over 200,000 workers between 1981 and 1983, compared to a loss of nearly three million members during the same time period in the United States.

By the 1980s, all broad occupational sectors of Canadian industry were more highly unionized than their American counterparts. Union densities in construction, transportation, communications, and public utilities were considerably higher in Canada than in the United States. Also, the public sector was more highly unionized. The strength of the Canadian movement in these areas explains in part why membership rates have remained stable during the economic restructuring of the 1980s.

During the past two decades, the structural changes in the composition of the labor force in Canada have paralleled those of the United States. There has been a
similar decline in the manufacturing sector and growth in the service sector as was described in Chapter II.

Following a peak of forty percent in 1983, union density in Canada has dropped slightly over the past several years. In 1986, union density stood at 37.7%, down from 39.0% the previous year (numerically there was a gain of over sixty thousand workers). In short, Canadian membership growth continued during the early 1980s, then declined a bit, and now has levelled off at a percentage still over double the American figure.

Neoconservatism and the Assault on Trade Union Freedoms

The higher level of union density in Canada does not, of course, demonstrate that there is any difference in the character or philosophy of the two North American movements. However, in the context of economic restructuring and the rise of neoconservatism, the higher union density level in Canada is certainly indicative of a more militant, powerful union movement than in the United States.

As has been demonstrated, the restructuring of the Canadian economy has paralleled the changes in the American economy. Global competition and economic crisis have led to the shift in employment distribution from manufacturing to services, as management experiments with new methods of capital accumulation. The great economic recession in the early 1980s was particularly severe in Canada. Between 1982
and 1986, unemployment averaged over eleven percent and real income dropped substantially. Corporate profits have slumped during the 1980s and the federal government has mounted a debt of over 200 billion dollars, equivalent to forty-one percent of the Gross National Product (GNP) (in 1986). The hardest hit industries during the period have been transportation equipment, chemicals, primary metals, non-metallic minerals, and wood products.

The political right in Canada came alive in the early 1980s and has been a major impetus behind the legislative attack on trade union rights during the period. During the 1980s, there has been a significant increase in legislation and orders suspending the right to strike, at both the provincial and federal level. There has also been a substantial amount of legislation amending trade union rights at both the federal and provincial (and territorial) levels. Some measures have been temporary while others have been permanent. Several "reform" measures have also been passed during the 1980s.

The changes wrought by the legislative assault on trade union rights have not been insignificant and yet the Canadian labor movement has appeared to weather the storm. At this point, it is necessary to examine more closely some of the main features of the legislative offensive against labor during the 1980s.
Leo Panitch and Donald Swartz have argued that the era of free collective bargaining in Canada came to an end in 1982 with the introduction of the Federal Public Sector Compensation Restraint Act (Bill C-124) in 1982. Bill C-124 not only put a restraint on wages for two years, but, more importantly, they argue, it removed the right to strike from most public-sector workers; this was followed by similar legislation in most of the provinces. They suggest this legislative assault was comprised of three factors: 1) the generalization of the federal government's "6 and 5" restraint legislation (which suspended collective bargaining and unilaterally extended all of the terms of the existing agreements); 2) the partial extension of the restraints to the private sector; and 3) the increasing frequency of permanent legislation restricting trade union rights. Replacing the era of free collective bargaining, which lasted for nearly four decades, has been a new era of "permanent exceptionalism," whereby the state and capital rely on coercion, fear, and force to subordinate labor. Panitch and Swartz argue that there has been a shift to the formal use of coercion in the rule of law.

The legislation that constituted the beginning of the assault on trade union freedoms was the federal government's 1975-1978 Anti-Inflationary Wage Controls Program, which suspended free collective bargaining for all workers. As Panitch and Swartz note,
the new spirit of the year was adequately expressed by Prime Minister Trudeau when he cynically told a radio interviewer immediately after the initiation of the Anti-Inflation Programme, "We'll put a few union leaders in jail for three years and others will get the message."30

The Anti-Inflationary Wage Controls Program provided the groundwork for the period of permanent exceptionalism that characterizes the 1980s. The right-wing ideological changes and the new coercive role of the state have resulted in the passage of bills at both the federal and provincial levels which attack trade union and free collective bargaining rights.

The provinces, for example, promptly followed the lead of the federal government's Bill C-124. Ontario and Nova Scotia basically copied the federal model. The Ontario government passed the Inflation Restraint Act (Bill 179) in 1982, placing a five percent limit on compensation package increases. In Nova Scotia, the government introduced a program that limited wage increases to six percent and maintained its freedom to lay off public employees in spite of the restraints.31 In British Columbia, a wage restraint program was actually passed several months before the federal Bill C-124. The initial legislation was followed in 1983 with sweeping permanent restrictions in the entire framework of labor legislation, "representing the most sustained assault on trade union rights in Canada."32

The first round of "temporary" restraint legislation in Canada has been followed by a period of consolidation.
Nowhere has this been more evident than in the province of British Columbia, where the provincial government has continued to issue reactionary and coercive labor legislation in what is perhaps the most polarized climate of capital-labor relations in North America.

The economic conditions and legislative restrictions have had a real impact on strikes and wages across Canada. The statistics on strike and lockout activity (see Table VII) show that between 1982 and 1985 there were significantly fewer strikes involving a sharply declining number of workers compared to strike activity during the previous four years. Wages have not done well either.

Table VII: Strikes and Lockouts in Canada, 1975-1985*

<table>
<thead>
<tr>
<th>YEAR</th>
<th>NUMBER</th>
<th>WORKERS INVOLVED</th>
<th>PERSONDAYS</th>
<th>% ESTIMATED WORKING TIME</th>
</tr>
</thead>
<tbody>
<tr>
<td>1975</td>
<td>1,171</td>
<td>506,443</td>
<td>10,908,810</td>
<td>0.53</td>
</tr>
<tr>
<td>1976</td>
<td>1,039</td>
<td>1,570,940</td>
<td>11,609,890</td>
<td>0.55</td>
</tr>
<tr>
<td>1977</td>
<td>803</td>
<td>217,557</td>
<td>3,307,880</td>
<td>0.15</td>
</tr>
<tr>
<td>1978</td>
<td>1,058</td>
<td>401,688</td>
<td>7,392,820</td>
<td>0.34</td>
</tr>
<tr>
<td>1979</td>
<td>1,050</td>
<td>462,504</td>
<td>7,834,230</td>
<td>0.34</td>
</tr>
<tr>
<td>1980</td>
<td>1,028</td>
<td>441,025</td>
<td>8,975,390</td>
<td>0.38</td>
</tr>
<tr>
<td>1981</td>
<td>1,048</td>
<td>338,548</td>
<td>8,878,490</td>
<td>0.37</td>
</tr>
<tr>
<td>1982</td>
<td>677</td>
<td>444,302</td>
<td>5,795,420</td>
<td>0.25</td>
</tr>
<tr>
<td>1983</td>
<td>645</td>
<td>329,309</td>
<td>4,443,960</td>
<td>0.19</td>
</tr>
<tr>
<td>1984</td>
<td>717</td>
<td>186,755</td>
<td>3,871,820</td>
<td>0.16</td>
</tr>
<tr>
<td>1985</td>
<td>825</td>
<td>159,727</td>
<td>3,180,710</td>
<td>0.13</td>
</tr>
</tbody>
</table>


As Panitch and Swartz report,

... the length and breadth of which deceleration . . . has been unprecedented. The growth and average weekly earnings fell first, to 8.7% from 1975 to 1981; continued to fall through the "6 and 5" controls period and fell further still in the mid-1980s . . . . Adjusting for inflation, real wages actually entered a sustained period of decline after 1975; which continued into the 1980s, even as the rate of inflation itself
began to decline. This has continued despite the fact that unemployment finally began to decline in the mid-1980s . . . \textsuperscript{33}

The gap between non-union and union wages in Canada has decreased substantially since 1983. Panitch and Swartz quote one close observer who noted that "it is a myth that Canadian unions, unlike their counterparts, have not made concessions. They have not made as many or as deep concessions, but they have made some."\textsuperscript{34}

In summary, the legislative assault on trade union freedoms and rights in Canada has had an adverse effect on the labor movement. Restrictions on public employees have been particularly severe, but restrictions have extended into the private sector as well. Surely, the Canadian federal and provincial governments have not introduced restraint programs without reason. The main factors for the legislative assault have to do with the gains the Canadian labor movement made during the 1960s and 1970s. It was, ironically, labor's strength in the 1960s and 1970s that has prompted reactionary legislation in the 1980s. Moreover, the fact that Canadian labor has been able to hold on during the 1980s--a period of deep economic crisis and hostile action by capital and the state--attests to the strength of the movement.

**Canadianization**

One of the most significant developments in Canadian postwar history has been the formation of an autonomous and
fully independent trade union movement during the past decade. In spite of the economic crisis and legislative assault, the Canadian trade union movement has not only maintained its membership base, but has also removed itself from the orbit of American domination. The growing nationalism in the Canadian labor movement during the past decade has sparked the movement of repatriating Canadian unions and of opposing American imperialism.

Since the turn of the century, the north-south orientation of international unionism was the basis of the labor movement's endorsement of Canada's neocolonial relationship with the United States and the pattern of continental capitalist accumulation in the postwar period. This orientation has changed in the 1980s. In 1986 the Canadian district of the United Autoworkers (UAW) decided to separate from the international, prompting separation of the Canadian affiliate of the International Woodworkers of America and an attempted separation by one of the divisions of the United Food and Commercial Workers' Union (UFCW). In the UFCW case, the workers (in the Newfoundland fishermen's section) pulled out and joined the Canadian Autoworkers (CAW, formerly the Canadian affiliate of the UAW) and gave the CAW a significant presence on the east coast. In the process, the CAW has moved significantly towards becoming a national union, rather than a regional union for workers in central and parts of western Canada. As the history of the
CAW suggests, the close ties which for generations attached Canadian workers to international unions based in the United States have effectively been severed.

One of the primary factors behind the Canadianization movement has been the growth of public-sector unions. By the early 1980s, the three largest unions in Canada were all in the public sector. The largest union in Canada today is the Canadian Union of Public Employees (CUPE), which has nearly 300,000 workers. Furthermore, the public-sector unions make up nearly one-third of Canada's national union center, the Canadian Labor Congress (CLC). The rapid numerical growth of public-sector unions in Canada has been the catalyst for workers in the private sector to consider autonomy or separation.

The Canadianization movement in labor during the 1980s must be viewed in the context of broader Canadian nationalism, which arose in the mid-1960s and subsequently had a significant impact on several important sectors, including labor, intelligentsia, students, political parties, as well as both small and, to a degree, large business.\(^36\) The shift to an independent labor movement began with the rise of public-sector unionism in the 1960s. In order to understand Canadianization of the 1980s, it is necessary to locate the roots of this phenomenon in the trade union movement. These roots can be traced back to the
years 1965 through 1975, when nationalism erupted in both English Canada and Quebec.

The major factors behind the rise of nationalism in the Canadian labor movement between 1965-1975 included the decline of American economic power (and the subsequent rise of protectionism), the American fiasco in Vietnam, and American imperialism in general. These factors combined with the expansion of public-sector unionism and were the catalyst behind the repatriation movement.

The percentage of Canadian workers organized in international unions stood at seventy-two percent in 1960, but by the end of the decade had dropped to around the sixty percent mark, and by the mid-1980s to under forty percent! Between 1945-1960, the percentage of unionized workers in international unions had increased in conjunction with massive American investment in resources and manufacturing, but by the mid-1960s the number of workers who were members of the American-dominated unions began to decline. It was clear that Canadian unions were taking a second look at their relationship with the United States and that, in the future, American unions would play a lesser role.

Another major factor propelling Canadian affiliates in the 1980s toward autonomy has been the AFL-CIO's policies in the face of the capitalist offensive. Although Canadian unions have certainly experienced concessions, the broader union movement has resisted the logic of concessions to a
much greater degree than has its American counterpart; one manifestation of this has been the movement toward autonomy and independence. The experience of the Canadian UAW is a case in point. By the mid-1980s, it became quite obvious to the Canadian leadership of the autoworkers union that it was not necessary to have a union to move backwards. The formation of the CAW exemplifies the more militant nature of Canadian unions. Instead of continually bowing to corporate demands, Canadian unions have demonstrated that they will not follow in American labor's footsteps.

Conclusion
During the tumultuous 1980s—a decade of economic decline and heightened global competition for both Canada and the United States—the Canadian labor movement has maintained its membership base while its counterpart in the United States has continued to lose unprecedented numbers. In the American case, the key factor in labor's continued demise this decade has been the heightened employer offensive, backed by the legal and administrative structures of labor law. The policies of the Reagan Administration were devastating to organized labor. Furthermore, the labor movement itself was inept at responding to the changing economic conditions and was badly prepared for the capitalist offensive, which, although it has long been a part of American capital-labor relations, took on new meaning during the 1980s.
There has not been a comparable business offensive in Canada during the 1980s. There has been a legislative assault, particularly against public-sector rights, but the Canadian labor movement seems to have weathered the storm, indicative of the strength of public-sector unions and of the broader movement in general.

The fact that Canadian union density is double that of the United States and that Canadian labor is significantly stronger than its American counterpart "should not lead to Panglossian celebrations regarding the strength or well-being of labour in Canada," as Leo Panitch and Donald Swartz write. They add:

This only seems to be the case if we take the sorry experience of American labour as a benchmark: in contrast with an American union movement on its knees, ours is bound to look tall [author's emphasis].

Indeed, compared to other western capitalist nations, the Canadian labor movement is hardly a model of strength or success. Furthermore, the Canadian welfare state ranks as one of the weakest of the OECD nations, only a notch or two above the American welfare state.

Nonetheless, given the hegemonic position of the United States and the general political climate of North America, Canadian labor's accomplishments have been no small feat. The Canadian labor movement has played an important role in the social democratic New Democratic Party (NDP)—an authentic political alternative that does not exist for American labor which must rely on the business-
supported Democratic Party to articulate its interests. The experiences of Canadian labor in the 1980s should be seen as instructive for the American movement.
CHAPTER III NOTES


4 Ibid.


7 One of the first actions of the Reagan Administration was the smashing of the Professional Air Traffic Controllers Organization (PATCO). Reagan's handling of the strike furthered the message (to both business and labor alike) that the bargaining atmosphere had changed in both the public and private sectors and that the Administration's policies would aid business and undermine labor (see Goldfield, p. 109).


10 Edsall, p. 229.

11 Davis, p. 139.

12 Ibid.


16 Moody, pp. 165-191.

17 Ibid., pp. 304-306.


19 Davis, p. 232.

20 Horowitz, pp. 4-11.

21 In British Columbia, the Labor Code Amendment Act (Bill 28) expressed "right-to-work" principles, one example of how workers' protection from this policy is being encroached upon in Canada. Nonetheless, compared to the American situation, right-to-work is not as serious a threat to labor in Canada. In the United States, however, right-to-work presents a major dilemma for the trade union movement (see Yates, pp. 26-27).

22 Goldfield, pp. 140-141.

23 Ibid., pp. 238-242.

24 Ibid., p. 238.


26 Warnock, p. 47.

27 Ibid.

28 Panitch and Swartz, p. 45.


30 Ibid., p. 36.

31 Ibid., pp. 37-38.

32 Ibid., p. 34.

33 Ibid.
34Ibid., p. 100.


38Panitch and Swartz, p. 118.
CONCLUSION

This thesis has examined the course of Canadian and American labor since the 1930s. During the formative period, 1930-1960, a system of collective bargaining was institutionalized through the Wagner Act as a new Keynesian consensus on the role of the state emerged. It was a system of state control over a predominantly privately-owned economy, and the role of trade unions was limited to bargaining for better wages and conditions.

As the North American economy boomed during the initial postwar period, Canadian and American workers benefitted in terms of higher wages and expanding employment, and the union structure seemed solid. American business was able to persuade Congress to pass anti-labor legislation following the Wagner Act, but the unions weathered the storm, and in the 1950s the future of trade unionism (in both countries) appeared reasonably secure.

By the early 1970s, however, the postwar boom had come to an end and the terms of the social contract between capital and labor started to change. Under the changing conditions, American union strength plummeted; in Canada, because of a political culture characterized by a relatively strong social democratic movement, and because labor laws are considerably more favorable, the labor movement during
this period was able to expand. Propelled by militant public-sector unionism, the Canadian labor movement gained considerable strength during the 1960s and 1970s.

By the 1980s, the pace of economic restructuring had accelerated. The decline of manufacturing, plant closings, shifts in employment to services, the entrance of more women into the paid labor force, and continued unemployment have all posed new challenges for the two labor movements.

The American movement, in particular, has fared badly this decade, having lost an additional one-fifth of its membership. Its Canadian counterpart, in contrast, has largely held its own. The primary reason for the accelerated decline of American union membership during the 1980s has been the major capitalist offensive and the ineffective responses from the unions themselves in dealing with the problems at hand. Concessionary bargaining has become the norm in the United States (although there are signs in 1989 that this pattern is changing).

Canadian labor has been able to maintain its membership base during the 1980s because there has not been as significant a business offensive as in the United States and because favorable trade union legislation remains largely intact, even after a prolonged assault at the federal and provincial levels. The Canadianization movement, whose roots go back to the eruption of nationalism in the mid-1960s, has led to an autonomous and
independent labor movement which has tended to reject business-unionism in favor of unionism tailored to the Canadian situation. That is not to say Canadian unions have become radical, for they have not, but most of them are no longer mere pawns of the AFL-CIO. Large public-sector unions in Canada, such as the Canadian Union of Public Employees (CUPE), have had a significant influence on the broader movement and have played a key role in the move to Canadianization in the 1980s.

What are the prospects? Continued economic restructuring poses serious challenges for Canadian and American labor. The private service sector is expanding rapidly and holds the key to the future of both movements. To date, Canadian unions have offset losses in traditional strongholds by new organizing in the service sector, but implementation of the Free Trade Agreement and continued economic restructuring will make this challenge more difficult in the future. John W. Warnock has noted that

One of the major concerns that Canadian labour has with a free trade agreement is the potential loss of jobs .. . . . . Trade unionists wonder what will happen if a free trade agreement is implemented at just about the same time that the next recession starts.¹

In the United States, union leaders must adopt new strategies to confront the business offensive and the changing economic reality; otherwise, the prospects for the future are grim indeed.
CONCLUSION NOTES

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