

THE MANPOWER CONSULTATIVE SERVICE:  
EXAMINATION OF A FEDERAL APPROACH TO SOLVING THE  
MANPOWER ADJUSTMENT PROBLEMS OF TECHNOLOGICAL CHANGE

by

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## ABSTRACT

Since inception of the Manpower Consultative Service in mid-1964 about twenty programs of manpower adjustment to technological change have been initiated under its auspices. This report reviewed recent literature on manpower adjustment requirements to provide a framework within which to evaluate the effectiveness of the Manpower Consultative Service in enhancing an active national manpower policy. Selected cases were examined for any emerging patterns amenable for use in future adjustment procedures; for strengths and/or weaknesses in the Service's methodology; and for providing an evaluation of the achievements of the Service in its enhancement of the nation's manpower policies. The examination exposed areas of weakness in the current rationale of the Manpower Consultative Service. Suggested improvements were recommended on the basis of the established framework.

The findings of this report indicate that:

1. A broad pattern is identifiable from the case studies that reveals the approach most likely to evolve in the disposition of manpower adjustment programs under the auspices of the Manpower Consultative Service.
2. The program offered by the Service, analyzed in the light of this pattern, is unduly restricted in its range of applicability by virtue of its current methodology. Specifically,

- (a) Advance notice of impending changes that will result in the displacement of workers is prerequisite to the effective disposition of manpower adjustment programs. It cannot be left to the limited efficacy of collective bargaining and will be ventured by few firms caught up in an ever-increasing competitive environment. Legislation is required to provide for minimum advance notice of worker lay-off as a statutory right.
- (b) Current emphasis on joint labour-management co-operation limits the range of applicability of the Manpower Consultative Service and clearly duplicates the current function of the Labour-Management Consultation Branch of the federal Department of Labour. This principle should be subordinated in the Service's basic rationale such that it becomes only a complementary function.
- (c) Co-ordination of the federal counselling, placement, training, retraining and mobility services has been ineffective and inadequate. Efforts should be focussed on strengthening the co-ordination of these services and priority given to their utilization by actively promoting an atmosphere conducive to manpower adjustment.
- (d) The research and/or committee chairmen of the Joint Consultative Committees have evolved into third-



party problem-solvers in contravention of the principles of the Service and, apparently, to the detriment of a widespread use of its co-ordinating facilities. A researcher's duties in the development of an adjustment plan should be reappraised and more clearly defined.

3. The basic rationale of the Manpower Consultative Service is not clear and, therefore, its resulting implementation lacks organizational commitment to a discipline that dominates its structure and processes. A revitalization and reorganization of the Service's basic rationale is required to promote the maximum utilization of the nation's manpower resources.

Examination of many aspects pertinent to the operation of the Manpower Consultative Service was beyond the scope of this report. A number of worthwhile areas for further study have been introduced.

## ACKNOWLEDGMENT

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CHAPTER I

INTRODUCTION

"In twenty years, other things being equal, most of the routine blue- and white-collar tasks that can be performed by cybernation will be. People will have begun to realize that, when it comes to logic, the machines by and large, can think better than they. Thus, cyberneticians will have established a relationship with their machines that cannot be shared with the average man, and those with a talent for work will have developed it intensively from childhood. Some of the remaining population will be engaged in human-to-human or human-to-machine activities requiring judgment and a high level of intelligence and training. As for the rest, I can foresee a nation with a large portion of its people doing, directly or indirectly, the endless public tasks that the welfare state needs, and that the government will not allow to be cybernated, because of the serious unemployment that would result. These people will work short hours, with much time for the pursuit of leisure activities....

Because the cybernated generation must solve problems, as now, mainly by other than mathematical-logical standards, the frustrations and pointlessness engendered may evoke, in turn, a war of desperation; a war to make the world safe for human beings by destroying most of society's sophisticated technological base. If the new logic is to resolve its problems it will have to generate beliefs, behavior, and goals far different from those which have been held to now and which are driving us more inexorably into a contradictory world run by the ever more intelligent, ever more versatile slaves."

- D.N. Michael<sup>1</sup>

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<sup>1</sup>Michael, D.N. Cybernation: The Silent Conquest. Santa Barbara, California: Center for the Study of Democratic Institutions, 1962, pp. 46-47.



## I. THE IMPACT OF CHANGING TECHNOLOGY

In recent years a great deal has been expounded on what life might be like and indeed will be like, in the automated world of tomorrow. Mystics with their fascinating speculations have gained a large following in today's rapidly changing environment. Norbert Wiener, one of the first popular prophets in the computer field, has pointed out that the potentialities of cybernation are so unlimited that "they contain extraordinary implications for the emancipation and enslavement of mankind."<sup>1</sup> Michael suggests "that new and profound problems presage changes in the social system so vast that it will challenge to their roots the current perceptions about the viability of our way of life."<sup>2</sup> And, J.I. Snyder, Jr., Co-chairman of the American Foundation on Automation and Employment, Inc., has stated that the doubters "have not yet realized the broad sociological aspects of automation."<sup>3</sup> He suggests that these doubters are living in

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<sup>1</sup>Wiener, N. The Human Use of Human Beings: Cybernetics and Society. Boston: Houghton Mifflin Company, 1954, p. 199.

<sup>2</sup>Michael, D.N. Op. Cit., p. 1.

<sup>3</sup>Snyder, Jr., J.I. "Industry's Human Responsibilities in the Age of Automation". Automation and Social Change. Conference sponsored by Ontario Government Departments of Economics and Development, Education, Labour and Ontario Economic Council, Toronto, 1963, p. 153.

a shroud of myths such as: automation will create jobs; those losing their jobs to automation can be retrained and put into other jobs requiring higher skills and paying more money; large numbers of people will be put to work running, building, and maintaining automated equipment; and, workers displaced by automation in one part of the country can find work in other parts of the country.

While this type of prognostication provides exciting reading, authors like Messrs. Beaumont and Helfgott have chosen to discard the dramatic and emotional from their discussions of actual experience in adjusting to change. They suggest "that pessimism over the immediate dislocations of change will not halt technological advances, for the problems of today are clearing the way for the opportunities of tomorrow."<sup>1</sup>

The paradox of the automated world forms in the prodigious benefits that accrue from it and the defensive actions that have emerged to impede it. Increasing technological change is inevitable. It is inevitable because increased competition, more turbulent market conditions, shorter temporal periods between discovery and use of products and many other environmental conditions demand it. Moreover, change is inevitable if the economic and

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<sup>1</sup>Beaumont, R.A. and Helfgott, R.B. Management, Automation and People. Brattleboro, Utah: The Book Press, 1964, Forward, p. vii.

social prosperity of each and every individual is to continue and to increase. Nevertheless, it has been accepted that this growth and affluence is not without its attendant costs. The problem of concern is that of minimizing the costs. Thus in time of plenty there is no need for the few to suffer undue hardship--neither is it feasible to do so. If management is to continue its inexorable drive towards efficiency it will require considerable flexibility and understanding from its workers.

But technological change has been found to create some uneasiness in most workers. There have been many indications of direct resistance to innovation and change. In general, however, worker attitudes have transcended the limitations of direct resistance and competition and workers have found that additional benefits can be gained from controlling the pace of this awesome force.

Society, too, has seen the need to ensure that man's ingenuity be employed to minimize the hardships associated with technological change. In striving to maximize the use of human resources of a nation, increased emphasis has been placed on the waste that accompanies unemployment. In addition, the social conscience expected of large organizations has made it morally untenable for technological change to be introduced without regard for the welfare of each individual. The call is for new ideas to cope with impending adjustments and a need to throw off the fetters

of pessimism in order that problems can be analyzed objectively. Change is a major part of any dynamic socio-economic system and progressive societies must manipulate this change to pave the way for a more opulent future.

The challenge is somewhat formidable. It is obvious that technological change can lead to worker displacement. But only to the extent that specific responsibilities are assumed by each individual, union, company and government can the co-ordination of manpower adjustment with technological change be planned to provide for levels of output and efficiency attuned to the demands of society.

## II. RESPONSIBILITIES IN THE TRANSITION

The emphasis of automation has been directed at the imminent dangers of widespread unemployment. Academic economists, business men, union leaders and government officials have been arguing fiercely over the degree to which automation creates unemployment. The prevalent view is that held by the demand deficiency school, which maintains that unemployment is a function of the growth of income and aggregate demand. Thus, unemployment could be reduced to the optimum level of approximately three per cent by appropriate monetary and fiscal policy--tax cuts, easier credit, more liberal depreciation allowances, and the like--to stimulate business investment, consumer ex-

penditures and export trade<sup>1</sup>.

On the other hand, supporters of the structural school maintain that a comprehensive, adequately planned and financed manpower policy is required; that is, monetary and fiscal policies, per se, are not sufficient to reach the desired levels of employment. This view envisages a large part of the unemployment as due to a disparity between the structure of labour supply and labour demand.

In assigning responsibilities during the increasing adoption of technological change it must be recognized then that neither manpower policies nor collective bargaining, or even both, can solve the concomitant employment problems. The accepted primary requisite must be a government policy dedicated to sustained full employment and stable prices. Thus, productivity increases and increased use of capital must be offset by government monetary and fiscal policies to ensure full utilization of labour and capital.

Beyond an economy geared to full employment, however, technological change can produce dramatic and diffi-

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<sup>1</sup>Jamieson, S.M. "Economic and Technological Change in the Sixties - Implications for Manpower Adjustment, Discussion". Labour-Management Conference on Economic and Technological Change in the Sixties. Ed. by Hall, Noel A. Institute of Industrial Relations: University of British Columbia, 1965, p. 86.

cult worker displacement problems where the pace is too rapid for normal demand processes to accommodate. Trying to reduce the anticipated structural unemployment by means of stimulating the aggregate demand for labour would lead to undesirable inflationary pressures and even then would probably not solve the problem<sup>1</sup>. Indeed, the amount of unemployment resulting from worker displacement depends on the degree of intelligence, imagination, and compassion brought to focus in solving the adjustment problems. Therefore, even if it is accepted that the aggregate level of employment is determined by the aggregate level of demand, the structural transformations that occur during changing technology require special consideration to ensure a minimum of transitional disruption.

Everyone must bear some responsibility in minimizing the hardships passed on to the worker in adjusting to changing economic and technological conditions. While agreement is far from unanimous, an examination of modern policies and procedures does indicate a fundamental rationale necessary to future progress.

A basic assumption in Canadian industry is the acceptance of free negotiation as a means for solving the

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<sup>1</sup>Crispo, John H.G. "Summary Report on the Conference". The Requirements of Automated Jobs. North American Joint Conference, Washington, D.C., 1964. Paris, France: O.E.C.D. Publication, 1965, p. 26.

complexities of labour-management problems. Whereas there has been strong agreement to the free bargaining approach, there has also developed an increasing awareness of a need for more constructive and innovative ideas in collective bargaining processes. Avid proponents of collective bargaining see the problems of worker adjustment as almost completely amenable to this negotiation approach. On the other hand, criticism has bared its weaknesses<sup>1</sup>.

The individual enterprise is considered the primary agent which must carry most of the responsibility for initially meeting the need for manpower adjustment. Thus, management is called upon to provide advance notice of impending changes and to research its ramifications based on a judicious combination of productivity and human welfare. Manpower planning involves the accurate forecasting of new job requirements, the analysis of the content of new jobs created and the development and implementation of retraining programs for the new jobs<sup>2</sup>.

The union plays a significant role in this process by adapting to and supporting the manpower adjustment programs of the enterprise which are in the ultimate interest

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<sup>1</sup>See Chapter II, Limitations of the Process Section, pp. 55-61.

<sup>2</sup>Dymond, W.R. "Co-ordination of Active Manpower Policy in the Enterprise with National Manpower Policy". Paper presented to International Conference on Methods of Adjustment of Workers to Technical Change at the Plant Level in Amsterdam, Nov. 15th to 18th, 1966, p. 6.

of its members. Increasing pressure has forced unions to reassess old policies and practices in the light of new situations. For example, declining union membership can be correlated with increased demands for worker job security. This practice has impeded the worker's job mobility and consequently his chance to adjust to changes.

The role of government must be to harmonize enterprise manpower policies and programs with national, social and economic interests. If the enterprise does not provide forward-looking, well-planned and constructive manpower programs to ensure worker consideration, then national manpower policy must provide for worker adjustment. There are many instances too, when it is obviously not possible for the enterprise to provide complete internal adjustment. In such cases the government, through its employment and manpower services, should play a major role in facilitating the adjustment of those displaced<sup>1</sup>. Through programs aimed at upgrading, training, retraining and relocation of displaced workers the government seeks to achieve the worker's full contribution to the national economy.

The major concern of this report lies with the widely heralded collective bargaining innovation--the joint study committee. Here management and labour are provided with an informal channel of communication and a

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<sup>1</sup>Ibid., pp. 4-7.



means to promote constructive research into manpower adjustment programs. Where traditional collective bargaining has reached an impasse and where problems are too complex to be solved by eleventh-hour decision making the issues are found to be more likely solved through joint research and consultation. Solutions developed in this way are normally a complex mix of the regular collective bargaining methods assimilated into a comprehensive plan. The joint study committee has been readily adopted in industries where the pace and nature of technological change has posed severe threats to the stability of labour-management relations<sup>1</sup>.

The importance of this approach to manpower adjustment is emphasized by the federal government. It has provided means whereby management and labour are encouraged to enter into this constructive form of joint discussion.

### III. CANADIAN MANPOWER POLICY

There are various methods that countries have chosen as approaches to providing an active manpower policy. For example, guaranteed employment, minimum wages, maximum hours, provision for advance notice of lay-off, area redevelopment, and many other techniques are preval-

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<sup>1</sup>Weber, A.R. "Variety in Adaptation to Technological Change: The Contribution of Collective Bargaining". The Requirements of Automated Jobs. p. 210.

ent. Canadian manpower policies are basically designed to deal with any adverse forces which tend to create an imbalance in the labour market. In June of 1964, the Minister of Labour made the government's policies in this field explicit:

"The goals of manpower policy can be expressed in terms of ensuring the nation's manpower resources are developed effectively so that they will meet the dynamic requirements of growth in the economy, and also meet the needs of each individual for the full development of his potential in human terms."<sup>1</sup>

This view was further emphasized in November, 1966 at an international conference:

"An active manpower policy in advanced economies is based on a growing recognition that the improved quality of the human factor in production is relatively more important as a contribution to long-term economic growth than is the application of capital and technology."<sup>2</sup>

This type of government participation has ramifications in economic and social terms. Economically, it means providing the worker with training, retraining and mobility, both geographically and occupationally, for an ever-changing employment mix. Socially, it means providing workers

"with the opportunity to meet the challenge of a changing world, to protect them from unnecessary

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<sup>1</sup>MacEachen, Hon. Allan J. "Government Manpower and Employment Policy in Canada". Address to Fifteenth Annual Conference at the Industrial Relations Center, McGill University, Montreal, June 8, 1964, p. 2.

<sup>2</sup>Dymond, W.R. Op. Cit., p. 1.

disruptions resulting from change, to help them equip themselves with the skills to participate in and benefit from economic growth and to help them change their employment and where necessary their place of residence without unnecessary financial hardship."<sup>1</sup>

In Canada this policy is emphasized in three basic areas:

1. Development of adequate manpower resources to facilitate the process of economic growth.
2. Increasing the utilization of our manpower resources by ensuring that the labour market functions as efficiently as possible.
3. Adaptation of the currently employed manpower to the ever-changing requirements of technological and economic change<sup>2</sup>.

The first major goal of Canadian manpower policy was implemented under the provisions of the Technical and Vocational Training Assistance Act of 1960 and subsequent amendments. Provision is therefor made for assistance in training, retraining and mobility which are necessary in the development of effective manpower resources.

The second emphasis is provided for in the objectives of the Canada Manpower Divisions of the federal De-

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<sup>1</sup>Loc. Cit.

<sup>2</sup>Dymond, W.R. "Manpower and Employment: Problems, Policies and Programs". Address to Seminar, Technical and Vocational Training Branch of the Federal Department of Labour, Ottawa, December 1, 1965, pp. 10-11.

partment of Manpower and Immigration<sup>1</sup>. A network of some two hundred manpower centers across Canada administer national manpower programs in an attempt to ensure an efficiently functioning labour market.

The difficult and complex problems which major technological and economic changes have imposed on individual companies and workers led the Department of Labour to establish a Manpower Consultative Service in mid-1964<sup>2</sup>. The Manpower Consultative Service seeks to establish the joint study committee approach to manpower adjustment problems by encouraging management and labour in the development of constructive research programs. It was set up specifically to encourage joint discussion and study by management and labour of technological changes affecting employment. The Manpower Consultative Service's trouble-averting approach brings the parties together far enough in advance to avoid the crises-type negotiations of collective bargaining<sup>3</sup>. The Service co-ordinates manpower adjustment cases by providing financial and consultative assistance and by drawing on aids included in the Technical

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<sup>1</sup>The names of these departments have been changed recently. Refer to Chapter I, Terminology Section, p. 22 for clarification.

<sup>2</sup>Dymond, W.R. "Manpower and Employment: Problems, Policies and Programs". Op. Cit., p. 14.

<sup>3</sup>Financial Post, The. "New 'Strike-Stoppers': Ottawa Team Heads Off Automation Stoppages". July 16, 1966, p. 24.

and Vocational Training Assistance Act and other services provided by the Canada Manpower Divisions. The object is to provide a harmonization of the private and public manpower policies to the common benefit of all. The government maintains, however, that responsibility for manpower adjustment lies principally with management and labour and that this adjustment can be most effectively handled at the plant or industry level.

The sum of the government's manpower effort both in youth and adult programs has been directed towards a more balanced labour force; one in which the economy will be able to maintain its competitive position in the international sphere, structural unemployment will be reduced and the capacities of individuals in the labour force utilized<sup>1</sup>.

#### IV. PURPOSE OF THE STUDY

It has been argued that co-ordination of the national manpower policy with enterprise manpower adjustment programs can only be achieved by legislation<sup>2</sup>. This argument is likely based on the premise that the perspectives

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<sup>1</sup>Dymond, W.R. "Manpower and Employment: Problems, Policies and Programs". Op. Cit., p. 13.

<sup>2</sup>Dymond, W.R. "Co-ordination of Active Manpower Policy in the Enterprise with National Manpower Policy". Op. Cit., p. 12.

of management and labour have become highly divided with the increasing degree of technology. For some, the view suggests that employees are self-centered with little concern for the needs of the organization; and, in return, that managers do not make decisions in terms of employee security or individual rights<sup>1</sup>.

Another argument strikes at the right of government "interference" in encouraging the joint committee approach. Concern is focussed on the reduction of management's right to manage when joint committees are formed. Both labour and management may also believe that the traditional collective bargaining methods are being short circuited by the Manpower Consultative Service approach<sup>2</sup>. One management representative expressed this sentiment as follows:

"To have achieved security from the inconveniences and disturbances of automation but have lost real freedom would hardly represent a worthwhile achievement."<sup>3</sup>

A conflict that has arisen with the further development of the Manpower Consultative Service approach is the interrelationship between the manpower research recommendations and collective bargaining. One research chairman

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<sup>1</sup>Hall, N.A. "The Impact of Technology on Organizations and Individuals". Business Quarterly, The. Vol. 31, No. 4, 1966, pp. 59-61.

<sup>2</sup>Financial Post, The. Op. Cit., p. 24.

<sup>3</sup>Boarman, Patrick M. "Conclusions and Implications". The Requirements of Automated Jobs. p. 433.

has pointed out that the members of his Commission were the same who used to meet at the bargaining table for collective bargaining and carried on the bargaining complex at research meetings. He concludes, however, that to be very effective "Company and union representatives should be people in authority and not the same who meet at the bargaining table."<sup>1</sup> In contrast, another research chairman suggests that discussions of automation problems should remain separate from broad negotiations for new contracts but should remain the responsibility of those involved in contract negotiations<sup>2</sup>.

The Manpower Consultative Service has been in operation long enough to allow for an evaluation of its methods, principles and achievements. In December, 1964 it was suggested that the Service confidently expects that within two years at most it will have proved itself<sup>3</sup>. This report will provide an evaluation of many of the facets as indicated following.

The intent of this report will be to analyze, contrast and compare selected cases of manpower assessment

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<sup>1</sup>Dion, G. "The Experience of a Joint Research Commission in a Case of Industrial Conversion (Domtar, Windsor, Quebec 1965)". Industrial Relations Quarterly Review. Vol. 21, No. 4, October, 1966, p. 584.

<sup>2</sup>Vancouver Sun, The. "First Automation Contract Won by Ioco Oil Workers". February 14, 1967, p. 1.

<sup>3</sup>House, A.W. "Planning for Future Manpower Changes". Industrial Canada. December, 1964, p. 25.

and planning handled under the auspices of the federal government's Manpower Consultative Service. Through such an evaluation an attempt will be made to find answers to the aforementioned type of argument and conflict. In addition, an attempt will be made to categorize the available approaches to manpower adjustment such that the joint committee approach can be put in proper context and, consequently, bring to light the type of adjustment program found most amenable to the joint committee approach. Specifically the purpose of this investigation is to examine Canadian adjustment cases in the light of established principles to determine:

- (a) If a fundamental pattern or common rationale has emerged in experience with the committee approach that warrants the development of standard techniques amenable to solution of manpower adjustment problems.
- (b) If the principles enunciated at inception of the Manpower Consultative Service have been adhered to and are adequate in the light of experiences to date.
- (c) If the work of the Manpower Consultative Service in encouraging the joint committee approach to worker adjustment appears to be fulfilling the government's responsibilities in effecting an active manpower policy.

## V. METHODOLOGY

The Manpower Consultative Service functions in a sphere of operations including many approaches to the solution of manpower adjustment problems associated with



technological change. Most of its effect is felt in the domain of labour-management relations that emerge when major change is imminent. In this regard it encourages the joint committee approach to problem solving. It is essential, therefore, that the role of the Manpower Consultative Service be put in proper context in the sphere in which it operates. Accordingly, the techniques of collective bargaining as they pertain to worker adjustment will be examined in Chapter II. Such an examination will indicate how the joint labour-management committee has emerged as a creative approach to problems of manpower adjustment. Particular aspects of the joint committee approach will be related in Chapter III and an examination of the experience which attempts at such an approach have had in the past will provide a framework within which the Manpower Consultative Service function can be studied and evaluated.

In Chapter IV the principles, approach and selected cases handled by the Manpower Consultative Service will be delineated. At this stage the role of the Manpower Consultative Service can be put in context with the techniques used in effecting manpower adjustment. The development of such a framework and body of material essential to the disposition of this study will enable the desired evaluation and purposes as related above to be fulfilled. Thus, the cases related in Chapter IV will provide the

data requisite to a search for any patterns that might exist; the principles and the cases of Chapter IV, examined in the light of the framework developed in Chapters II and III, will provide the material necessary in evaluating the expounded principles; and the complete study examined in the light of recent literature should provide an insight into whether or not the Manpower Consultative Service is fulfilling its purported role and its responsibilities in enhancing an active manpower policy.

## VI. SCOPE OF THE REPORT

Although the purposes of this report have been delineated quite specifically, there is need for clarification of the scope in which it is possible to seek answers to these purposes. This evaluation is based on the two years' experience of the Manpower Consultative Service and is limited to the extent in which the results are considered finalized. In addition, the ten selected cases related in Chapter IV are mainly extractions from available written material and the results may be somewhat lacking in complete presentation. It is assumed in this report, however, that the cases are sufficiently completed so that emerging trends may be examined with confidence.

Because this report proposes to evaluate, it is necessary to prepare a standard measure for comparison. Therefore, this evaluation is limited to the extent in

which the base is established. A standard framework will be developed in Chapters II, III and IV which will concentrate mainly on the Canadian industrial relations scene. It is being assumed that the literature which has been reviewed is complete and up-to-date and will provide a valid standard for comparison.

This evaluation seeks to examine the compatibility between the expectations of the Manpower Consultative Service by labour, management and government and the empirical evidence that has emerged from the Service's experience to date. The scope of this examination is limited to a contrast between actual outcomes and the planned and desired objectives within the framework established in this report.

## VII. TERMINOLOGY

As semantics abound in any study dealing with automation, it is important to this report to clarify the confusion that exists between the terms mechanization, automation, cybernation, technological change and industrial conversion<sup>1</sup>.

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<sup>1</sup>This terminology has been paraphrased from: Francis, J.P. "Technological Change, Productivity and Employment in Canada", and Barkin, S. "Manpower Problems and Management in an Automated Age". Both in The Requirements of Automated Jobs. p. 38 and p. 56 respectively.

Mechanization is primarily a process of inventing and adapting machinery to perform rather specific operations traditionally carried out by human labour. Most commonly mechanization refers to the transfer machine; a method of automatically coupling or interlocking a group of machines into a single line of production.

Automation is a combination of advanced forms of technology such as electronics and servo-mechanisms that enable automatic control. The automatic control mechanism introduced the closed-loop feedback into the transfer mechanism, thereby making it possible to create an automatic electronically remote-controlled, self-contained production system. Errors or deviations from pre-determined levels are automatically corrected so that the machine continues to function in a pre-determined manner.

When a computer is added to the closed-loop feedback system a duplication of the human cognitive, conceptual and information processes is achieved. The computer will digest information and redirect instructions to the system producing the ultimate in automation. The system is often coined cybernation referring to the systematic process of communication and control in man and machine.

Technological change can encompass any one of the above terms, all of them, or even more than a combination of the terms. The concern of this report is with change

that causes the displacement of human resources and therefore requires the provision of an adjustment procedure.

Moreover,

"it is impossible to isolate displacements attributable solely to technological change because of the interrelatedness of all factors that determine the cause of employment."<sup>1</sup>

Therefore, the most feasible interpretation of technological change is any change in material, equipment, methods, organization or product which alters the quantity or quality of labour required per unit of real output.

Because of the confusion that has arisen over the semantics of the above terms, an expression called industrial conversion has received increasing usage in recent literature dealing with manpower dislocation. One report states that:

"Industrial conversions differ from 'technological changes'. They are modifications which appear as brusque mutations in the structure of production provoking internal or external discontinuity in employment. In putting the accent on the utilization of manpower, a much greater emphasis is being placed on the social aspects of conversions."<sup>2</sup>

There is also need for clarification in regard to the names of federal departments referred to in this report. The Manpower Consultative Service was formed in

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<sup>1</sup>Beaumont, R.A. and Helfgott, R.B. Op. Cit., p. 25.

<sup>2</sup>Report of the Commission of Inquiry into the Effects of Mechanization in the Windsor (P.Q.) Plant of Domtar Pulp and Paper. (unpublished paper), 1965, p. 9.

1964 and functioned under the Department of Labour until early 1966. At this time the Service was transferred to the Department of Citizenship and Immigration. In mid-1966 the latter Department's title was formally changed to the Department of Manpower and Immigration. Under the Department of Manpower and Immigration the National Employment Service title was changed to Canada Manpower Center. This report will have occasion to use these titles interchangeably with reference to the Manpower Consultative Service by virtue of the period under study and confusion can be eliminated by recognition of the date of reference.

## CHAPTER II

### MANPOWER ADJUSTMENT THROUGH COLLECTIVE BARGAINING

#### I. INTRODUCTION

This chapter will review the collective bargaining approaches found most amenable to manpower adjustment and point out some limitations and weaknesses in the process. In addition, it will indicate how joint study committees have emerged to face the increasing challenges of technological change by developing comprehensive plans utilizing the varied techniques of collective bargaining in such a way as to meet the needs of a particular adjustment problem.

Collective bargaining may be described as a process of negotiation between an employer and a labour union representing his employees, conducted with the object of concluding an agreement regulating the relationship between both the employer and his employees and the employer and the union<sup>1</sup>. It is a method devised to settle conflict and the issues that generate conflict.

The introduction of automation and/or technological

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<sup>1</sup>Carrothers, A.W.R. "The Growth of Third Party Power in Industrial Disputes - Introductory Statement". British Columbia Labour Management Conference - 1963. Ed. by Montague, J.T. and Jamieson, S.M. Institute of Industrial Relations: University of British Columbia, 1963, p. 158.

change generates conflict. In essence this conflict has emerged from the issue of efficiency versus security in the industrial concern and results in a paradox of survival. Automation threatens the worker's job security by rendering his skill obsolete. Moreover it threatens the power and security of the union as its membership begins to erode. On the other hand, management, caught up in an ever-increasing competitive environment where pressures mount for cost reductions and increased efficiency, is concerned with its own struggle for survival.

Collective bargaining has received its most difficult challenge for survival during the onslaught of increasing technological change. However, many authors have viewed collective bargaining as adapting to the challenge very well<sup>1</sup>. The results of this flexibility are evident in the changing traditional priorities on the bargaining agenda. Traditional issues involving wages have essentially given way to those involving security. Thus methods of cushioning the adjustment of workers displaced from their jobs serves to determine how other industrial relations aspects of technological change are received.

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<sup>1</sup>Shultz, G.P. "Economic and Technological Change in the Sixties - Patterns of Response to Change, Introductory Statement". Labour-Management Conference on Economic and Technological Change in the Sixties. p. 130.

Weber, A.R. Op. Cit., p. 207.

Ross, A.M. "Conference Perspectives - International Insights Into Industrial Relations". British Columbia Labour Management Conference - 1963. p. 31.



The methods used in collective bargaining to facilitate worker adjustment are viewed in many different ways by numerous authors. For investigation purposes, however, the issues can all be usefully classified as monetary or non-monetary in nature. In this manner each of these two fundamental classifications can be further split into many sub-issues, some of which are an attempt to provide worker security while others obviously are not. It is worth mentioning that many of the security issues have emerged in the last decade along with the increasing onrush of technological change<sup>1</sup>. Still, it must be remembered that very often management will gladly offer a monetary incentive to encourage the union away from security and other demands that infringe on what is believed to be its "right to manage".

## II. MONETARY ISSUES

### Wages

In the post-war period wage issues dominated the collective bargaining agenda, the criteria being dependent on cost of living and improvements in productivity.

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<sup>1</sup>Block, Joseph W. "Problems of Collective Bargaining in a Changing Technology - Its Impact on Wages, Working Conditions and Fringe Benefits - Introductory Statement". British Columbia Labour Management Conference - 1963. p. 131.

However, when the unions realized that their pressure for increased wages was increasing the pace of technological implementation, the basic transformation in union policy was insistence on sharing the resulting gains with all the workers. The unions also demanded participation in setting or reviewing rates and/or workloads on new or changed jobs<sup>1</sup>.

Other traditional wage issues such as job evaluation plans and incentive systems have felt the pressure of changing technology. Although the job evaluation system gained impetus following the war, technological changes have introduced many complexities into the system which requires careful adjustment in order to be useful. Indeed, a straight application of factors has in some cases downgraded jobs, which not only defies worker expectations but also common sense.

Incentive systems have apparently reached a plateau in terms of prevalence during post-war years. Under the pressure of technological change, however, there has developed a trend towards the group rather than individual incentives<sup>2</sup>. Some of the incentive schemes have developed as a direct defence to technological change and an attempt by the union to gain a share in the resulting benefits.

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<sup>1</sup>Ibid., p. 133.

<sup>2</sup>Loc. Cit.

Two of these--the annual improvement factor and gain-sharing plans--will be discussed under "Incentive Systems".

Many other variances in wage issues have developed as special means of combatting particular problems. Special hourly rates for displaced workers and red circle rates for unaligned hourly rated workers abound in industry during the process of adjustment. An innovation that has ignited a spark in a few industries is conversion from the straight wage to the salary system. This is particularly amenable to refinery operations where workers are required to be generalists and often cross jurisdictional lines. Consequently, there has been increased leanings towards the development of a salaried refinery technician to replace the many wage earners currently employed.

### Incentive Systems

Two noteworthy innovations that have developed in labour-management negotiations have recently received widespread discussion for their flexibility in meeting particularly difficult challenges. One is called the annual improvement factor, a long-term contract approach that embodies the notion that a general advance in productivity deserves a general increase in wages. The other, a gain-sharing plan, is distinct from the annual improvement factor in that it receives impetus from forces generated

within the organization. Thus, one is based on factors that operate broadly across the economy; the other is based on factors operating within the firm<sup>1</sup>.

The annual improvement factor arises from the desire of management to achieve increased productivity and the desire of the union to remain uninvolved directly with efficiency measures. It can only exist where there is above average performance by the firm and the industry. That is, to exist competitively the national productivity level would have to be below the firm or industry's productivity level. A major drawback to this approach arises if the national productivity level becomes accepted as a basis from which to start negotiations.

The basis for gain-sharing incentive systems presumably lies in the distinction between general and special improvements in productivity. At Kaiser Steel, for example, wages and fringe benefits move in accordance with general movements of other key variables in the industry. This approach brings the wage base back into the industry (in contrast to the aforementioned annual improvement factor incentive). Special consideration must be given to the distinction between technologically generated gains based on broad economic trends and the gains created by efforts of employees to use resources more effectively.

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<sup>1</sup>Shultz, G.P. Op. Cit., p. 131.

Difficulties can arise even if meticulous care is used in developing this type of plan. If the industry is subject to stiff competition and consequently restrictive price levels and if a technological break-through develops, "wage gains would not likely match industry-wide productivity changes, leaving Kaiser a difficult problem in factoring the results of these changes out of its wage costs."<sup>1</sup> However, no formula is able to match completely all the drastic events of technological change. This method does offer the advantage of a common need for continual assessment and review of operations and increases pressure for development of creative and constructive approaches to solving new problems as they arise.

### Fringe Benefits

As with wage increases, the introduction of many new fringe benefits and the liberalization of existing ones, have developed from productivity gains and therefore must be considered a consequence of technological change<sup>2</sup>. On the monetary side there are a host of demands considered under this term (fringe benefits); the issues most noteworthy are pension schemes and numerous financial settlements such as guarantees of income, supplementary

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<sup>1</sup>Ibid., p. 136.

<sup>2</sup>Block, Joseph W. Op. Cit., p. 134.

unemployment benefits, severance pay and buy-out approaches. The financial settlements issue will be expanded under the next sub-heading.

Fringe benefits have become a most important factor in determining employer costs. Indeed they are approaching a level of concern because of their immobilizing effect on the worker; employers may choose to pay premium rates for overtime in lieu of hiring new workers. Moreover, it is becoming more difficult to determine the degree to which union strength has influenced the level of fringe benefits. The corporate acceptance of broad social obligations, seen as the social conscience of free enterprise, and the increasing requirements of government policy focusses much attention on these issues.

About sixty per cent of all workers under collective bargaining agreements are covered by private pension plans<sup>1</sup>. This provision of an annuity to long-service employees when they retire tends "to inhibit mobility within the bounds of the firm unless ways and means are found to make pensions and other benefits portable as between enterprises."<sup>2</sup> Therefore, as a means of facilitating worker adjustment, it is seen as a necessary security provision

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<sup>1</sup>Loc. Cit.

<sup>2</sup>Dymond, W.R. "Co-ordination of an Active Manpower Policy in the Enterprise with National Manpower Policy". Op. Cit., p. 8.

for retirement; it is also seen to be an unnecessary impediment to the adjustment procedure by virtue of its lack of portability. Nevertheless, unions bent on preserving membership numbers and companies wishing to minimize turnover, are likely to keep pension schemes prominent on the collective bargaining agenda.

### Financial Guarantees

Where the magnitude of displacement threatened by technological change has reached major lay-off proportions unions are likely to demand economic guarantees and/or indemnification. Under a system of economic guarantees a group of workers is assured of a job or at least some minimum earnings over a prescribed period of time. Indemnification, on the other hand, severs the connection between the employer and employee through provision of a lump sum payment<sup>1</sup>.

Economic guarantees are feasible under conditions where the lump sum payment required is impossible or impractical and also where management deems it necessary to overcome union resistance to introduction of new methods and equipment. In the first case, the significance of the guarantee lies in its onus on management to engage in manpower planning such that the individual is not overlooked.

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<sup>1</sup>Weber, A.R. Op. Cit., p. 221.

In the second case, the anticipated benefits that accrue from the introduction of new processes are seen to overcome the expected costs.

Because of the special conditions required to evoke this form of award, economic guarantees are normally used in combination with other factors in an overall comprehensive program. Kaiser Steel's plan, for example, was cited above as a gain-sharing approach, but one of the basic provisions of the plan stipulated that no employees shall be laid-off due to technological change. Workers who are displaced from their jobs are placed in an employment pool, guaranteed payment for forty hours a week or the average number of hours worked in the plant, and dispatched to new jobs as they arise. The initial response to the plan supports a preconceived notion, viz. where it is most needed, it is impractical and where it is practical, it is not needed. Thus, "in the first nine months of the program, only one worker had been placed in the employment reserve and he was covered by the protective provisions of the guarantee for only three hours."<sup>1</sup>

In the Westcoast Longshore industry manpower practices were so restrictive and competition so difficult

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<sup>1</sup>Kossoris, Max. D. "Methods of Adjusting to Automation and Technological Change". A Review of Selected Methods Prepared for the President's Committee on Labor Management Policy. U.S. Department of Labor, 1964, p. 33, cited in Weber, A.R. Op. Cit., p. 222.



that management had to buy their way out of economic chaos. In order for management to introduce mechanization in terms of allowing fork-lift trucks into ships and other more efficient methods of handling cargo, a fund of twenty-nine million dollars had to be established to finance various programs to avert, or otherwise cushion, the consequences of these changes. Provision was thereby made for employment and income guarantees. Under this plan, however, workers were encouraged into early retirement thus removing employment positions in pace with technological change. The result was that "between 1960 and 1963 the wage and employment guarantees have seldom, if ever, been used."<sup>1</sup>

The total buy-out approach as specified in the Westcoast Longshore industry can be contrasted to the "piece-by-piece" approach that unions may demand. Both approaches can be criticized as negative in that they encourage bad practice. Moreover, the piece-by-piece approach is an open invitation to higher and higher demands. The oil refining industry is an example where low labour costs and the importance of uninterrupted operations led to loose labour practices and continual buy-outs. Thus it is essential, from management's point of view, to ensure that a buy-out is terminal<sup>2</sup>.

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<sup>1</sup>Weber, A.R. Op. Cit., p. 223.

<sup>2</sup>Shultz, G.P. Op. Cit., p. 134.

Indemnification through lump sum severance payments is a most common form of settlement as a means of adjustment to technological change. Between 1956 and 1963 the number of these provisions nearly doubled and are found in approximately thirty per cent of collective bargaining arrangements in the United States<sup>1</sup>. These plans vary from industry to industry and many plans are being modified to meet the needs of the times. Informal, ad hoc arrangements which fill specific needs in the absence of a general agreement, are in existence. Normally benefits are determined on the basis of seniority and range from one day to three weeks' pay for each year of employment with a built-in ceiling factor.

Theoretically severance pay purports to contribute to the adjustment process in diverse ways. It may offer some restitution for the loss of high property rights invested in a job; provide the displaced worker with resources to meet his financial obligations while searching for new work; and, it may if substantial enough, create a short-term deterrent to the rapid introduction of labour-saving technology by management<sup>2</sup>. Increasing doubt is being voiced at the usefulness of a plan that pays off entirely in money and results most frequently in rapid

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<sup>1</sup>Kossoris, Max. D. Op. Cit., p. 17, cited in Weber, A.R. Op. Cit., p. 224.

<sup>2</sup>Weber, A.R. Op. Cit., p. 224.

expenditure. Instead increasing provisions are being made to adapt the severance pay to a retraining requirement which would fit the displaced worker for other employments<sup>1</sup>.

Supplementary unemployment benefit plans, that is, plans providing payments to laid-off workers to supplement national unemployment insurance, have undergone some revisions due to technological change. Whereas the plans were originally designed to provide income protection against seasonal and cyclical fluctuations in production and employment, many of them have been modified to meet the requirements of technological displacement, and provide an income stream for varying periods following permanent lay-off<sup>2</sup>. One variance of this technique is provided in the automobile and meat-packing industries. Here the plan has been integrated into a broader adjustment program that enables the displaced worker to draw payments before he exercises his option to interplant transfer<sup>3</sup>.

### III. NON-MONETARY ISSUES

#### Labour Turnover

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<sup>1</sup>Block, Joseph W. Op. Cit., p. 135.

<sup>2</sup>Kossoris, Max. D. Op. Cit., pp. 18-19, cited in Weber, A.R. Op. Cit., p. 225.

<sup>3</sup>Weber, A.R. Op. Cit., p. 225.

The attrition approach to labour turnover is so widely endorsed for handling some of the dislocations associated with advancing technology that one author suggests, "familiarity with this approach can be used as a literacy test among personnel managers and union representatives today."<sup>1</sup> Attrition may be classified as "natural" where the rate of contraction of the labour force due to resignations, deaths and retirement is approximately equal to or greater than the rate of displacement generated by technological change. Natural attrition is very often used as a basic remedy for the problems of displacement. Indeed many cases of major worker displacement have in the final analysis reduced to natural attrition.

Where natural attrition does not appear to be effecting the desired turnover the method has been modified to permit "controlled" attrition. Under such controlled attrition the collective agreement usually stipulates a rate of decline in the number of positions. Unions tolerate this approach so as to discourage management intervention in the natural process in terms of using tactics to increase the normal turnover rate.

Those who are cautious about the attrition approach cringe at the thought of controlled attrition. The reservations stem from the feeling that more workers than the

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<sup>1</sup>Ibid., p. 210.

controlled rate may be leaving but management is forced to a ceiling rate and potential difficulty in the long run<sup>1</sup>.

The final turnover approach is based on a philosophy of encouraging the withdrawal of employees from the firm or labour market. "Induced" attrition seeks to balance turnover with the rate of displacement basically through providing incentives for early retirement. This approach is most conducive to wholesale labour displacement from major technological change or plant closures. Consequently, generous early retirement benefits have been offered in the meat-packing, automobile, steel and petroleum refining industries to displaced workers who meet specific service and age requirements, usually twenty years of service and fifty-five years of age.

In many cases unions actually join management in encouraging worker retirement both for worker displacement and as a method for increasing job opportunities. However, internal union problems can subject the union to severe pressures in mediating the demands of younger and older workers. There are also many cases where removal of the short service employees who have the highest turnover rates and the siphoning off of older workers still leaves a large residue of potential unemployment from major dis-

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<sup>1</sup>Crispo, John H.G. "Economic and Technological Change in the Sixties - Patterns of Response to Change - Discussion". Labour-Management Conference on Economic and Technological Change in the Sixties. p. 153.

locations<sup>1</sup>.

### Working Period

Historically, shorter hours of work have been emphasized as a device to preserve worker health. Negotiations in collective agreements, for the most part, have left unchanged the forty-hour week with time-and-one-half for overtime. More recently, however, the trade union movement has given a great deal of attention to the matter of reducing the hours of work to combat unemployment<sup>2</sup>. This issue has become the center of some economic debate and diverse opinions abound.

A.M. Ross, for example, has suggested that shorter hours of work should not be ruled out categorically as a method of worker adjustment. He states that both labour and management have over-simplified their positions; labour says that everybody needs a thirty-five hour week and the administration says that it is an original sin. Accordingly he suggests, "In some cases the shorter week is the sensible solution, in other cases, not."<sup>3</sup>

Dr. Crispo takes the viewpoint that:

"There are few, if any, reputable economists who

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<sup>1</sup>Weber, A.R. Op. Cit., p. 213.

<sup>2</sup>Block, Joseph W. Op. Cit., p. 136.

<sup>3</sup>Ross, A.M. Op. Cit., p. 33.

will support the view that reducing hours of work generates more work except in the sense of spreading around whatever unemployment or underemployment there may be in the economy....Reducing hours of work in no way is likely to increase total employment."<sup>1</sup>

Some unions have shifted emphasis from shortening the work day to reducing the work year through a variety of measures. Besides making progress in the traditional path of increasing lengths of paid vacations, many ingenious methods have been devised for reducing annual hours of work. Although the formula varies from industry to industry the "industrial sabbatical" includes an extended vacation of ten to fifteen weeks every five years for workers who meet the prescribed seniority standards. Another modification of this plan provides phased retirement by extending the vacation period as the worker approaches sixty-five.

A number of operational problems have been voiced about the principle of reducing hours of work, no matter what method is adopted. The issue of reducing hours for worker health has disappeared as an argument and nothing sacred can be associated with the demand of a thirty-five hour or a forty hour week. Moreover, it is argued that many workers would just as soon work the extra time and

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<sup>1</sup>Crispo, John H.G. "Economic and Technological Change in the Sixties - Patterns of Response to Change - Discussion". Op. Cit., pp. 154-155.

take home that much more pay. Consequently, the issue becomes one of choosing between income and leisure and there is no evident common ground.

A further point strikes at the heart of the union argument that reduced hours of work will increase job opportunities. As previously indicated, there is no proof that reducing overall hours of annual work produces more jobs. Indeed, where the pressure for efficiency is great, the anticipated job openings do not materialize as management becomes determined to operate with less manpower. Many cases of moonlighting and working overtime have accompanied the acceptance of a shorter work week<sup>1</sup>.

### Labour Mobility

When lay-off for any reason becomes imminent, seniority issues and procedures for entering the labour market become most important. Included in this procedure is normally some provision for transfer to another company plant; retraining for placement either in the same plant or a company plant in another geographical area; or, placement outside the company. All of these procedures have emerged from collective bargaining agreements as an aid in worker adjustment to technology and have met with varying success.

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<sup>1</sup>Weber, A.R. Op. Cit., p. 221.



Where the burden of displacement falls heavily on a few departments within a plant or plants within an industry efforts have been made to increase the workers' mobility by expanding the unit of employment opportunities. This may be accomplished through modification of the seniority system in the plant, through developing formal channels of access to new occupational categories or through establishment of interplant transfer systems<sup>1</sup>.

In the first case, plant seniority systems establish some arrangement for bumping rights such that a senior employee displaced from his job can claim privileges to a junior employee's position. A labour pool is normally established for those who become displaced from various departments and seniority also prevails in this unit. This system presents many problems for unions and personnel managers alike as considerations of equity and inefficiency are formidable.

In order to overcome some of the problems associated with interplant bumping rights many unions have sought to ease displaced workers into other occupational sectors, for example, through apprenticeship programs, where the number of jobs are relatively stable or increasing. In this manner the worker is moved into an area of long-run economic opportunity rather than passing the dis-

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<sup>1</sup>Ibid., p. 214.

placement down the line in contracting employment situations.

Inadequacies in transfer provisions within a plant have led to more pressure for interplant transfer units, especially where the ensuing change involves a major shutdown. This type of plan is, for the most part, limited to multi-plant firms or where one union has representation for a number of units within an organization. And the nature of transfer rights in most cases has been limited to preferential hiring only. Some plans have been arranged, however, where employees are transferred from one plant to another along with their associated jobs. This "transfer of operation" principle has been successfully implemented in the automobile industry and many railroad and meat-packing operations<sup>1</sup>.

Unrestricted interplant bumping arrangements are rare in United States collective bargaining agreements. This procedure is completely untenable to stable operations and normally does not receive union support in view of the likelihood of crossing local lines. Where the plan has been tried it is normally accompanied by many restrictive conditions and then does not cross local union lines.

Issues of controversy over integration of workers'

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<sup>1</sup>Ibid., p. 216.

seniority into a new plant that normally accompany job-preference and transfer-of-operations plans, have been overcome in some cases by establishing job rights in the new plant as of a given date. In addition, to overcome the psychological problems that are known to upset workers in moving from one location to another, many extra provisions are required.

Initially, the implementation of a transfer program normally involves provisions for relocation and moving allowances. Once transferred, there is quite often a necessity to provide worker retraining, especially if the new unit is significantly different than the one transferred from. The problems of adapting to this sort of change and the uncertainty attached has lead many mobility programs to fail miserably<sup>1</sup>.

Beyond any special interplant transfer provisions, however, the labour market is still the principal mechanism for adjusting to new manpower requirements in the economy. Thus, guidance is offered the displaced worker through occupational retraining and/or by attempting to help him obtain placement with another firm. Most of the experience with such programs has been extra-contractual in nature<sup>2</sup>.

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<sup>1</sup>Ibid., p. 218.

<sup>2</sup>Ibid., p. 225.

Efforts at direct placement by employers and unions have met with formidable odds. Variability in skills and other factors of the displaced worker must necessarily meet with the geographical conditions and general economic environment of the new situation. Nevertheless, modest contributions have been made through collecting and disseminating job information, counselling and overt canvassing of other employers. For the most part, however, it has been realized that national employment services are better equipped to handle these problems.

In recent years retraining has received increased attention from unions and management alike. The workers most vulnerable to technological displacement usually have minimal or non-transferable skills and retraining can promote occupational mobility and considerably enhance their replacement chances<sup>1</sup>. Most of these efforts have been outside contract provisions and have been financed by proceeds from automated production.

Wide-ranging success of many of these programs has been frustrated by inadequate vocational training facilities, long training periods, inability of trainees, and financial support problems that arise to impede the process. To be successful, considerable resources are required and intensive administration provided over pro-

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<sup>1</sup>Ibid., p. 226.

longed periods of time. With the availability of government programs of retraining and placement it is likely that unions and managements will more often refrain from private efforts to facilitate employment outside the bargaining unit.

### Advance Planning

Time can be a vital component in adjusting to technological change. Advance planning encompasses the notion of anticipating imminent changes and planning for their outcome far ahead of any crises developing. Within such a framework advance notice can lead to constructive action and result in the development of a comprehensive adjustment plan.

A.R. Weber points out that:

"The possible benefits of advance notice of large-scale displacement associated with technological change are so obvious it is surprising to note that they rarely have been incorporated into labour-management agreements in the United States. The typical advance notice clause requires no more than one week prior notification of lay-off and applies to all cases of retrenchment, without any attempt to vary the period of notice with respect to the cause of the displacement."<sup>1</sup>

There is an inherent reluctance by management to agree to advance notice founded mainly on the fears of creating harmful effects on worker morale and productivity. Arguments have also been voiced against advance notice on the

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<sup>1</sup>Ibid., p. 207.

grounds that implementation periods vary widely and undue costs would be imposed on management in guaranteeing employment during this period. Moreover, it is suggested that the union may take steps to impede the desired changes or that mass turnover may result with the loss of key men to other employers.

Available evidence has shown that the benefits of advance notice far outweigh the costs of granting it. A study noted by Weber indicates that in thirty-two firms where extended advance notice of displacement was provided, "productivity typically was maintained at previous levels, especially where the notice was linked to the development of a remedial program."<sup>1</sup> In addition, the provision of substantial severance pay ensured key employees stayed on with the firm.

Although far from prevalent in bargaining agreements, advance notice clauses are receiving more attention in recent years. Corporations are being increasingly pressured to develop a social conscience and show more concern for the individual. Unions are adding to this pressure by advocating that costs associated with technological change should properly include the costs of advance notice provisions, and are taking this attitude to the bargaining table. Therefore, with some relaxation on

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<sup>1</sup>Ibid., p. 208.

the part of management and increased demands for prior notice from unions, there has been an increased number of contracts containing advance notice provisions. In addition, many employers have provided extended notice of large-scale displacement without any contractual obligation but still within the framework of collective bargaining. In some cases this provision has been made where a complex set of fringe benefits and seniority rights "has induced management to modify its notification procedures in order to administer properly the relevant sections of the contract."<sup>1</sup>

Obviously, to be very effective, advance notice of change must be complemented with some form of prior planning or research, especially where the change is of major proportions. One author has listed the elements of manpower planning approach as including: (1) study of manpower flows including all data pertinent to job characteristics and trends; (2) development of future forecasted manpower requirements both near and longer term; (3) design of policies and programs to cope with problems and to take advantage of opportunities; and (4) administrative arrangements to carry on the studies and carry policies through to implementation<sup>2</sup>.

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<sup>1</sup>Ibid., p. 209.

<sup>2</sup>Shultz, G.P. Op. Cit., p. 137.

In forecasting of manpower requirements some authors suggest that manpower planning be carried on as part of the corporate budget, thus being complementary to sales and production forecasts. This process is obviously not very scientific. Forecasts must be continually updated for attrition, turnover, retirements and the like. Environmental factors are also bound to vary the target.

The advance planning approach has the great advantage of providing flexibility. Because it can approach major manpower adjustment problems well in advance of any crises it can research and solve many of the complex issues associated with shifts in quantity, quality and location of employment. It is not coincidental then that this approach has been widely adopted in those industries where the pace and nature of technological change has posed a severe threat to the stability of labour-management relations.

Where advance notice and prior planning have been undertaken there is normally some provision for union participation in joint consultation. Here is where the widely-heralded collective bargaining innovation, the joint study committee, has emerged to provide an informal line of communication during the period of technological conversion. From these joint planning groups have emerged some creative and constructive solutions to many perplexing technological problems.



Programs of joint research can develop either with or without a third party decision-making function. Such tripartite committees can further be public or private as manpower policy becomes more a part of national concern.

#### IV. THE DESIRED MIX

In review, the response of collective bargaining to the threats imposed by the rapid pace of technological change indicates its flexibility in developing methods to facilitate worker adjustment. One author views the response as developing in three stages dependent upon the immediate pressures<sup>1</sup>. During the first stage the unions seek agreements which prohibit lay-off of existing personnel and/or prohibit reduction in wage rates or at least freeze the manning schedule during the life of the contract. Thus, it is seen as an effort to maintain workers in their current jobs at existing levels of earnings. Complementary issues to create such conditions are expounded in terms of shorter hours, longer vacations, and the like, which share the available jobs. In addition, efforts to create the stabilization of earnings are contained in issues such as supplementary unemployment bene-

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<sup>1</sup>Barbash, Jack. "The Impact of Technology on Labour-Management Relations". Adjusting to Technological Change. Eds. Somers, G.G., Cushman, E.L. and Weinberg, N. New York: Harper and Row, Publishers, 1963, pp. 45-48.

fits, guaranteed annual wage and revamping of the traditional wage and classification systems.

Stage two is seen as shifting the emphasis towards moderating the impact of displacement by contract clauses which acknowledge interplant, intercompany and interarea transfers. Consequently, stage one strategy is no longer tenable and the union demands contract changes to widen the seniority unit and provide for relocation allowances and training. In most cases this approach requires advance notice in order that planning can be undertaken. If the problem becomes elaborate enough then provision for joint research and private or public third party assistance is advocated.

The third stage--suggested as most striking in conception--is based on the principle that employees have vested rights in their jobs; that introduction of labour-saving devices or other changes which displace workers from their jobs includes an inherent cost of compensation or financial settlement. This principle has been enunciated in collective bargaining by demands for severance pay, dismissal pay, terminal payments or more recently by separation pay provisions that augment the supplementary unemployment benefits. This stage often co-exists with stage two.

This series of defences is interwoven with management striving for the right to manage and the union, in

turn, attempting to preserve its size and maintain its institution by incorporating newly automated jobs within the existing collective bargaining unit.

The extent to which each collective bargaining method or combination of methods is used, however, is dependent upon a number of factors. There is no fixed pattern in the development of adjustment programs. The impact of technology cannot be viewed separate from work practices, industrial conflict, gain sharing, cost reducing and other displacement problems. Indeed, the success or failure of any plan depends on the degree of existing unemployment and other pertinent economic and environmental factors. Still, development of a comprehensive plan is more often shaped by the pace and degree in which technological change produces displacement. In a market economy the competitive pressures are harsh and unsentimental and corporations will be primarily concerned with their own survival.

If bad practices have crept into an organization or if major changes present formidable problems it appears that management most often will choose the buy-out approach. Thus management will pay out a lump sum in order to obtain the right to restructure the organization as they desire. This management method has been designated as a radical approach to the extent that it seeks to overturn the prevailing structure of work rules and "local

practice" clauses in one concentrated attack. On the other hand, there has been an increased degree of experimentation of late, and many attempts have been made to tie a variety of techniques into a comprehensive plan. Appropriately termed the "Fabian" element, this management policy seeks to achieve the same long-run objectives but chooses a gradual strategy based on collaboration rather than a frontal attack<sup>1</sup>.

Many authors view the accomplishments of collective bargaining in facing the challenge of increasing technology as quite adequate in the development of significant worker adjustment programs. That collective bargaining has been flexible in stature can be espoused in the following quote:

"What is loosely called collective bargaining is in practice a highly variable process, shaped by the parties and by the conditions they face. The size of bargaining groups, the subjects covered in contracts, the degree of formality in the process, the use made of outside advisors as partisans or neutrals, the attitudes towards the process, the number of strikes - all these vary greatly from one industry, union and company to another. Variations also take place in individual cases with the passage of time and with changes in problems, attitudes, economic events and other factors."<sup>2</sup>

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<sup>1</sup>Ibid., p. 50.

<sup>2</sup>The Public Interest in National Labour Policy, Committee for Economic Development, 1961, cited in Siegel, A.J. "The Nature and Character of Collective Bargaining - Its Challenges, Trials, Accomplishments and Failures - Introductory Statement". British Columbia Labour Management Conference - 1963. p. 52.

Thus A.J. Siegel suggests that collective bargaining on the whole has been underrated in flexibility and adaptability and views recent accomplishments of the process as indicative of contractual interpretations which have been consistent with the economic framework of the free-enterprise system. Indeed, he believes that:

"...a serious threat to the effective operation of this private rule-making process has been the increasingly restrictive and detailed government regulation of the process and the substance of bargaining....

The costs arise because people without an economic stake or a direct knowledge of the enterprise or industry make basic decisions affecting the lives and welfare of those dependent on the enterprise or industry."<sup>1</sup>

William Simkin, Director of the Federal Mediation and Conciliation Service, has stated that:

"It is quite likely that the future development of the bargaining process lies in the field of continuing consultation and communication through the life of the labour agreement....The more formal aspects of these new devices, labour management committees with all their infinite potential variations, are still in their infancy."<sup>2</sup>

Ross supports the view that collective bargaining has adjusted quite well to the conflict of job efficiency versus security and is developing principles to support its claim of being dynamic rather than static in nature.

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<sup>1</sup>Ibid., pp. 50 and 53.

<sup>2</sup>Simkin, William. Address before Fifth Constitutional Convention, A.F.L.-C.I.O. New York, November 15, 1963, "Daily Proceedings", pp. 11-12.

However, he points to the fact that "like it or decry it industrial relations is tripartite in form". At a Conference in 1963 Ross suggested that strikes have withered away as an all powerful tool because management and labour have grown in sophistication and found other techniques to be more conducive to mutual benefit<sup>1</sup>. This is not to say there are fewer strikes. Indeed, in Canada 1966 produced a record loss time in strikes. Apparently, however, unions have found political action to be a more powerful aid in enhancing their position in collective bargaining. And government manpower policy indicates that they no longer condone irresponsible acts that are a detriment to society as a whole, but are involving themselves in the supervision of industrial relations policies and programs.

#### V. LIMITATIONS OF THE PROCESS

To put complete trust in collective bargaining to resolve all labour problems is placing too great an onus on what is, at best, a limited functional entity. "While it can be employed to determine the ground-rules according to which declining job opportunities are to be shared in particular settings, it cannot create new opportunities nor more than alleviate the distress of those who are actually

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<sup>1</sup>Ross, A.M. Op. Cit., p. 27.

displaced."<sup>1</sup> Concentration must be devoted to the resolution of impediments to progress in solving the labour ills.

Three limitations that have received the most strongly worded arguments against the effectiveness of the collective bargaining process in correcting worker displacement are: (1) the small percentage of workers that are unionized in Canada and the United States--less than one-third of the work force; (2) the highly segmented and competitive pattern of collective bargaining in which the overwhelming majority of agreements are between union locals and individual firms or plants; and (3) the still prevalent and widespread suspicion and hostility which many employers feel towards unions<sup>2</sup>.

These issues are viewed as striking at the center of any constructive processes to worker adjustment and in the development of overall comprehensive policies and programs. In the first case the majority of the work force has no claim to collective representation to management. Moreover, for those who do, the unit of economic opportunity is, for the most part, too small to be conducive to

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<sup>1</sup>Crispo, John H.G. "Summary Report on the Conference". Op. Cit., p. 40.

<sup>2</sup>Jamieson, S.M. "Economic and Technological Change in the Sixties - Patterns of Response to Change, Discussion". Labour-Management Conference on Economic and Technological Change in the Sixties. p. 143.

creative adjustment programs. And the suspicion management feels towards unions will likely preclude advance notice of new methods and equipment thus rendering advance planning ineffective.

For those authors who view technology as the curse of collective bargaining and as dooming the plight of the worker in general there appears to be substantial backing in the above type of limitation. Clearly, any firm, free of social restrictions, will act in a manner only cognizant of economic criteria and often to the detriment of the rank-and-file worker. But even more obvious is the fact that most aspects of industrial relations have become tripartite in nature. Thus Dr. W.R. Dymond has stated:

"In today's world, it is not possible to introduce technological changes which meet the economic objectives of the enterprise without regard to providing the means for satisfactory adjustment to changes for individual employees. Otherwise, employees on an individual basis and through their unions will resist changes overtly or subtly,....

Additionally public opinion has come to expect large enterprises, in particular, to act with a sense of 'social conscience'. If they do not do so, a lack of conscience may lead to loss of business in the market place or lead to undesirable reactions from their point of view from organized labour and governments....

Failing an individual enterprise's ability to provide continuing income and employment in the light of the individual worker's capability for his most productive contribution to the economy, national manpower policy must then provide for the worker's adjustment to new employment in



line with his abilities in the outside labour market."<sup>1</sup>

To what degree the government and society preserve these objectives remains to be verified in the future. But even at present management does not make decisions in a social vacuum; it must consider long-run social consequences of short-run economic alternatives.

However, the arguments do chide the rosy picture painted by collective bargaining enthusiasts by spurning their general claims to constructiveness and creativeness of the process in facing the challenge. Many of the joint committees established to effect worker adjustment programs (to be reviewed in the following chapter) have encountered formidable problems and tend to weaken in the long run because of the individual nature of the plans. In addition, many of the individual recommendations can be questioned from a socio-economic point of view. For example, is it right to induce workers into retirement? Is it right to control attrition through a procedure which is tantamount to guaranteeing jobs and removing organizational efficiency? Is it right to reduce the hours worked in a week when workers then put in overtime? Is it right for members of a powerful union to be granted provisions more

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<sup>1</sup>Dymond, W.R. "Co-ordination of Active Manpower Policy in the Enterprise with National Manpower Policy". Op. Cit., pp. 2 and 4.

bountiful than those of smaller unions? This type of issue is often the center of academic debate.

The complexities that have emerged in the collective bargaining process have expanded over time. In dealing with worker displacement to technological change, the problem reduces to one of helping the individual. Corporations and other leadership groups can exist and survive economic and technological changes. The individual is much more a victim of the consequences. However, in attempting to provide worker assistance, individual freedom and responsibility must not be completely overlooked in reaching for comfort and security.

How effective a response is created to meet the manpower adjustment challenge depends ultimately on the general economic climate, especially on the state of the labour market, and on the good faith and sophistication of unions and managements. Unless collective bargaining responds to these challenges governments will be required under the pressure of public opinion to intervene more forcefully. The two issues must be complementary and supplementary. A decision must be made on what can be done by the unions and management and what must be done by the government.

As previously mentioned, the three obvious requisites must be a national manpower policy devoted to full employment, stable prices and free collective bargaining.

An economic framework must be provided such that collective bargaining can be integrated on a national basis and such that the union movement must adapt to established economic objectives. However, even then it follows that all problems of the labour market cannot be solved by collective bargaining alone. There are a number of issues that are just too big for labour and management to handle<sup>1</sup>. In this regard there have been numerous representations to the government to solve the ills of the market. In essence, however, these representations, in addition to the previous requisites mentioned, call for government aid in creating more flexibility in the labour market.

Consensus has indicated that major programs of re-training for the labour market, upgrading the educational attainments of the blue-collar worker in general, transferring workers with income provided during unemployment, and possibly developing of integrated portable social security systems are best handled on the national level. The costs and benefits of collective bargaining are obvious. Where unions and managements have developed rigidities in the collective bargaining process the government is required to treat the overall environment by making it more flexible.

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<sup>1</sup>See Chapter III, United States Experience Section, p. 74.

In sum, therefore, a viable collective bargaining approach to worker adjustment requires a sophisticated tripartite rationale: one in which management provides advance notice of impending changes; continuing joint union-management consultations focussed on solving the problems; barriers to worker mobility are rescinded; and, a dynamic flexible market policy is provided by the government.

In general, the limitations apparent from the preceding analysis of collective bargaining are also applicable to joint study committees. This is not to say that significant results have not already been achieved with this administrative instrument. Indeed, European experience with joint study committees has produced achievement to which all reprovers of North American policies emphatically refer<sup>1</sup>. In the United States and Canada there have been many noteworthy examples that are often paraded at conferences and in speeches throughout North America.

What is the reason for this difference in achievement? Why have the most highly developed regions in the world been lax, reluctant or otherwise unable to obtain the achievements of some sectors of Europe? It will be useful to examine the experiences of each region in an attempt to determine the potentialities of this all-important collective bargaining apparatus--the joint study committee.

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<sup>1</sup>See Chapter III, European Experience Section, p. 68.

## CHAPTER III

### MANPOWER ADJUSTMENT THROUGH JOINT STUDY COMMITTEES

#### I. INTRODUCTION

For the purposes of this report joint study committees will refer to bipartite or tripartite bodies established to facilitate the development of methods of adjustment to technological change. Tripartite bodies normally add a neutral chairman to the labour management committee for purposes such as direction, mediation and fact-finding. Such committees normally grow out of the common realization by a particular union and management that comprehensive research and planning is required, viz. a study of the kind not amenable to the bargaining table. Indeed, the complexities of many industrial problems demand studious co-ordination of the multi-faceted collective bargaining techniques.

In non-unionized firms there may be some attempts at joint committees with worker representatives. However, the limitations placed on collective bargaining presented in the previous chapter create little optimism for the effectiveness of such plans. A few corporations may exist where the leaders possess strong social consciences, but under the threat of increasing competitive pressures, survival of the firm must rightly prevail. And if management

is reluctant to provide advance notice in unionized organizations (which is essential to effective joint study), there is even less reason to believe different of non-unionized firms.

The particular committee of concern is one developed by labour and management at the enterprise level to solve an imminent worker displacement problem. Broader labour-management-government committees at the local, regional and national level are developed to deal with problems similar to those mentioned above, but of much wider depth, and they clearly lie outside the scope of this report.

This chapter will deal with the potentialities and limitations of joint study committees as developed at the enterprise level. Accordingly, it will be useful to look at the development and experience of joint committees to date; to expose some of the successes and failures; and investigate some of the reasons for them. The results of such an investigation should provide a framework or set of guiding principles within which the case presentations of the next chapter can be examined.

## II. JOINT STUDY COMMITTEE APPROACH

Joint study committees are essentially a mature or modern outgrowth of traditional labour-management co-operation ideology. Embodied in such an ideology is a common

and growing awareness of a need for exchange and ratification of information between the parties. Introduction of technological change at the work place has affected the rights and responsibilities of both parties and ratification is likely too complex for the vagaries of the bargaining table alone. Joint research, investigation, assessment and planning combined with the flexibility available outside of collective bargaining can lead to an objective analysis of the problems and the concomitant setting of long-range goals that will be of common benefit.

The use of bipartite, tripartite or all public bodies in the above context is generally an ex-ante mechanism; it seeks to provide the information transfer before collective bargaining negotiations which could result in a strike. This is to be contrasted with the voluntary arbitration board, an ex-post device for disposing of collective bargaining issues where no agreement is imminent. The tripartite study committee is essentially pre-negotiation bargaining with complete flexibility aided by the technical and mediatory services of a neutral third party. On the other hand, the tripartite arbitration board is restricted to submitted issues and limited in its ability to explore alternatives. Because the issues are binding on the parties, contract arbitration is unlikely to resolve the conflict; that is, less likely to constructively

shape the future course of negotiations. The study committee rests on the assumption that "time, expertise and detailed examination are all required to deal with problems of unusual difficulty and that negotiations and the quality of settlements will both be helped greatly if such issues can be explored well ahead of time, away from the bargaining table."<sup>1</sup>

In furthering pre-negotiation procedure there is little doubt that tripartite committees are superior to all public committees. On the other hand, there has not been enough evidence to suggest that voluntary trilateralism will work on a large enough scale to gain wide acceptance. There is a curious paradox which favours the tripartite approach: "that it has its greatest utility in cases of extremely low accommodation, yet depends heavily and directly upon the level of accommodation if it is to yield tangible results."<sup>2</sup> Thus careful study and patient discussion by the mediatory skills of the neutral can produce constructive solutions to vexing problems. Experience has shown, however, that solutions to the complex problems of technological change require the mutual consent and commitment of both parties and, in the long run,

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<sup>1</sup>Hildebrand, G.H. "The Use of Tripartite Bodies to Supplement Collective Bargaining". 1961 I.R.R.A. Spring Meeting. Labor Law Journal. July, 1961, p. 658.

<sup>2</sup>Ibid., p. 660.



to be successful, a bilateral approach is better in order to let them hammer out their own solutions. For example, as Dr. Dymond suggests,

"The development of joint research, as a method for arriving at collective bargaining solutions to the job security issues posed by technological change, usually has not come easily to the parties as a matter of logical persuasion. It has often arisen out of one or other of the following conditions. First, the parties have tried just about everything else, including a long and disastrous strike, and have more-or-less 'backed into' joint research as a solution. Second, there has been a major threat to the continued existence of the company, or of the union, and in this crisis atmosphere joint research has developed."<sup>1</sup>

Nevertheless, examples of past successes can be found within all three of the aforementioned frameworks.

The underlying assumption of labour-management co-operation in terms of a joint study committee is the predominance of free collective bargaining. Clearly, labour-management co-operation cannot be advocated nor expected on a wholesale basis when simple collective bargaining suffices. The committee approach seeks to strengthen the collective bargaining procedure by supplementing, not supplanting it. There has been an increased realization that the heightened pressures of today's industrial environment is creating a much heavier burden on traditional

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<sup>1</sup>Dymond, W.R. "The Role of Collective Bargaining Research and Statistics in Industrial Relations - Introductory Statement". British Columbia Labour Management Conference - 1963. p. 114.

collective bargaining. Moreover, there is a spreading belief in some areas that "the bargaining system is producing many economically unsound settlements that are now a real threat to the stability of the country in the difficult sixties."<sup>1</sup> Indeed it has been suggested that collective bargaining is today facing a crisis and that only through such "creative" collective bargaining approaches as found in joint study committees can it survive and be effective.

The realistic level of labour-management co-operation is seen to lie in a continuum, somewhere between information sharing and co-determination<sup>2</sup>. Whereas information sharing is not strictly a form of co-operation it may have value in helping to foster co-operative attitudes towards problems, including those which arise at the bargaining table. In contrast, co-determination, a form of co-operation found mainly in sectors of Europe, provides for participation of unions in the decision-making process of the organization. Joint study committees fall within this continuum to the extent that they seek agreement as their objective; although not a requirement on all issues. Accordingly, there is a need to

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<sup>1</sup>Hildebrand, G.H. Op. Cit., p. 656.

<sup>2</sup>Wood, W.D. The Current State of Labour-Management Co-operation in Canada. Industrial Relations Centre, Queen's University: Kingston, Ontario, 1964, p. 3.

determine which areas are amenable to co-operation and which are better maintained as healthy and constructive differences for collective bargaining, or otherwise for inevitable conflict.

### III. EUROPEAN EXPERIENCE<sup>1</sup>

Although European history of labour-management co-operation dates back to the nineteenth century, the more significant and widely known developments have come about since the end of the Second World War. The successful recovery of European countries in post-war years has been largely attributed to a high degree of labour-management co-operation. Indeed, the European industrial relations scene has been under constant scrutiny in recent years by countries attempting to duplicate--or otherwise understand the reason for--its successes. It must be remembered, however, that the North American system has two distinct underlying assumptions in its approach to industrial relations: the first is a predominance of free collective bargaining as a method for resolving conflict; the second is mutual interest as an area of common benefit to both parties. Therefore, in appraising the European scene the North American observer should only attempt to extract

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<sup>1</sup>Montague, J.T. "Economic and Social Characteristics of European Labour-Management Co-operation". (unpublished paper), 1961.

characteristics of mutual interest that can be fitted into the latter's industrial relations system.

In general, joint committees are accepted as the rule rather than the exception in European industry. This is in sharp contrast to Canadian and United States industrial policy. Basically the difference arises from the connection between industrial relations and the law. The North American system relies fundamentally on the collective bargaining agreement and uses legislation only for establishing minimum requirements. The European system, on the other hand, downgrades the collective bargaining agreement in favour of legislation. The laws may have originally grown out of collective bargaining but the significant difference is that the focal point of bargaining is raised to the industry or area level rather than the plant level as is common in North America. From the European legal framework has emerged an integrated and all encompassing labour-management network that is far more sophisticated and impressive than the North American approach.

The essential consequence of such a framework in Europe is that joint committees are favoured both by the parties and by government. In general these committees have limited representation at the plant level except for such clearly marked areas as welfare and internal conditions. Broad issues of conflict between labour and

management are maintained at the higher level of discussion.

It is in the area of developing joint control by consultation that most notice appears to have been taken of the European approach. However, this arises out of a need for defence against the power of employers which in Canada is increasingly provided by labour relations legislation. Clearly co-determination is not acceptable in Canadian industrial relations, although it has been suggested as an area in which joint labour-management efforts could do most to advance the competitive conditions of the individual enterprise.

One fundamental difference between the North American and European system that is of major concern to this report arises in the high degree of voluntary negotiation. In the European system it has been recognized that management changes, introduction of technological change and other factors of concern to the employees are freely communicated. Thus a works council or committee is consulted or is provided with free representation to management on issues regarding technological change. The overriding fact remains, however, that European industrial relations is established within a legal network that is non-existent in Canada.

Sweden, for example, is characterized by a system of industrial relations comprising--among others--the

following:

"Rational, centralised, 'pyramidal' structure of both trade unions and employers' organisations, demanding high quality leadership at all levels.... A Basic Agreement stipulating a procedure for negotiation, a number of 'hostile' acts that are forbidden, the treatment of disputes that may endanger the public interest, and the procedure to be followed in laying off and dismissing workers.... A permanent body (the Labour Market Committee) for the discussion of major issues."<sup>1</sup>

Whether or not the European approach has policies and programs that may be suitable to North American industrial relations is not entirely clear and is necessarily beyond the scope of this report. Suffice it here to say that European and North American industrial relations have clearly emerged into different labour-management frameworks and further study is required to establish any conclusions amenable to adjustment processes in Canada.

#### IV. UNITED STATES EXPERIENCE

United States experience with joint study committees is somewhat piecemeal as was indicated in the previous chapter dealing with limitations of collective bargaining. The plans that have emerged over the past decade have been subjected to severe scrutiny and almost monotonous exposition. However, these plans do hold great promise for the

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<sup>1</sup>Cooper, Jack. Industrial Relations: Sweden Shows the Way. Fabian Research Series 235. London: Devonport Press Ltd. (T.U.), 1963, pp. 28-29.

future of the committee approach to worker adjustment and they perhaps gain least praise from those who try to compare the distinctly different bargaining process of Europe with the United States. Indeed, some authors have suggested that the committee approach--called creative bargaining--is the only viable method of collective bargaining in North America<sup>1</sup>. Proponents advocate that until this approach receives widespread acceptance collective bargaining will retain the disfavour and unimaginative association that society accords it today.

Although Canadian historical development and social and economic environment are somewhat different than the United States, the conclusions of their experience can be usefully investigated with attendant caution. Obviously there is a need for objective appraisal of each situation in its own context. But this does not preclude the investigation and adoption of some form of these flexible solutions to problems emerging out of Canadian worker displacement. Many of these cases have resulted from untenable internal pressure and publicly expressed dissatisfaction that saw labour-management relationships taken apart and rebuilt. And even if some of the solutions adopted were unsuccessful, the important lesson of the

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<sup>1</sup>McLaughlin, R.P. See Labor Law Journal. August, 1964, p. 518.

exercise is the willingness to experiment through constructive negotiation.

The environmental conditions of the times have been mentioned as influencing the type of program found most appealing<sup>1</sup>. The five plans most often applauded--Armour and Co., American Motors, Basic Steel, Westcoast Longshore and Kaiser Steel, and their attendant unions--all developed within twenty-five months of each other. Therefore, it is reasoned that problems of technology can be manageable if the atmosphere is made conducive; that is, workers will be retrained and relocated if other jobs are available, severance payments will be acceptable if workers are not unemployed too long and distressed areas will be redeveloped if there are not too many.

The plans that have emerged from joint study committees in the United States can change the bargaining process and/or effect a change in the bargaining institution. Each plan changes the past bargaining context to some degree. For example, Armour and Co. and the Westcoast Longshore plans merely removed the impediments from bargaining that had created untenable and sometimes explosive conditions, whereas Basic Steel changed the atmosphere of

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<sup>1</sup>Montague, J.T. "Recent American Developments and Experiments in Labour-Management Relations". Economic Council of Canada, National Conference on Labour-Management Relations, Ottawa, November 9-10, 1964, p. 11.



negotiations completely by introducing continuous consultation.

Armour and Co. undertook a joint study plan so prodigious in its scope that its very size led to its eventual downfall. The company set up a fund and attempted to retrain and relocate all the displaced workers from closed plants. The company closed twenty plants, opened eight, and cut its force of production workers in half over a period of fifteen years. This lesson has led many to the belief that long-term commitments of this sort necessarily favour government aid.

The type or pace of technological change can affect the plan structure. For example, the American Motors case involved continual introduction of new methods and cost-reducing devices. The resulting plan reduced worker resistance by introducing a gain-sharing plan. On the other hand, the Basic Steel and Westcoast Longshore industries are characteristic of episodic change which introduces more of a crisis situation, in contrast to the former case in which change is expected. The implications of change are less easily forecast and healthy bargaining processes are required to ferret out alternates and develop solutions to the problems.

The Basic Steel industry has had a long history of labour-management co-operation and with the flexibility they exhibited in approaching their problems were able to

establish complex collective agreements to mutual satisfaction. In contrast, the Westcoast Longshore industry has had a long history of bitter rivalry, but had reached the common position of acknowledging the need for updating of methods. As a result a huge fund was established--a buy-out approach--to enable the union to protect their workers in exchange for management's right to introduce changes.

The use of a third party was far from consistent in these cases. An uninvited third party was never included and in the Kaiser plan, where mediation was desired, the parties were chosen specifically, thus setting the boundaries on their participation. Such mediators, where used, were normally men of extensive background who were trusted by both sides to render fair treatment. However, some criticism has been levelled against the use of a third party due to the decrease in commitment that may result from the interested parties<sup>1</sup>. This view suggests that extensive self-appraisal is required by each party to reach effective, lasting solutions.

The success of the plans is also attributed to a degree to the type of individuals involved. Thus the personalities and determination of some of the leaders was seen to have had considerable effect on the development of

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<sup>1</sup>Ibid., p. 52.

a successful plan. In addition, the traditional belief of a need of crisis or pressure on each side to arrive at a solution was questioned. The fact is, from an analytical point of view, the parties take a problem out of the pressures of the bargaining table but then develop a procedure to reintroduce it back into the same type of pressures. The essential element is a belief that all problems of the kind found untenable in bargaining should be removed, restructured and reintroduced; the free collective bargaining approach is enhanced due to a common interest vested in the new approach.

It is clearly impossible to completely investigate all the ramifications of these plans in this report. Conclusions drawn from these and other plans are included in a summary framework presented at the end of this chapter. Each plan has so many diversities that it can obviously be concluded that no plan per se will be adequate to cover another situation. Conditions are just too variable. However, from the above type of discussion it can be seen that United States experience has developed some noteworthy examples of sophistication in labour-management co-operation. Technological change has not presented too vexing and complex a challenge for those flexible enough to adapt and experiment creatively and constructively.

## V. CANADIAN EXPERIENCE

For the most part, joint study committees in Canada have had government support as far back as 1919. At that time a Royal Commission on Industrial Relations observed that "there is an urgent necessity for greater co-operation between employer and employed."<sup>1</sup> From the 1920's to the late 1950's developments in labour-management co-operation were primarily at the plant level. The main conclusion that can be drawn from the various Canadian experiments in labour-management co-operation over the years is that they have been sporadic, that they have not been carried out on a broad front and that they have had little overall co-ordination or sense of purpose<sup>2</sup>.

In essence, the strong beginning of labour-management co-operation began as a war effort against a background of war production needs and a spirit of patriotism. The first formal government support for sponsoring labour management production committees came on January 18, 1944 when P.C. 162 was passed establishing the Industrial Production Co-operation Board. Following the war this work was transferred to the Labour-Management Co-operation Service of the Department of Labour. At about the same time

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<sup>1</sup>Cited in Wood, W.D. Op. Cit., p. 10.

<sup>2</sup>Wood, W.D. Op. Cit., p. 38.

in the United States, however, the government withdrew its support of production committees and they soon disappeared.

In advancing the concept of co-operation in Canada during and since the war, three distinct phases have developed, each of which has stressed a different objective for co-operation. During the early period emphasis was on the war effort. In the period following the war the emphasis changed to the urgency of producing to meet post-war shortages and to re-establish foreign markets. The third phase dates from early 1955 when a broader but more diffuse set of objectives were formulated. Committees were seen to be of value in discussing a wide variety of subjects in addition to or in place of production, such as safety, house-keeping and other areas of mutual interest to the parties which would increase harmony in the work place.

In general, such committees have not left a marked impact on Canadian industrial relations. "This is partly the result of their narrow terms of reference which preclude them from discussing subjects within the area of collective bargaining and thus from coming to grips with some of the major problems at the plant level."<sup>1</sup> By 1964 the number of committees increased from 300 at the end of the war to more than 1,800. During the same period, however, the number of workers represented only increased

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<sup>1</sup>Ibid., p. 39.

from 300,000 to 500,000. This trend is seen to be resulting in more committees being established in smaller plants. Indeed, in 1964 over fifty per cent of the total were committees covering fewer than one hundred employees<sup>1</sup>.

The approach to forming joint committees was through the use of field men trained in the rationale of the Labour-Management Co-operation Service. The paraphernalia of the field men comprised a package deal setting out the objectives and the essential organizational characteristics of the committees. The promotional materials issued by the branch included a monthly bulletin, "Team Work in Industry", monthly posters, and a series of discussion sheets called "Let's Discuss". These materials are provided in an attempt to create interest in joint committees in industry and in general have received favourable remarks from industry and unions.

Although this investigation is by no means attempting to evaluate the role of the Labour-Management Co-operation Service, it may be useful to discuss a few basic principles that have been prevalent throughout the literature presented. That is, joint study committees must have some clearly visible objective or purpose; they have come to be accepted as supplementing collective bargaining, not replacing it; and they must fit in with the confines

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<sup>1</sup>Ibid., p. 16.

of government legislation. Joint study committees are a means not an end in themselves<sup>1</sup>.

During the war years a readily available objective was provided for labour and management in their joint committees. They took place, however, at a time when management-union relations were just beginning or not far advanced. This resulted in joint committees being advocated outside of the main pattern of collective bargaining relationships. Hence the emphasis was on a labour-management production committee which was an end in itself and an independent vehicle in most plants for labour-management communication.

By the time the Labour-Management Co-operation Service got into operation, collective bargaining was a granted right and unions were making considerable progress in developing collective bargaining relationships. Consequently, during the post-war decade, with the loss of a clearly defined objective and with an available line of communication provided in the union-management mechanism, the Labour-Management Co-operation Service became somewhat of an unwarranted entity.

The emphasis was shifted in 1955 to the support of joint union-management committees discussing anything outside the field of collective bargaining. This rationale

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<sup>1</sup>Ibid., p. 35.

grew out of the fundamental concept of providing an organized and regular channel of communication between labour and management apart from the established bargaining channels. Here again the major problem lies in the lack of any clearly defined objective for the parties to pursue. Throughout the administrative, publicity and personnel phases of the operation the problem has been that of a lack of an explainable philosophy.

Finally, the main problem facing the Labour-Management Co-operation Service has been the difficulty of developing national campaigns or national support for their work. Labour legislation in Canada is designed to facilitate labour and management in finding solutions to their own problems. In addition, promotion of labour-management co-operation has been actively carried out by provincial jurisdiction not only by implication but by means of active participation. National support for the Service under these circumstances has not really been practical.

In the late fifties and early sixties a renewed interest emerged in labour-management co-operation, growing out of a deterioration of the economic situation in 1956-57 and an increasing awareness of new problems to be solved. Most of the emphasis of this concern, however, was developed at the national and regional levels. Suffice it in this report to say that the new provisions, most



notably through the Economic Council of Canada, introduce "a mechanism for joint co-operation on the broader questions of the Canadian economy and, for the first time, provides a framework to give a sense of direction and purpose to co-operation at lower levels of the economy."<sup>1</sup>

The discussion in previous sections has indicated the increasing number of forward-looking creative collective agreements which have focussed on the solutions to manpower adjustment problems which technological change poses. In Canada the government has added the problems associated with technological change to their previous efforts in promotion of joint labour-management co-operation. Thus they have become concerned with the collective bargaining process not only to the extent that negotiations continue on until settlement, but more recently with the methods of manpower adjustments, and the means of facilitating economic adjustments through collective bargaining.

In this regard,

"The Department of Labour, through its Economics and Research Branch, has undertaken a very considerable research program since 1957 on the manpower implications of technological change....This research has been assisted by an Advisory Committee on Technological Change, composed of experts from management, labour, government and universities....

Efforts are being made by government to make the

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<sup>1</sup>Ibid., p. 40.

parties [management and labour] aware of their responsibilities, to bring them together on a consultative basis and to air problems, to encourage permanent joint discussions of problems away from the bargaining table, as well as to encourage more basic research by the parties, by governments and by universities."<sup>1</sup>

In addition, the Department of Labour has held a number of regional labour-management conferences on joint consultative committees. The National Productivity Council also held high-level conferences of management and labour to encourage a new atmosphere of more meaningful communication between labour, management and government. And the successor Economic Council of Canada held several high-level labour-management conferences to discuss the development of co-operation in the context of promoting economic growth.

The emphasis in all of these activities is encouragement by government for labour and management to find their own solutions to new and emerging problems, rather than to create the need for government intervention.

This is the stream of events ultimately leading up to the establishment by the federal Department of Labour of the Manpower Consultative Service in mid-1964. It would appear that the Canadian government has found both

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<sup>1</sup>Dymond, W.R. "The Manpower Consultative Service of the Canadian Department of Labour". Talk to the Union Research Conference, Queen's University, Kingston, Ontario, May 12, 1964, pp. 1 and 15.

a clearly visible objective for labour-management co-operation and one that can "supplement rather than supplant" collective bargaining.

The purpose of this section is to show the history of the Canadian industrial scene from which the Manpower Consultative Service has emerged. Fulfilling this purpose should establish the background for an analysis of government sponsored joint study committees to be presented in the next chapter. The essential points to carry forward in examining the Canadian approach are the reasons for past successes and failures in Canadian attempts at labour-management co-operation, and the essential characteristics of successful joint study committees in general.

## VI. SUMMARY AND CONCLUSIONS

The joint study committee approach to solving problems of manpower adjustment to change has received increasing support in the Canadian industrial relations scene as being the most viable method of approaching the complexities of worker displacement problems. It is also an approach that most readily adapts to the ideals of free collective bargaining and free enterprise. However, this approach is still in its infancy in many respects and requires special precautions to ensure its success. It also requires a mature and sophisticated labour-management relationship. Where such accommodation is not sufficient

success can sometimes be accomplished through the mediatory skills of a third party.

This chapter has investigated the potentialities and limitations of the joint study committee approach to manpower adjustment problems. Before proceeding with an analysis of the Manpower Consultative Service approach it will be useful to summarize the many ramifications of this planning technique that have emerged from past experience. Although the following list may be incomplete, it has nevertheless summarized most of the conclusions drawn from the works of many authors<sup>1</sup>.

1. Committee Participants

- (a) Study committees must have firm support of top officials of labour and management.
- (b) All others below top officials should be encouraged and convinced that the approach will work.
- (c) Apparently the question of who should serve on the committees will have to be decided to fit the situation. European experience suggests they be aside from bargaining. American studies, for the most part, suggest problems must be studied and receive commitment from those involved at the bargaining table.

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<sup>1</sup>Healy, James J., Ed. Creative Collective Bargaining, Meeting Today's Challenges to Labour-Management Relations. Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1965.

Hildebrand, G.H. Op. Cit.

Killingsworth, Charles C. "Co-operative Approaches to Problems of Technological Change". Adjusting to Technological Change.

Montague, J.T. "Recent American Developments and Experiments in Labour-Management Relations". Op. Cit.

Wood, W.D. Op. Cit.

A recent Canadian case suggests committees should not include regular negotiators<sup>1</sup>.

- (d) How personnel are organized into a joint committee is not vital; find the form best suited to conditions, resources and tasks.
- (e) There are many situations where neutrals may be helpful. However, the effectiveness of third parties will be determined by the progress made by the other two parties.
- (f) Participation of the government can be used to advantage; and in some cases is necessary to represent the public interest.

## 2. Attitudes of Participants

- (a) Continuous consultation requires that day-to-day contact be a determined effort towards good relations.
- (b) Essentially, bilateral study committees require a willingness to co-operate, and a recognition that there are mutual benefits to be gained from so doing. There is an increasing need to approach problems with a view to reaching agreement; determining what is right, not who is right.
- (c) Technological change often creates strong pressures for the modification of existing labour-management relations. Creative bargaining must be recognized as being based on democratic attitudes by both labour and management. It is neither collusion nor social reform.
- (d) Attitudes of leaders in committees are of utmost importance; they must be courageous and responsible; they must substitute rationality for power in recognizing mutual interests; and they must exhibit determination and willingness to overcome impasses.
- (e) If the plan is one that necessarily involves co-operation from lower echelons then maximum effort

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<sup>1</sup>Dion, G. "The Experience of a Joint Research Commission in a Case of Industrial Conversion (Domtar, Windsor, Quebec 1965)". Op. Cit., p. 585.

is required to keep them informed and to educate them on the plan so that any unsatisfactory attitudes are removed; co-operation can be created by continual information exchange and communication.

3. Ground Rules for Committees

- (a) A fundamental assumption must be that technological change involves human dislocation, and attendant provisions for adjustment must be included as one of its costs. Moreover, increased productivity from new innovations should be shared.
- (b) Comprehensive plans developed through bipartite or tripartite committees should be formulated for reintroduction into the normal collective bargaining channels. They should be established with the idea that the issue is not amenable to collective bargaining in its current form.
- (c) A necessary condition for co-operation--and consequently satisfactory joint committees--is security for both labour and management; for labour, security that co-operation will not result in weakening of the union institution in the collective bargaining process and, for management, security that co-operation will not involve undue restrictions on the enterprise system or infringement on management rights.
- (d) The atmosphere should be creative and constructive and lead to free exchange of ideas and proposals; in early stages especially, fact-finding should just lead to recommendations.
- (e) A well defined set of objectives or specific goals should be formulated to remove any possible suspicion in later proposals. A joint committee should be a means not an end in itself. However, no idea can be too ridiculous to consider. Joint formulation of recommendations may lead to ultimate agreement but complete proposal should be viewed beforehand such that review is made possible.
- (f) Provision for flexibility should be made, involving continuous consultation without deadlines, and sub-committees for fact-finding to relieve time limitations on top officials.

- (g) Publicity should be omitted in early stages to prevent adverse pressure on the group from unwarranted expectations and harrassment from outsiders. However, if program involves complete co-operation from rank-and-file then they must be kept well informed of developments.
- (h) Modifications of United States plans to Canadian situations would necessarily require changes to cope with differences in industry size, the history of labour-management relationship, and in labour law.

#### 4. Use of Neutrals

- (a) The mediatory skills of neutrals are seen as a way out of an impasse created by low accommodation of the parties. But third-party decision making does not remove conflict and the parties can remain frustrated. The attitudes of the parties can only improve if they work together in constructively attacking problems and hammering out agreements.
- (b) A third party can also provide technical aid in such forms as furnishing new ideas, new approaches, fact-finding, sorting out and identifying pertinent data, and further helping to promote the continuation of joint study by mediating and advising when the parties become stalemated.
- (c) A neutral party may be necessary to represent the interests of the public; require the parties to research deeper certain aspects of a problem; and, in the final analysis, act as a "face-saver" for compromises that are necessary but politically difficult to explain.
- (d) A neutral must have the respect and confidence of the parties; a thorough understanding of the collective bargaining process, labour, and industrial relations; the ability to mediate and otherwise serve as the parties request; and, the willingness to back out when the time is right to put more onus on the parties.
- (e) The role of the government as a neutral is seen to be more than moral suasion before dispute; it is becoming a service agent and advisor--a fact-finder but not a policeman. Care must be taken to ensure that government neutrals do not become permanent crutches.

5. Basic Conditions for Success

- (a) Forward planning increases the chance of success and continuous consultation results in more creative and constructive development of alternatives. Research staffs on both sides can be of considerable advantage in providing this continuous consultation and planning.
- (b) Study groups should not be an outlet for sweeping issues under the rug. Success is meaningless where facts have already been developed and resolution necessarily depends on bargaining.
- (c) The underlying factor in much of the conflict generated between management and labour is the lack of knowledge about mutual goals and problems. Solutions and final plans may not be approved if proper communication has not been maintained.
- (d) Success over time is viewed as evolving--continuous search for agreement has been shown from experience to result in long-run successes in achieving it.
- (e) Success cannot be emulated. Plans must be tailor-made to particular situations and not tried because they worked for others.
- (f) A basic requirement lies in a favourable national climate for solving problems, one in which government economic and social policies and legislation are appropriate and adequate. It is difficult to get broad-based support for co-operation unless there is evidence that full employment is a continuing government objective, and unless there are appropriate public policies to ease the impact of unemployment and displacement when they do occur.
- (g) Realistic co-operation will not develop by itself but needs appropriate mechanism from all levels of society. Economic councils on national and regional levels, communication of facts and policies down to plant levels, development of industry and union research and policy groups, and education programs designed to promote understanding on all levels are some of the mechanisms required. (The Manpower Consultative Service has been provided as a mechanism to facilitate the plant level need).



In sum, the findings of many authors who have analyzed United States contracts and plans conclude that there is sufficient proof to assume that creative bargaining will successfully meet the challenge of changing conditions and its emergent problems.

The primary requisite must be acknowledgment of the deeply rooted tradition held inexorably by both managements and unions that bargaining is a method by which each side pursues its interests to the limit constrained only by the law. However, traditional collective bargaining must take place in a far more difficult environment than ever before. Therefore, creative bargaining with its use of joint study committees is the most obvious alternate to conventional practice and one that is most compatible with the voluntary system. With the knowledge that free collective bargaining and the right to strike is available, the joint study committee approach acts as a cathartic influence to ensure that peaceful and rational means have first been exhausted before the less desirable methods are invoked in attempting to gain settlement.

## CHAPTER IV

### MANPOWER ADJUSTMENT THROUGH GOVERNMENT SPONSORED JOINT STUDY COMMITTEES

#### I. INTRODUCTION

The Manpower Consultative Service has been instrumental in the development of joint study committees established to solve the problems associated with technological change in many enterprises across Canada. Recognizing that the emergence of joint study committees has been touted as the most realistic approach to dealing with the complexities and impasses that may develop in traditional collective bargaining with introduction of technological change, the natural progression to arriving at answers to the purposes of this report lies in analyzing these cases to determine if they are compatible with the framework as hereinbefore presented.

Before such a case analysis can be of value, however, it is necessary to understand the sphere in which the Manpower Consultative Service operates. Therefore, this chapter proposes to present the rationale of an active national manpower policy within which the Manpower Consultative Service functions; state the principles under which the Service operates; indicate the method of approach used by the Service; and finally, present selected cases that are sufficiently completed to permit examination.

## II. THE BASIC RATIONALE OF AN ACTIVE CANADIAN MANPOWER POLICY

Canadian manpower policy has been hereinbefore briefly outlined and this policy can be recalled from comments stated earlier by Labour Minister MacEachen and Dr. Dymond<sup>1</sup>. This policy is further elaborated by Dr. Crispo where he suggested in 1964:

"But except in very rare cases there are distinct limitations to the contribution which collective bargaining can make in this field [adjustment problems] without having undesirable side effects....

Assuming full employment can be maintained, the challenge is to keep a country's labour force abreast of the needs of the day in terms of its education and training....there is need for more alternatives in the school system, the need for specialized programmes to deal with the problems of particular groups at the adult level, the need for proper vocational counselling services, and the need for a revitalized public employment service. Above all there will probably have to be a centralized manpower agency for policy co-ordination and administration. These are some of the essential ingredients of what the O.E.C.D. has termed 'an active manpower policy'."<sup>2</sup>

In 1965 at the British Columbia Conference he developed this concept further by stating that beyond full employment,

"...we require an active labour market policy which employs a full range of educational and

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<sup>1</sup>See Chapter I, Canadian Manpower Policy Section, p. 10.

<sup>2</sup>Crispo, John H.G. "Summary Report on the Conference". Op. Cit., p. 51.

training measures, mobility incentives and related devices to complement and supplement the interaction of supply and demand wherever that is necessary and desirable."<sup>1</sup>

Finally, in 1966 in an unpublished paper Crispo stated:

"Promoted for several years now by the Organization for Economic Co-operation and Development, the growing appeal of this concept [active labour market policy] in Canada is typified by the establishment of a Department of Manpower and Immigration....

An active labour market or manpower policy implies a programme designed to facilitate worker mobility - occupational, industrial, or geographical....

To facilitate all manner of job shifts, programmes must be available to assist workers to upgrade, train and retrain themselves, and, where necessary, to relocate themselves and their families....

Among the most essential of these [ancillary services] would be adequate labour market research, information and employee counselling services. Without these and other facilities, appropriate data would be lacking both for those administering manpower programmes and those seeking to take advantage of them."<sup>2</sup>

In making policy recommendations in "A Study in Labour Market Adjustment" in British Columbia, authors J.T. Montague and J. Vanderkamp suggest that the speed of the

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<sup>1</sup>Crispo, John H.G. "Economic and Technological Change in the Sixties - Patterns of Response to Change - Discussion". Op. Cit., p. 159.

<sup>2</sup>Crispo, John H.G., Chairman. "Domtar Joint Labour-Management Sub-Committee Report on Human Adjustment to Industrial Conversion". Domtar Joint Labour-Management Meeting, Val Morin, Quebec, October, 1966, pp. 10-11. (unpublished paper).

labour market in responding to demand conditions is not sufficient and leads to structural surpluses and deficiencies. To overcome this insufficiency the authors recommend that more information and greater incentives should be administered by a single manpower agency. The manpower agency would perform the following five functions:

"It should collect and spread information about job opportunities and developments in all labour markets. It should aid in the placement of workers and the filling of job vacancies. It should administer the various incentives relating to moving, training, retraining etc. of workers. It should consult with firms and unions concerning labour market problems; the manpower agency may actually take the initiative in approaching the bargaining parties. Finally, it should conduct and stimulate research in the area of mobility and labour market adjustment."<sup>1</sup>

The purpose of correlating all of these viewpoints here is to emphasize the fact that the concept of an active manpower policy is based on a clear and accepted set of principles. There are no major conflicting viewpoints. Thus, the establishment of the Manpower Consultative Service within the Department of Labour to provide for the adaptation of the currently employed manpower to the ever-changing requirements of technological and economic change, was viewed as one necessary responsibility of the Canadian government towards providing such an active manpower policy.

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<sup>1</sup>Montague, J.T. and Vanderkamp, J. A Study in Labour Market Adjustment. The British Columbia Labour Force. Institute of Industrial Relations: University of British Columbia, 1966, p. 109.

For the purposes of this report, therefore, success of the Manpower Consultative Service must be measured by its overall contribution towards an active national manpower policy.

### III. THE MANPOWER CONSULTATIVE SERVICE METHODOLOGY

#### Principles Stated

The stream of events leading to the establishment of the Manpower Consultative Service was presented in Chapter III of this report. At the time of inception of the Service in mid-1964 the fundamental principles within which the Service was to function were formulated. The following quotation indicates the rationale of the Manpower Consultative Service in 1964 as a function of the Department of Labour.

"The Program which will be administered by the Manpower Consultative Service as it operates at the level of the individual industrial concern is based on the following principles:

- (a) that appropriate plans at the plant level must be developed well in advance of anticipated worker displacement, or unnecessary unemployment will result; this requires advance research and assessment of the manpower consequences of industrial changes;
- (b) where there is a union, research, and the plans which develop from it, should be developed jointly by management and unions to remove obstacles to constructive action which result from a lack of understanding and agreement as to the facts and the problem;
- (c) that the use of existing governmental services, both federal and provincial, which can help in

bringing about effective manpower adjustments should be effectively co-ordinated at the plant level. Such important services are provided under the Technical and Vocational Training Assistance Act for training and retraining and by the National Employment Service for the placement and re-employment of workers. In those cases where a complete employment adjustment is not possible at the firm or community level, the transfer of the displaced workers to other areas is necessary and is frequently inhibited by a lack of financial resources. Federal government assistance in combination with industry and the provinces will greatly facilitate this necessary kind of labour mobility.

To implement a program based on these principles, the federal Department of Labour has authority to develop the following program activities:

1. A Manpower Consultative Service has been formed to administer what we are calling 'adjustment incentives'. This Service will act in an advisory and technical capacity to employers and unions in developing manpower adjustment programs and will encourage and co-ordinate the use by industry of public training, placement, and other organizations which can assist in bringing about more effective manpower adjustments consequent upon technological change.
2. The Minister of Labour is authorized to enter into agreements with employers or jointly with employers and unions to provide research incentives to pay for one-half of the costs incurred in researching the manpower effects of industrial changes, and in the development, but not the implementation, of programs of adjustment. Such financial assistance, however, depends on the Minister, through the Manpower Consultative Service, receiving reasonably advance notice of industrial changes which will have adverse effects on employment. Where there is a recognized union, there must also be agreement that management and union will participate jointly in the research and development phases of a Manpower Adjustment Program.
3. The Minister of Labour can also enter into agreements to provide re-employment incentives

to a province or employers, or both, of one-half the costs incurred in moving workers and their dependents displaced by industrial change to other communities where employment is available. This provision will, of course, be limited to those workers who, except for the payment of the incentive, would not be able to move and, in addition, the incentive will be contingent upon an employer or a province, or both, assuming the other half of the cost.

4. Under the provisions of the Technical and Vocational Training Assistance Act, a recent amendment of the Act permits the federal government to reimburse a province for seventy-five per cent of the costs which an employer undertakes in retraining workers under a Manpower Adjustment Program, should they be threatened with displacement consequent upon technological change.

In summary, this Program then is designed to provide assistance on a technical consultative basis and on a financial basis to unions and management who desire it so that they may develop more constructive solutions to the displacement problems which technological and other economic changes produce in industry.

Most significantly, it is public policy in Canada, at least so far as the federal government is concerned, to encourage joint union-management participation in the development of long-term solutions to the manpower problems of technological change.

Joint research is regarded as a significant means for providing, in advance of the impact of technological change, for the development of constructive programs to cope with the impact of these changes within the context of collective bargaining.

A further significant provision is that when workers are displaced, the resources of the National Employment Service and of public retraining agencies are brought to bear. The federal government will share 75 per cent of the costs of this kind of retraining if it is developed in the context of a joint solution to the problems of displacement. In addition, the federal government is willing to bear 50 per cent of the costs of any necessary movements of displaced workers to areas of re-employment.



The Manpower Consultative Service has been set up by the Government of Canada as a catalyst in facilitating the process of manpower adjustment to technological change. It is confidently expected on our part that industry, both management and unions, will seize the initiative and that the function of the Service will be to facilitate, to suggest, to advise the parties in the investigation of technological change and its effects, rather than to conduct investigations for them. The Service will play a role in co-ordinating the activities of other government agencies in helping to reach solutions to manpower problems. It is genuinely a consultative service. In time, because of the research which it will help to develop, it can act as a significant clearing house on the best ways to cope with the manpower problems of technological change."<sup>1</sup>

Although the Manpower Consultative Service was transferred to the Department of Manpower and Immigration in 1966 the program it offers remained essentially the same.

#### Approach Reviewed

The establishment of an agreement between the union and management of an enterprise and the government obviously starts with contact between the Manpower Consultative Service representative and the parties. The Manpower Consultative Service representative may be contacted by one or both parties or, on the other hand, he may attempt to develop interest in a program if the situation appears amenable

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<sup>1</sup>Dymond, W.R. "The Manpower Consultative Service of the Canadian Department of Labour". Op. Cit., pp. 17-19.

and it is consistent with the principles of the Service<sup>1</sup>.

Initially, the Manpower Consultative Service representative advises the parties on the availability of facilitating services and as well suggests certain procedures for manpower adjustment. Once the parties have become convinced that it is desirable for them to partake in a joint program of planning for the expected manpower displacement, a "Proposal for Participation" is drawn up, establishing the framework within which the program will continue. A normal Proposal provides for a Joint Consultative Committee made up of officers of the company and the union. Reporting to the parent Committee is a Research Sub-Committee containing equal representation from union and management, and chaired by an outside neutral--normally an academic professor of high repute. In the past the Manpower Consultative Service representative or the Research Director has acted as temporary chairman of the Joint Consultative Committee but the parties are encouraged to make their own arrangements as soon as possible. In some cases a representative from each party will become co-chairmen of the Committee. The costs of the program are normally shared by the government, company and union in proportions of fifty, twenty-five and twenty-five per cent respectively.

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<sup>1</sup>See Chapter V, Active Versus Passive Approach Section, p. 166.

Once the parties have formally agreed on the Proposal for Participation, a letter is sent to the Minister of Manpower and Immigration requesting financial assistance in carrying out the adjustment program and indicating the parties' intentions as related in the Proposal. A sample letter and Proposal for Participation is attached as Appendix "A".

Because of the time lag inherent in this procedure an interim formal agreement is sometimes deemed necessary. If contentious issues have been lifted out of negotiations for a coming collective agreement, or if the parties are of low accommodation and there is fear of one or the other party possibly reneging on certain items, a Memorandum of Understanding is drawn up to cover these special circumstances. This Memorandum of Understanding serves to formally bind the parties until the Minister has signed the Manpower Assessment Incentive Agreement. Specific examples that have been used in the past are a status quo clause and a binding award. In a status quo clause the parties agree that changes in the adjustment program subject matter will not be made during a stipulated period. In a binding award provision, the parties have generally reached an impasse in joint discussions and sign an agreement stipulating that they will abide by the recommendations of a chosen third party for a given period. In most cases, however, such a Memorandum of Understanding is not required.

If the Minister deems the research worthy of assistance, he has drawn up and signs a Manpower Assessment Incentive Agreement (See Appendix "B"). Once the Incentive Agreement is signed the parties are in formal contract with the government to undertake the joint research program, normally within a specified period of time, although extensions are usually permitted.

While the problems to be researched vary with the particular situation, in general the following areas are included in the program:

1. A detailed assessment of the present occupational structure.
2. A complete description of the anticipated manpower requirements to result from the impending changes.
3. A detailed description of the changes in the current work force.
4. An analysis of ways and means by which the existing work force may be adapted to the new situation. This will likely include some provision for retraining and an analysis of the existing seniority practices.
5. An analysis of the present and future labour market in conjunction with the anticipated labour requirements projected from forecasts of product demand.
6. If the research and assessment program concludes that the company cannot absorb the existing work force then recommendations should be devised and submitted to the Joint Consultative Committee in order to facilitate an orderly adjustment procedure. These recommendations will likely be based on a combination of normal collective bargaining methods and government manpower services.
7. If the research and assessment program concludes

that new entrants are required then the recommendations should draw on labour market information to provide for methods of attaining the required numbers.

8. In all cases the research and assessment procedure should be kept alert to the possible use of government manpower services in making final recommendations on methods to cushion the impact.<sup>1</sup>

At the same time that the research and assessment program is underway, the Joint Consultative Committee meets to discuss the framework within which future discussions on any proposed changes will take place. Normally a status quo is established on the subject matter such that disputes do not arise during the period of the study. In addition, the Manpower Consultative Service representative can acquaint the parties with other programs similar to theirs and show the constructive results which have emerged from these studies.

When the research recommendations are complete they are submitted to the Joint Consultative Committee, which is then faced with the major task of preparing a comprehensive manpower adjustment plan. In developing the plan it is

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<sup>1</sup>Brooks, G.G. "Advance Planning for Manpower Adjustment at the Plant Level and the Role of the Manpower Consultative Service". The Requirements of Automated Jobs. p. 254.

Drew, J.D. "Economic and Technological Change in the Sixties - Implications for Manpower Adjustment - Discussion". Labour-Management Conference on Economic and Technological Change in the Sixties. pp. 111-112.

Dymond, W.R. "The Manpower Consultative Service of the Canadian Department of Labour". Op. Cit., pp. 9-10.

recommended that solutions be approached with due regard for the rights, obligations and responsibilities of all parties, and that the needs of technical efficiency be equated with those of sound industrial and human relations in the industry. Thus, union and management are provided with an objective and reliable set of facts; a mutually agreed upon set of ground rules built up around provisions contained in the collective agreements; experiences of other cases; and other agreements unique to their particular circumstances.

In addition to the technical and financial services provided by the Manpower Consultative Service, the Committee has at its disposal the training, placement, mobility and miscellaneous facilitating services of both the provincial and federal governments. These services would be co-ordinated by the Manpower Consultative Service representative.

The Joint Consultative Committee's discussions, approached in an atmosphere free of time pressures and with the approval of top officials of both parties, lead to recommendations that are normally accepted by both the company and the union. Often the final terms and provisions of a manpower adjustment program must be negotiated, but, in the absence of a crisis bargaining atmosphere and preceded by joint research and assessment.

The final act of the Manpower Consultative Service

approach is disbursement of the last financial incentive payment once the recommended plan is received and approved by the Minister, thereby closing out the financial arrangements and terminating the agreement.

#### IV. SELECTED CASES HANDLED BY THE MANPOWER CONSULTATIVE SERVICE

Each of the twenty or more cases completed or currently underway under the auspices of the Manpower Consultative Service has its own distinct properties. The type of company, the product produced, the kind of technological change being introduced, the number of unions represented, the relations between labour and management, the general economic environment, and many other characteristics have to be considered in evolving a plan of adjustment tailor-made to the particular situation. On a broad and simplified scale, however, the cases do appear to conform to a continuum that involves plant closure with mass lay-off at one end, an increasing degree of internal adjustment moving right across the continuum, and, at the other end, future manpower planning with no imminent worker displacement. In order to arrive at some general conclusions it will be useful to briefly recap a number of cases, keeping most of the variables constant, and view their position on such a continuum of increasing ease of worker adjustment.

The ten cases presented were selected mainly for their completeness of results, their representation of the types of Manpower Consultative Service programs, their cross-country location, and their varying degree of anticipated work force reduction. Included are two cases involving plant closure, four cases involving increasing degrees of internal adjustment and four cases involving increasing degrees of future planning. The information presented was compiled from various government files and reports, research reports, interviews and newspaper articles. In essence the material is arranged to indicate the degree of anticipated work force reduction, the type of program that was recommended to overcome the displacement problem, and where possible, the results that were achieved in effecting the worker adjustment plan. A comprehensive summary of one case study is attached as Appendix "C" to indicate more fully the many ramifications involved in a complex manpower adjustment program.

#### Plant Closure

Domtar Pulp and Paper Ltd., Portneuf, Quebec.

In November, 1965 Domtar Pulp and Paper Ltd. signed a Manpower Assessment Incentive Agreement in which it agreed to undertake a program of joint research and assessment. Initial contact with the Manpower Consultative Service



was made by the union in July, 1965 shortly after it received notice of planned closure of the Company's kraft and boxboard subsidiary in Portneuf, Quebec, for economic reasons, sometime in July, 1966. It was expected that about fifty workers would be displaced. Participating in the manpower adjustment program was the company, two unions, the Manpower Consultative Service, the Quebec Department of Labour, and the Quebec Department of Industry and Commerce. The program, under the direction of a neutral consultant, was to provide for methods in which the displaced workers could be re-employed.

Preliminary studies by the Research Committee in November and December, 1965 involved the utilization of two expert counsellors from the National Employment Service to interview the employees to determine their qualifications. This study was to ascertain whether the workers were capable of re-employment in the labour market, per se, or if further retraining of a specific kind was necessary.

Attempts were also made to initiate an area re-development program with the Quebec Department of Industry and Commerce but several problems arose and subsequent efforts proved unsuccessful.

In February, 1966 discussions were held with the employees informing them of the Committee's progress and acquainting them with the company's policy on pensions and severance pay. In addition, the company took upon itself

the task of finding jobs in their other plants for all employees who desired to relocate. Application was made for a federal Mobility Incentive which would cover part of the cost of moving expenses. This application subsequently received federal approval.

In general, the program was reported as somewhat disjointed. The regional Manpower Consultative Service representative suggested that unilateral action by the company was felt to be the cause of many of the problems. Criticism was levelled at the interviewing because of its unco-ordinated effort. Moreover, attempts at relocation were hampered by the receiving unions' resistance to hiring outside their own locality in violation of general policy. It was suggested that less resistance would have been met through a joint effort. Further ill-feeling was generated by the workers against the company over retraction of specially implemented early retirement provisions.

Some of the company representatives, on the other hand, actually felt that the company might have been better off if it had closed the plant down immediately instead of phasing out the operation in an attempt to place the affected workers.

Ultimately, by February, 1967 sixteen employees had been relocated, seventeen had accepted severance pay (seven of which were early retirements), one had retired normally, and the remaining sixteen had still deferred action on

relocation.

Mount Royal Rice Mills Ltd.

In September, 1965 Mount Royal Rice Mills Ltd., Montreal, served notice to its thirty-eight salaried employees that in September, 1966 it would be transferring operations from Montreal to Windsor, Ontario. A Joint Committee was established under the terms of reference of a Manpower Assessment Incentive Agreement one month later, after the Manpower Consultative Service was first contacted by the union and then by management. The manpower adjustment program, directed by a neutral consultant, aimed at providing assistance to those employees who wished to transfer to the new location and at finding alternative work for those who did not wish to move. Participating in the joint study was the company, the union, the Manpower Consultative Service and the Quebec Department of Labour.

The Research Sub-Committee held a meeting with the thirty-eight salaried employees and advised them that: (1) the company would provide work to all those who wished to relocate in Windsor; (2) the company and the Manpower Consultative Service would pay all expenses incurred in relocating to Windsor or elsewhere in Canada; and (3) the company would offer a severance settlement of one week's pay per year of service to those employees who did not wish to continue working for the company after closure of the

Montreal plant. In addition, the company would provide financial support to any employee who wished to take academic training, staggered over a period of about thirty-six weeks.

Initially, eighteen employees desired to relocate. However, it was found that housing in Windsor was scarce and, where available, rents were high. The only acceptable accommodation--a low-rental scheme--required six months previous residency in the city to qualify for access. Many attempts were made to arrange for this or some other suitable accommodations but to no avail. Finally, only six employees still desired relocation, and to help them shoulder the higher rents, the company paid these employees a severance settlement even though they were to be reinstated at the new location.

The retraining program efforts were hampered by an apparent lack of co-operation. Twenty-nine employees were interested in pre-employment training, eighteen of whom had at least grade six education. Therefore, an initial attempt was made at setting up a course for them. Difficulties with the Quebec Department of Education and Montreal School Commission Board, however, reduced the number of qualified applicants to seven. These seven employees were subsequently refused training due to their small number and the entire program had to be abandoned.

Ultimately six employees moved to Windsor, four

remained with the company in Montreal and the remaining twenty-eight received severance settlements. These twenty-eight have been interviewed by the Canada Manpower Centers for a third time in an attempt to relocate them with other employers.

### Internal Adjustment

#### Canadian Pacific Air Lines Ltd.

On March 15, 1966 Canadian Pacific Air Lines Ltd. signed an Agreement with the Navigators' Association in Vancouver, in which they agreed to carry out a joint program of research, consultation and planning with respect to manpower adjustment problems arising out of the planned introduction of airborne navigational equipment. The program is examining the manpower implications involving twenty-nine navigators who will become redundant when such equipment is introduced. Contact with the parties was first made through the efforts of the local Manpower Consultative Service representative. The Joint Consultative Committee is being chaired by the Manpower Consultative Service representative and research is being directed by a neutral consultant.

The Research Committee's efforts to date have produced an analysis of questionnaire results and completion of two of five parts of the Research Report. The weight

of evidence supports the view that redundancy of navigators is inevitable; the navigators themselves believe sometime between three to ten years. In addition, it appears that for the most part, the navigator group possesses little skill or experience that is readily adaptable to other occupations, although six to ten of them do possess some potential for retraining as pilots.

The remaining research will assess the degree of fit between the expectations of the navigators and opportunities for readjustment within the company. In addition, the study will examine attrition, early retirement, retraining, relocation and severance pay provisions in an attempt to develop an integrated solution to the problem of navigator redundancy. If any issues remain in disagreement after all effort has been exhausted by the parties, they shall be subjected to negotiation under a new collective agreement.

Previous experience with navigator redundancy, notably Trans World Airlines, and more recently United Air Lines, has resulted in adjustment plans that provide generous severance pay combined with forms of supplementary income security. For example, Trans World Airlines provided a monthly payment for three years plus a healthy severance settlement. United Air Lines split their navigators into high and low seniority groups and provided separate adjustment plans for each. Lower seniority

employees were granted financial severance after two years' job security. Higher seniority employees were guaranteed either a job and a minimum salary, or a minimum monthly payment to last until age sixty or until a maximum sum had been exhausted.

Munificent settlements are common with navigator redundancy due to the relatively low number of employees affected and their relatively high salary structure. On the other hand, navigators are so specialized that completely satisfactory internal adjustment or retraining is almost impossible.

#### Canadian National Railways - North Sydney

The Canadian National Railways ferry service between North Sydney, Nova Scotia, and two Newfoundland ports will be modernized starting in the fall of 1967. The new vessels and new freight-handling methods to be introduced will eliminate most of the stevedoring employment currently used. Most of the anticipated worker displacement--which affects seven hundred or more men--represents about one-third of North Sydney's male work force and the impact of such unemployment could be disastrous. Both the company and union agreed to utilize the Manpower Consultative Service program and assistance was subsequently arranged for through a Manpower Assessment Incentive Agreement signed in November, 1965. Research is being directed by a neutral

consultant who passes his recommendations on to a Joint Consultative Committee for consideration. The Canadian National Railways, the union, and federal and provincial government authorities are involved in effecting a plan to find alternative jobs for the affected workers.

Initially, the Research Committee was faced with the task of trying to discover ways in which the displaced workers could be re-absorbed into new jobs with the least possible hardship. Therefore, they attempted to: (1) discover the characteristics of the men; (2) find out what alternative employment would be available; (3) plan for training of the men so that they could fill expected vacancies; and (4) clear the way of obstacles to relocation.

The union and the company decided to face the problems together and to contribute jointly to their solution. Therefore, no action was to be taken until a plan emerged that was agreeable to both parties. This did not mean that expert advice would not be sought; merely that the two parties on the Committee agreed to seek it together, to consider the advice together and to move together when agreement was reached.

One difficulty--that of uninhibited Committee support--emerged when company representatives were felt to have loyalties outside the Committee. This was overcome (one report suggested) by rendering all proceedings confidential to the members. Union representatives were



senior officials.

The provincial Departments of Labour and Education, federal representatives and local education officials were invited to participate by helping to design and establish courses. Problems of relocation were discussed with the National Employment Service, and the impact of changes on the local community were examined with the North Sydney Town Council and Chamber of Commerce.

Two major studies were initiated by the Committee, as well as numerous research projects. They were: (1) an industrial survey to determine the short-term employment outlook in the Sydney area; and (2) the resistant attitude of the employees towards mobility. Also, with a three year spread between the date of original public announcement and the conclusion of the reconstruction, technical studies were required to determine the impact of proposed changes on the work force. For example, it was expected that about two hundred new jobs would be created due to an increase in the number of vessels used.

Some difficulties were expected in matching displaced men with the new jobs. With three unions each clamoring for the vacancies--one for ships' crews, one for North Sydney workers and one for workers similarly affected in Newfoundland--and with further problems arising from bulletining arrangements, seniority claims, and medical and legal requirements, a great deal of co-operation was required

to ensure that mutually acceptable arrangements were quickly made. Some ex-stevedores became seamen after a two week on-the-job training course arranged especially for them.

Although there was initial resistance to the interviewers and counsellors (staff of Canadian National Railways regional and head offices) it was soon overcome.

When the need became pressing to start making plans for educational courses, the Committee decided a more detailed interviewing assessment was required to ensure that classes would be homogeneous. For this work the Committee obtained the services of two selection and counselling experts, one a private consultant and one from the Toronto Board of Education. Because nothing was due to happen for two years or so the interviewers found the men somewhat reliant on wishful thinking. Even after the two formal interview programs were over, however, counselling was continued by a Manpower Co-ordinator who is stationed full time at the ferry terminal.

The Committee expended considerable effort in an attempt to promote a smooth transfer of men to other jobs and districts. All new openings in the Canadian National Railways system were publicized and educational standards were changed somewhat to help accommodate some of the displaced. Unfortunately, the transfer and relocation of workers to date has not worked well and most of the men returned shortly after relocating. In essence, pay rates

for new jobs are lower and most of the men are firmly attached to their own district, so undoubtedly those to be laid off will exhaust all efforts in attempting to find other jobs in the immediate area before looking elsewhere.

Discussions have been held with the Nova Scotia Department of Labour and, as a result, they have undertaken to explore--with the federal Department of Manpower and Immigration--the possibility of treating North Sydney as a pilot project. If this materialized it would provide all the social and economic research needed on the vacancies that would likely arise in the Cape Breton area in the next three years. No further result of this endeavour has been indicated, although, as was mentioned earlier, a short-term outlook was initiated by the Committee.

Recent information indicates that a comprehensive vocational training and upgrading program has been operating for about a year. Full co-operation was received from every level of public authority in setting up these courses. The Research Director suggested that school and government officials went out of their way to ensure the scheme received full support. Government aid, made available for this education program, was felt somewhat inadequate to cover the necessary financial support and discussions were underway to attempt to alter the existing regulations. Additional support was received from the community in general leading to a concerted effort at

solution to this wide-ranging manpower problem. In addition, a process of continuous counselling is being established involving six to eight trained interviewers under the direction of Montreal consultants. This program is attempting to re-orient and motivate the workers.

Although the question of severance payments will ultimately be raised, the Committee is unanimous in their belief that this must not be used as a way of buying out of the problem.

Manitoba Rolling Mills Ltd.

Manitoba Rolling Mills Ltd., Selkirk, Manitoba, and the United Steelworkers of America signed a Manpower Assessment Incentive Agreement on June 9, 1965 in which they agreed to assess, together with the Manpower Consultative Service and the Manitoba Department of Labour, the manpower implications associated with the proposed technological changes to be made in the company's operations. The program was initiated by Manpower Consultative Service representatives who were aware of the planned introduction of new equipment and negotiations were started with the industrial relations department of Dominion Bridge Company in Montreal.

About two hundred and sixty men were expected to be laid off when the plant modernization was completed: approximately eighteen per cent of the town's labour force.

Accordingly, research was directed by a neutral consultant into ramifications of the changes in an attempt to devise a manpower adjustment program for the re-adaptation and/or relocation of employees who were to be laid off and for the retraining of those employees who were to be assigned new duties. The Research Director also chaired the Committee.

The Joint Planning Committee, established in relationship with the Manpower Consultative Service, followed closely a company sponsored joint committee that had already investigated the question of allocation of jobs in one new area of the plant. The Joint Planning Committee investigated: (1) the manpower requirements of the new situation as related to the expressed technological, organizational and operational changes; (2) a program of manpower allocation, and consideration given to ways and means by which the existing work force could be adapted to the new situation--this involved the making of actual recommendations concerning new jobs and the necessary steps for internal retraining; and (3) a detailed survey of that part of the existing labour force to be displaced. Recommendations were made concerning those people who could not be reabsorbed into the company, with particular emphasis on retraining, relocation and placement.

The Committee experienced considerable difficulty initially as a low accommodation between the union and

company management at the start created some uncertainty as to a successful outcome. This poor accommodation was mainly due to management's belief that widespread talk of lay-off could cause a mass exodus from the plant and adversely affect operations. On the other hand, the union initially refused to consider renewing their collective agreement until technological changes had been completed. A strike was deemed imminent. However, difficulties were handled fluently and constructively and for the most part few, if any, of the problems persisted. The understanding and co-operation that ultimately developed within the Committee was reported to have greatly improved the union-management relationship. This understanding was due in large part to the establishment of some fundamental principles by the Committee before proceeding with the study.

The research and assessment findings indicated that about three hundred and ninety employees were to be displaced from their jobs. Of this total, one hundred and thirty underwent a process of internal adjustment and were absorbed into new jobs or existing jobs that were previously filled with more junior workers. Of the other two hundred and sixty workers to be laid off, about eighty were originally recognized as temporary help.

In order to facilitate the internal adjustment, existing seniority practices had to be relaxed for the period of re-allocation. In addition, some junior per-

sonnel were deemed too valuable to replace by virtue of the special skills they possessed and were held immune to bumping. When the final re-assignment has been established, the cut-off level stood at about seven years of service. Those employees with more than seven years' seniority, who were displaced from previous jobs, were assigned new positions in the plant by the Committee after an examination of their past records and qualifications. Provisos such as granting of inter-assignment bumping rights and leaves of absence to find jobs elsewhere were established with these assignments. In addition, it was stipulated that specific job assignments were to be contingent upon satisfactory performance.

For those employees not reabsorbed within the company the Committee recommended use of the Canada Manpower Center for interviewing in an attempt to establish use of retraining, relocation and placement services. The company management permitted interviewing and registration of these workers on company time and premises. In addition, the Committee provided a statistical survey of personnel records for use by the counselling service.

The Committee recommended that government assistance be granted to those workers who wished to upgrade their educational standards even if a job was available to them. The government subsequently accepted this recommendation. In addition, the company agreed to co-operate with

the educational authorities in establishing training courses. An application for mobility assistance had to be deferred until actual numbers of pending lay-offs could be determined.

A recent Financial Post article states that:

"Since the company delivered its warning in mid-1963...natural attrition has taken care of 100 of the persons marked for lay-off....

The remainder will likely be released within the next several months....

MRM set up retraining programs, with help from the Selkirk School Board and the Manitoba Department of Education...."<sup>1</sup>

Results of interviews and counselling indicated that there was a high interest in training but few workers have shown an interest in relocating outside of the Selkirk area. Unfortunately, as the wage structure at Manitoba Rolling Mills is considerably higher than that paid by other industries in the town, attempts to re-employ the displaced workers at a comparable rate will be extremely difficult.

Domtar Ltd., Windsor, Quebec.

A Joint Commission involving Domtar Ltd., two pulp and paper workers' unions and the Quebec Department of

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<sup>1</sup>Financial Post, The. "Firms moving to blunt the slings and arrows of modern technology". March 4, 1967, p. 25.



Labour assessed the consequences of proposed manpower cuts at Domtar's Windsor, Quebec, mill. This case involved the imminent displacement of one hundred and seventy-two of the company's one thousand workers--about ten per cent of the town's labour force. The parties entered into a Manpower Assessment Incentive Agreement on the suggestion of the regional representative of the Manpower Consultative Service and the provincial Department of Labour in April, 1965, after unsuccessful attempts in reaching agreement themselves. The research was directed by a neutral consultant, who also chaired the Commission.

The program was focussed on three broad objectives established by the Commission: (1) reabsorption of the one hundred and seventy-two workers; (2) dismissal of all of them; or (3) partial reabsorption of the workers. Within this framework the Commission decided at the outset to pursue three normally sequential areas of study consecutively due to a shortage of time and to avoid possible risks to the affected workers, their families and the community. The three areas researched were: (1) inquiry into the possibilities of a reduction in the number of redundant workers; (2) study of regional economic and labour market conditions; and (3) study concerning the possibility of placement and retraining of the redundant manpower.

The Commission stated that their immediate objective was not to decide what should be done nor to arbitrate

the different opinions or interests of the parties, but rather it was to analyze the situation, present facts, indicate measures to overcome the problems and then let the union and management decide on the final disposition of the program.

After researching the ramifications of a number of methods in which the one hundred and seventy-two workers could be retained under the first area of study, the Commission recommended the following: (1) strict application of a forty-hour week; (2) regulation of the annual leave system; (3) sabbatical leave; (4) early retirement; (5) facilitating voluntary departures; and (6) any other measures upon which the parties can agree.

Under the second area of research the Commission concluded that: (1) the supply of labour in the area was relatively high with concomitant high demand for employment; (2) the primary sector dominates the economy; (3) most offers of employment call for special skills or extensive training; and (4) the placement services do not appear to have fully succeeded in putting at the disposal of the workers all the information they needed.

Under the third area of research the Commission concluded that: (1) about one-quarter of the redundant group had a precise idea of what they could do and liked to do; (2) about fifty workers desired training, however, the interest diversity was so large as to preclude, in

general, organization of local courses; (3) a program of vocational training should be established on a permanent basis, and should not serve as a panacea for mitigating the effects of major technological change at a given moment; (4) they were unable to establish retraining for the individuals being transferred within the plant because of a lack of knowledge of specific job assignments; (5) a reclassification and guidance committee should be established for assisting redundant workers find new employment in accordance with their experience, academic training, skills, interests and personality; and (6) availability should be made of federal mobility assistance in relocation to jobs in new areas.

The possibility of attracting new industry to the area was apparently precluded by the high wages of the Domtar workers in contrast to the relatively low-wage area. This also hampered the possibility of relocation as workers desired new employment either similar to or better than their present jobs. Use of the federal mobility incentive, therefore, appeared very limited. In addition, inability of the workers to choose specific training hindered the promotion of retraining incentives.

The Commission made a number of general recommendations based on problems encountered in this study. They felt that subsequent studies should adopt a commission early in the anticipated development program to determine

what jobs would be available, specific job assignments, who would be laid off, and that the establishment of a reclassification and guidance committee should be essential in helping the workers to relocate and/or retrain in advance of lay-off.

The Commission's research recommendations served as a basis for negotiations between the company and union and after eight months of bargaining, during which both sides made concessions and compromises, the talks led to an assurance by the company that the entire one hundred and seventy-two employees could and would be reabsorbed.

#### Future Planning

##### British Columbia Towing Industry<sup>1</sup>

On December 28, 1964 representatives of the forty-six member companies of the British Columbia Towboat Owners' Association and each of the four maritime unions participating in the British Columbia Towing Industry, representing some sixteen hundred employees, undertook to study the impact of past crew reductions on most vessels, due to the introduction of diesel engines and mechanized equipment. The research, directed by a neutral consultant, attempted to establish terms under which the industry

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<sup>1</sup>See Appendix "C", for a full write-up of this case.

could operate economically while still retaining a sufficient crew complement. The parties met for approximately two years after the formal signing of a Manpower Assessment Incentive Agreement for the purpose of attempting to reach agreement on all aspects of manning for the present and foreseeable future in the towing industry.

The signing of the Manpower Agreement followed almost four years of joint union-association attempts to reach agreement on sufficient crew complements. Although considerable ground work on manning requirements had been achieved and suggestions rendered, implementation of any of these early recommendations was precluded by the association's fear that a certain segment of the towing industry, not bound by any agreement reached, would gain a considerable competitive advantage by escaping using such recommended manning scales. On the other hand, the unions were determined to have standard manning requirements established based on the belief that the owners had reduced crew sizes to the point where emphasis on safety in navigation was of prime concern. A likely strike was averted when the Manpower Consultative Service representative proposed the formation of a Joint Consultative Committee.

The Committee mediated the arguments of both parties on the manning issue and examined the Research Subcommittee's recommendations on all aspects of manning. A

provision was included in the Manpower Agreement which bound the parties to the final decision of the Research Chairman on the issue of manning scales should they fail to reach agreement.

Final recommendations on manning scales were arrived at after an exhaustive study of all factors that could feasibly affect the complement required. Among the more important factors considered were the following: (1) requirements of the Canada Shipping Act; (2) areas of operation; and (3) existing manning scales and such physical characteristics of the vessels as tonnage, horsepower, length, mechanization, etc. An immense number of briefs and submissions were heard which espoused the viewpoints of the two interested parties, and considerable time was spent attempting to clarify the meaning of particular sections of the Canada Shipping Act.

The two principles that emerged as fundamental determinants of crew complements were: (1) that there shall not be excessive overtime on voyages, that is, there shall be a normal twelve-hour day per man; and (2) that there shall be two men physically on duty at all times the vessel is underway, but not necessarily two men physically in the wheelhouse at all times. All recommendations were conditional upon complying with legal regulations. By November, 1966 the parties found, after full submission of arguments, that a few issues remained insurmountable. Accordingly,

the parties signed a binding award to last until March, 1967. On the first of March, 1967 this award was further extended until April, 1968. The binding provisions and an elaboration of their formation are included in Appendix "C".

A number of other issues were prominent throughout the proceedings. Recommendations were made in the Research Report regarding training for new entrants, an apprenticeship program for engineers to provide classroom and on-the-job training, establishment of industry-wide standards, and compulsory certification of operators. Representations on these issues were made to the federal Department of Transport and the provincial Department of Education but no action has yet been effected.

The Research Report also contained a recommendation for licensing and steamship inspection of all vessels in the industry. At present, all vessels of fifteen tons and over are subject to licensing and inspection regulations but many owners build special sized vessels for the purpose of escaping these regulations. Federal action has been requested on this issue and there is some likelihood that the licensing and inspection regulations will be altered to include all vessels of nine tons and over. This will, however, still leave a substantial number of vessels unregulated. The fact that the owners of these unlicensed vessels are not subject to manning regulations gives them

a competitive advantage over association vessels which is a constant source of irritation to the regulated owners and has delayed their acceptance of many of the Committee's proposals. Indeed, the Research Report stated that no manning program for British Columbia will be successful unless the association and non-association vessels come under the same rules. However, recent evidence has indicated that some non-association owners are adopting--by pressure or otherwise--many of the Research Report recommendations.

Interpretation of sections of the Canada Shipping Act as it pertained to manning requirements in the towing industry was a difficult task for the Research Sub-Committee. Many statements appeared to be confusing, if not contradictory. After many attempts to interpret these portions of the Act, the Research Report recommended that these sections needed clarification. However, indications are that little will be gained on this issue.

Finally, the Research Sub-Committee, in recognizing the complexity of the situation, the difficulty of interpretation of the Canada Shipping Act, and the varieties of problems that could emerge in the future, recommended establishment of an industry-wide regulatory British Columbia Tugboat Manning Board. Representation on such a Manning Board would include members of the association, representatives from the unions, a chairman of high repute, and



possibly representatives of the federal Services regarding regulation and safety. In addition to regulating the manning of vessels, the Manning Board would handle all issues involving standards of working conditions, qualifications of workers in the industry, etc.

Application was made to the federal Department of Transport for the establishment of such a Manning Board with government authority. However, the request was denied and nothing further has been done to promote such a board.

The most important aspect of this adjustment program was settlement of the dispute on manning scales. With this problem removed, the parties have set out to implement some of the other recommendations. Although the Agreement with the Manpower Consultative Service has terminated, the parties have at least six years of joint committee experience and have established new sub-committees to investigate ways and means of gaining total industry commitment to the Binding Award and to investigate special cases on manning as they arise.

Imperial Oil Enterprises Ltd.

On July 15, 1966 Imperial Oil Enterprises Ltd. (Ioco Refinery, British Columbia) signed an agreement establishing a Joint Consultative Committee on automation in accordance with the provisions of an Addendum on Job Security in its current collective agreement with the

union. The Addendum was added upon the recommendation of the provincial Minister of Labour in consultation with federal authorities during 1965 after threat of a general strike. Since the collective agreement was due to expire in 1967, the company agreed to enter into joint consultation after being contacted by the Manpower Consultative Service representative. On October 3, 1966 a Manpower Assessment Incentive Agreement was formally signed.

A Research Sub-Committee was established to carry out a research and assessment program. This Research Sub-Committee, directed and chaired by a neutral consultant, was charged with examining the impact of technological change and automation on conditions of employment at present, and their possible impact in the immediate future. The Joint Consultative Committee was then to formulate an adjustment plan, based on the Research Sub-Committee's Report, to cushion the impact of future technological change.

Initially, the major task of the Research Sub-Committee was in the area of ensuring employment, or at least with setting a regularized procedure for reducing employment, at the Ioco plant. After careful study, however, the Research Sub-Committee concluded that for most of the last decade there had been attrition but little in the way of involuntary separation. Nevertheless, it was obvious the workers were seeking job security as had been indicated by their recent contract demands for increased

protection. Further research indicated that the high degree of technological break-throughs in oil refining had not been accompanied by any realistic manpower planning. Consequently, it was not surprising to find the workers growing more apprehensive with increasing implementation of new technology.

In recommending a plan to accommodate manpower adjustment, the Research Sub-Committee felt that it must relieve the worker of a need to foresee with certainty the trend of his job assignments in the plant, and also it must encourage the trained man to stay with his job without worries about his future. Therefore, a plan was formulated with the objective of retaining the experience of those employees in the labour force over forty-five years of age while providing retraining for the younger and proven workers. The plan comprised: (1) six months' advance notice of change and severance pay provisions as formulated in the current collective agreement; and (2) special provisions to take effect in the event that a re-assignment of workers due to technological change affected the wages of an individual worker. The second part of the plan was composed of four parts based on a combination of age and years of service. It included provisions that: (1) the most senior group would retain their current wage rate until normal retirement, or retire with an improved pension; (2) the second most senior group would retain

their current wage rate with the opportunity to transfer to other work for which they are qualified; (3) the third most senior group could take advantage of a retraining program to qualify for other jobs in the plant, or be assigned to other plant work without immediate reduction in pay; and (4) the lower group would maintain prior claim to those jobs remaining after changeover.

Because of the problem associated with defining when the "automation" plan would take effect, the Report drew a clear distinction between instances which would involve the plan and those that would not. In particular, whenever an individual was to be moved to a new job with a proposed wage rate reduction, and his job status was to be altered due to changes in methods of work and production, the Automation and Wage Protection Plan would be activated.

In addition to presenting this plan, the Research Director discussed the need for flexibility in planning. Thus the company was requested to notify the union of proposed manpower reductions either through formation of a manpower committee or simply by a transfer of information. It was recommended that management acquaint the union with the manpower outlook at least twice a year. Such notification would fulfill the required provision for six months' advance notice on manpower dislocation and also possibly encourage a general discussion on anticipated manpower adjustments for the year.

The Research Report also recommended that, although outside of the terms of reference of the Sub-Committee, there are several manpower adjustment methods that would complement the plan and are worthy of mention. Accordingly, it suggested that any manpower discussions in anticipation of general manpower reductions should: (1) explore the interplant transfer of employees within Imperial Oil Enterprises; (2) explore the special position of workers who have equipped themselves by training and experience for multi-purpose roles in the refinery; and (3) explore the facilities made available through the federal Department of Manpower and Immigration--in particular its services in the field of placement, geographic mobility and training.

Although the recommendations were initially received with some alarm and areas of disagreement did arise, continued discussion and qualification resulted in the Joint Consultative Committee accepting the plan in February, 1967. The Research Chairman was then called upon to draft the necessary wording for incorporation of the recommendations into the new collective agreements which were being negotiated at the time.

#### Graphic Arts Industry of Toronto

The Graphic Arts Industry of Metropolitan Toronto formally established a Joint Union-Management Committee

under the auspices of the Manpower Consultative Service in June, 1965. Signing of a Manpower Assessment Incentive Agreement was the result of efforts made by the local representative of the Manpower Consultative Service. The Committee represented more than one hundred and fifteen employers and eight unions--almost the entire Graphic Arts Industry of Toronto.

Although major technological change had not been announced, the industry was in a continuous state of modernization and major changes were anticipated in the future. A neutral consultant was chosen to direct a Research Sub-Committee, whose objectives were to assess: (1) the specific extent to which technological change may be introduced in the industry in the foreseeable future; (2) the changes in manpower skill both in quantity and type which will be required to cope with technological change; (3) jurisdictional rights of unions, employer hiring practices, job and income security provisions and other similar factors which may inhibit adjustment within the industry; (4) government operated educational and skill training facilities available within the industry which are available to cope with the anticipated changes; and (5) the skills and potential of employees presently engaged in the industry. This Sub-Committee was to arrive at conclusions and develop recommendations for submission to all interested parties.

Through an extensive investigation of the industry and an analysis of questionnaires sent to firms and employees an attempt was made to provide answers to the above queries. Research clearly indicated that all sectors of the printing industry had been steadily undergoing technological change which was expected to continue in the future, and which would have permanent effects both upon the structure of the labour force and on the pattern of the industry. These changes are most obvious in the field of photo-composition with all its ramifications, including computerization; new and more efficient plates in colour printing; much faster presses; and other more efficient techniques of materials handling, binding processes, etc.

In conjunction with these changes, research indicated a need for radical upgrading of manpower skills. The Research Director recommended that co-ordination of training and retraining programs was needed. In general, he found the consensus to be that the formal training was inadequate, the apprenticeship was too long, and the recruits were of poor quality. Therefore, the training program was deemed in need of streamlining and upgrading which, the report recommended, could be accomplished through the establishment of a properly organized school for the industry. Study showed a need to reduce the time lag between the introduction of new techniques and acquisition of new skills. Questionnaire results indicated that the workers were

adequately motivated towards upgrading of their skills.

The Research Director suggested that there were two valid dimensions to a developing worker fear of rapid technological change which, therefore, might inhibit adjustment processes. In the first case, the worker may feel he is incapable of fulfilling the new functions required of him. In the second case, there is apprehension that a job may not be available to him. Questionnaire results on this issue indicated that fifty per cent of the workers felt that some income protection should be given to workers displaced by automation and changed processes. Seventy per cent of the workers felt that machines were indeed replacing men in their jobs but only thirty-three per cent felt that they might be replaced. On the whole, there was a healthy attitude towards change in the industry and a willingness to cope with change by accepting the challenge of retraining and the need for readjustment.

The issue of jurisdictional rights was dropped from the study agenda as the unions became more co-operative during the ensuing discussions. It was felt that mutual discussion or elimination by future merger would remove many of the technological difficulties as they arose. In this regard a separate committee was established in the Toronto area to work out a program by which merger of the various unions in the graphic arts field could be achieved.

The Research Director concluded that technological



change would continue to open up new avenues of production and employment and that any redundancy in routine clerical or manual tasks resulting from increased automation should be more than offset by the demand for new skills which the automated processes would bring in their train.

The Joint Committee felt that the recommended school should be directed by representatives of the employees and employers in an attempt to bring it into closer co-ordination with the requirements of the industry. Such a school would provide the basis for apprenticeship, training and worker retraining and, in the final analysis, provide for the co-ordination of all training schemes currently active in the graphic arts industry in the Metropolitan Toronto area. Without such a school, it was argued, one of the more important areas of Ontario's economy would drastically suffer by failing to attract the required quality of entrants into the occupation.

The Joint Committee subsequently requested that the provincial authorities establish a properly organized school for the industry. As a result of meetings with provincial authorities, however, the Committee has been asked to supply more detailed information, particularly with regard to the total annual absorption into the industry, the type, knowledge and skills which would be required and several other factors which would aid in the determination of the size and nature of the educational facility

to be established. Consequently, the Committee is carrying out additional research in an effort to bring these factors into sharper focus.

Victoria Mechanical Industrial Relations Association

The Trustees of the Mechanical Industry Promotion Fund of Victoria, British Columbia, representing the Victoria Mechanical Industrial Relations Association and the United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry of the United States and Canada, Local 324, entered into a Manpower Assessment Incentive Agreement with the Manpower Consultative Service in July, 1966. The impetus behind this agreement came from the parties' desire to emulate a similar study completed in Vancouver.

The Trustees, representing about three hundred workers, agreed to assess the demand for skilled manpower in the plumbing and pipefitting industry to 1970 based on projections of construction volume on Vancouver Island, from Duncan to Victoria, as follows: (1) an inventory of the present membership of Local 324 will be undertaken by craft, age, additional proficiencies or skills, and by both construction activity and shipyard employment; (2) an assessment will be made of the present utilization of the manpower resource in annual man-hour terms, relative to the present demand for manpower in the industry; (3)

an assessment will be made of the demand for skilled manpower in the industry to 1970, based on projections of construction volume in the region, by sectors, and estimates of mechanical construction manpower man-hour content, and projected demand in the shipyards and dockyards in the area; (4) an estimate will be made of any anticipated surplus or shortage of skilled manpower, by basic craft type; and (5) recommendations will be offered regarding efforts by the industry to correct any projected manpower demand/supply imbalance, including apprenticeship, recruitment, training and mobility. This program is currently near the final stages of completion.

A similar study in Vancouver, involving three thousand five hundred workers, is now completed and in operation. A quarterly report is published showing the anticipated needs of the industry and what retraining will be required to meet the forecasted projections.

## V. SUMMARY

The government sponsored joint study committee has been related as the third step in a sequence of manpower adjustment approaches that attempt to overcome the complex problems associated with technological displacement. The value of this joint problem-solving approach has been appreciated in Canada because the technique at once satisfies the principles necessary to constructive action and

the requirements of the free collective bargaining system.

The government is striving, through various incentives, to motivate companies and unions to solve the problems of manpower displacement in advance of any crises developing. The information presented in this chapter, leavened with the knowledge brought forth from Chapters II and III, provides the necessary background material for evaluating the role of the Manpower Consultative Service in facilitating manpower adjustment.

## CHAPTER V

### EVALUATION OF THE MANPOWER CONSULTATIVE SERVICE APPROACH

#### I. INTRODUCTION

It is the aim of this report to concentrate on developing an evaluation which will allow for recommending improvements, not over-emphasizing any shortcomings of the Manpower Consultative Service. The purposes, as stated in Chapter I, will be fulfilled by first analyzing, contrasting and comparing the selected cases on manpower adjustment to determine if a common pattern of case development exists. The search for such a pattern will endeavour to put the Manpower Consultative Service in context, to expose its strengths and/or weaknesses and to establish if any similarity exists in approaches to the cases that could serve as a useful guide in developing future programs.

The next major section of this chapter will examine the Manpower Consultative Service methodology in an attempt to offer recommendations for overcoming any weaknesses exposed in the integrated analysis. Thus, the formulated principles and approach of the Manpower Consultative Service will be examined in the light of the empirical framework and case summaries presented. Finally, the case results will be examined to determine if the Manpower

Consultative Service is fulfilling its role in enhancing an active national manpower policy. In each case recommendations will be made to strengthen or otherwise change the present approach to conform with the rationale of an active manpower policy presented at the beginning of Chapter IV.

## II. INTEGRATED CASE ANALYSIS

The method to be used in arriving at the proper perspective of the Manpower Consultative Service in facilitating manpower adjustment will be by extension of the continuum proposed in introducing the selected case studies in Chapter IV. The continuum is established to indicate the pattern of adjustment problems and the various solutions that are available depending on the location of the case study along the continuum. The respective roles of the union and government in providing for manpower adjustment will also be analyzed and then added to the continuum. The aim of the above analysis is to allow for development of a simplified, predictive model of manpower adjustment such that the Manpower Consultative Service can be put in context, and otherwise portray the strengths and/or weaknesses of the current process.

### Three Phases of Work Force Adjustment

In reviewing the cases three definite phases in the ease of work force adjustment are discernible and can

be placed along a continuum. In the first phase of the continuum plant closure is imminent and there is noticeable geographic and/or industrial redundancy. The prime variable within this phase is the degree of redundancy and it can be viewed as large scale disaster, typified by geographical redundancy, from the lower end of the continuum to a less severe industrial redundancy moving right to the end of the phase. For example, a plant shutdown that cripples a community becomes a national disaster area and would start the continuum. At the right end of phase one a plant shutdown may only result in a small overall effect on the community at large and the displaced workers may be more readily absorbed. Domtar Pulp and Paper, Portneuf, and Mount Royal Rice Mills are case examples of plant closures that are situated in this phase. In the former case the welfare of the small community of Portneuf is severely affected and geographical mobility is deemed axiomatic. Mount Royal also involves plant closure but it is placed further to the right of phase one on the continuum by virtue of its location in Montreal. Although plant closure at Mount Royal will clearly result in displacement, many of the workers will look for new positions in Montreal and geographic worker mobility is not so essential.

If a work force is hit by occupational redundancy, there is a possibility of solution by internal adjustment

through the plant or interplant, or otherwise through the labour market. This step may border on phase one but under most conditions could be viewed as belonging in phase two. The main criterion in this phase of the continuum usually centers around the introduction of new processes that will likely result in work force reductions but which are increasingly capable of internal adjustment. At the left or lower end of the phase the numbers laid off may be large enough that the situation is similar to redundancy and in some cases may require similar adjustment methods. However, the continuum is based upon the ease of internal adjustment and, therefore, provision must be made to allow for some overlapping of these phases. Canadian Pacific Air Lines and Canadian National Railways are examples of cases lying at the lower end of phase two. While Canadian Pacific has a much lower number of affected workers than does Canadian National, the ability to effect an internal adjustment plan is believed to be greater with Canadian National than with Canadian Pacific.

Moving right along phase two the prime variable becomes the increasing ease with which internal adjustment is possible. Manitoba Rolling Mills and Domtar, Windsor are examples of cases involving an increasing degree of internal adjustment and a decreasing degree of work force reduction. Canadian National Railways, Manitoba Rolling Mills and Domtar, Windsor also involve decreasing degrees



of overall effect on their communities' labour force. While Canadian National involves much more use of external adjustment mechanisms, Manitoba Rolling Mills involves considerable readjustment internally and Domtar, Windsor results in total work force absorption through internal adjustment. Consequently, the continuum has expanded in relative terms from total redundancy and plant closure in phase one to the possible complete readjustment of workers at the right end of phase two.

There is another possible overlap between phase two and three because imminent lay-off in phase two may not materialize or, on the other hand, future planning in phase three may result in lay-offs that were not expected. Although there is no imminent worker lay-off expected in the British Columbia Towing Industry or at Imperial Oil there has been enough displacement in the past to create fear and uncertainty in the minds of the workers about their future positions. In the British Columbia Towing Industry work force reductions over the years have been made on a continuing basis leaving the workers insecure in their jobs. Imperial Oil has introduced major changes in the past and, although no major changes have been introduced in recent years, the worker has also been left with a feeling of uncertainty.

As planning of manpower requirements extends farther into the future, the prime variable becomes an

increasing degree of stability in the work force and displacement becomes more remote at the right end of the continuum. In the Graphic Arts case an attempt was made to delineate the future changes expected and consequently prepare the work force by providing in advance for needed adjustments to meet the changing technology. In the Plumbing Industry this example is being carried to the ultimate through quarterly attempts at updating ten year forecasts of supply/demand factors in the industry's work force. Such future manpower planning should provide easy adjustment to any imbalances created in the labour market.

### Three Stages of Union Defence

There is considerable advantage to viewing the joint committee cases as situated along such a continuum. Such an appraisal indicates the possibility that certain cases are amenable to collective bargaining adjustment techniques, certain cases are more amenable to government adjustment services and possibly, in other circumstances, a combination of both are necessary in each particular phase of the continuum. Indeed, earlier in the report there was mention made of three stages that unions invoke in attempting to control the pace of technological innovation<sup>1</sup>. These three stages of union defence parallel

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<sup>1</sup>See Chapter II, The Desired Mix Section, p. 50.

quite readily the three phases that the cases viewed above appear to follow. Therefore, starting in reverse from the right end of a second continuum the union's line of defence is viewed as shifting in emphasis from issues of job and wage maintenance to increasing the economic unit of opportunity to severance as worker displacement increases from job insecurity to internal adjustment to overt lay-off.

Possibly the ultimate in manpower planning to date is provided by the Graphic Arts Industry of Toronto and the Plumbing Industry of British Columbia cases which are placed at the right end of a continuum of union defence. In these cases joint research is attempted by representatives of management and union to provide for manpower adjustment in the industry in advance of technological changes. Any imbalances in supply can be readily adjusted for in advance of any developments that might prove serious to the industry and the worker. It is doubtful, however, if unions in general will be able to demand such action on a large scale. The more competitive environment expected in the future will probably preclude most enterprises from divulging the required information from which to make such forecasts. However, if firms in an industry can combine into associations as they have in the above industry cases, then the potential does exist for a high degree of advance manpower adjustment with a minimum of crises and lay-offs.

Barbash views the unions in the first stage of defence as trying to

"...seek contractual provisions which prohibit lay-offs of existing personnel, or prohibit reduction in wage rates for incumbents ('red-circling') or at least for senior employees, or freeze a specific manning schedule during the life of the agreement. The union demand for reduction in hours, ...is plainly...for the sharing of scarce jobs. Supplementary unemployment benefits are seen as providing the employer with an incentive for the stabilization of employment.

The renewed interest in earnings stabilization may represent the second half-stage (within stage one) after job protection. [For example the guaranteed annual wage and the philosophy of salaries for all workers.]...In order to maintain earnings some unions have proposed a redesigning of wage payment and job classification systems in accordance with the radically altered work specifications of the automated job."<sup>1</sup>

Stage one as espoused by Barbash appears to match significantly with phase three of work force adjustment or the future planning phase. As the planning phase is free of any real crisis, the union demands are based on relatively high security, and, therefore, methods of maintaining existing job holders in their jobs at existing levels of earnings are of utmost importance.

The cases presented in Chapter IV exhibit the above characteristics quite adequately. The British Columbia Towing Industry's pre-occupation with the manning scales of vessels is a direct indication of the unions' desire for

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<sup>1</sup>Barbash, Jack. Op. Cit., p. 47.

maintenance of existing jobs. Indeed, the binding award provided for such security by requiring vessels to be manned with a specific crew complement. Imperial Oil provides an example wherein the union accomplished wage maintenance through red circle provisions for its members. In this case uncertainty existed in the minds of the workers but attrition had more than provided for an adequate reduction in work force. Therefore, wage maintenance provided the security the workers needed to calm anxieties about any approaching technological change.

In stage two--where Barbash thinks most of the unions are--

"...the union strategy shifts...toward moderating the impact of displacement through contract clauses which seek to ease the period of transition....unions seek to widen the seniority unit to take in interplant, intercompany, and inter-area transfers as a matter of right for displaced workers. With increasing frequency unions are also asking in negotiations for relocation allowances and retraining.

...unions are asking for the right to participate in some systematic fashion in the projection of technological change, plant shutdown, or relocation. The simpler forms of participation involve advance notice and advisory consultation. More elaborate are the joint consultation programs with research functions and with provisions for participation of public or private third parties."<sup>1</sup>

Stage two parallels the second phase that was developed from the previous analysis of internal adjustment

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<sup>1</sup>Ibid., pp. 47-48.

in the case studies. For example, as the potential for worker lay-off becomes more severe, the union is seen to recognize that to a certain degree job and earnings attrition is inevitable and the shift of emphasis by the union is toward measures to cushion the shock of displacement. Possibly the most important aspect of concern to this report in this second stage is that advance notice and joint research are introduced as an effective line of union defence.

Manitoba Rolling Mills provides an example wherein the larger portion of its workers were to be displaced but the modernization was such that many of the workers will be reassigned to new positions. The union's approach is one of ensuring a maximum of internal adjustment by expanding as far as possible the unit of economic opportunity. In the final analysis, a case such as Domtar, Windsor, portrays an adjustment procedure whereby the union accomplishes its objective of total internal adjustment in the face of major technological change, through planning techniques that completely reabsorb the entire work force.

As stage two of the continuum reaches further left, the union's position becomes more defensive and it takes recourse to members that are being retained to help provide the required sanctions on management actions. Consequently, in the two more difficult cases of internal

adjustment in phase two the union must increasingly rely on severance while striving for maximum internal adjustment. In the Canadian Pacific Air Lines case, for example, a potential exists for absorbing some redundant navigators by retraining them as pilots but few other possible avenues within the company are practical for absorbing those remaining. In the Canadian National case many of the stevedores have been retrained as crew members on the new vessels and others will be adapted to operate the new facilities that are being introduced. In both cases, however, it is obvious that the ease of internal adjustment decreases as a potential adjustment method and severance payments become the only line of defence left to the unions in helping to cushion the impact on the workers. The Domtar, Windsor and Canadian National adjustment procedures do have the advantage of recourse to other operating areas in expanding the economic unit. As Canadian National must relocate workers elsewhere, it falls more to the left on the union continuum as internal adjustment is less feasible and geographic mobility becomes necessary.

The third stage of the union's defence mechanism--

"...the most striking in terms of conception--turns on the explicit recognition of the principle that employees have vested rights in their jobs and that the loss of these jobs and job rights should be compensated by a financial settlement. This principle has been implicitly recognized in established collective bargaining provisions through severance pay, dismissal pay, or terminal payments (in the nature of liquidation

of prorated rights in unused vacation and sick leave), and more recently in the augmenting of supplementary unemployment benefits by a separation-pay provision."<sup>1</sup>

The union's third line of defence, which can co-exist with stage two, is an attempt by the union to gain a financial settlement for the laid-off workers in return for which the employer is permitted greater freedom in deployment of manpower. In the most critical phase of work force reduction, where plant closure is imminent, the union will likely make some attempt at relocation to another plant or area, but if this is not feasible then financial settlement is the natural progression. Thus, stages two and three of union defence or stage three alone is quite compatible with the first phase of work force reduction.

This union reaction appears to evolve in the cases presented. For example, in the Domtar, Portneuf case the union made demands for severance provisions and then attempted as far as possible to expand its economic unit of opportunity. The union's demand for severance tempered with retraining and relocation is also prevalent in the Mount Royal Rice Mills case. It is obvious, however, that the unions' demands can not have much strength as their position is more likely at the mercy of the social conscience

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<sup>1</sup>Ibid., p. 48.



of management and whatever pressure that the public may exert in the union's favour.

### Co-ordination of Manpower Services

The third area for analysis, and indeed the major emphasis of this report, centers on the manpower adjustment services provided by the government and co-ordinated by the Manpower Consultative Service as an aid to labour and management. The governmental influence on the adjustment process must be viewed in two parts. In the first place, management action is not free of the constraints of regulatory legislation such as that which governs minimum wages, maximum hours, etc. Technological change has induced an added interest in legislative enactment. Unions have pointed considerable emphasis in this direction due to the inherent limitations on the bargaining process. Accordingly, issues such as relieving the problems of distressed areas, retraining and other similar policy matters dealing with creation of jobs are considered by unions to be the rightful concern for broad, economy-wide legislation.

Beyond this direct form of government regulation, there is provision for many reactive mechanisms that facilitate the adjustment procedure. Government sponsored training, retraining, mobility, counselling and placement facilities are services by which the government in-

fluences the proposed adjustment process by creating a more flexible and adaptive labour market. In addition, the Manpower Consultative Service and similar services are provided in an attempt to encourage more sophistication and maturity in labour-management relations, as well as to co-ordinate the other facilitating services.

In phase one of the continuum the union attempts to gain something more than a severance settlement but in the face of economic crisis it will have little success. The union is more likely to achieve some measure of worker adjustment at this end of the continuum by taking direct recourse to the government services. Past experience has shown that private company and union attempts at retraining and relocation have met with little success<sup>1</sup>. Domtar, Portneuf and Mount Royal Rice Mills adjustment procedures have relied on counselling, relocation and placement services. In addition, Domtar, Portneuf attempts to seek some aid for area redevelopment whereas Mount Royal recommends retraining.

There is little change in government facilitating action as the continuum moves further into the internal adjustment phase. Canadian Pacific Air Lines study procedures are attempting to include interviewing, retraining,

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<sup>1</sup>See Chapter III, United States Experience Section, p. 74.

relocation and replacement services. The Canadian National case not only attempts to use all of these services but establishes special research studies in an attempt to seek out reasons for emerging difficulties. And Manitoba Rolling Mills, Domtar, Windsor, British Columbia Towing Industry and Imperial Oil cases all make use of, or at least examine the potential use of, these services in enhancing their adjustment process. The only change in provision of government services across the whole continuum is evident at the extreme right end of the scale. Here, advance planning is developed to such a stage that provision for relocation is not considered necessary because the supply/demand factors have been anticipated in advance. Because of this, provision for training is substituted for relocation as a necessary service. Consequently, the Graphic Arts and the Plumbing Industry cases concentrate on counselling, training, placement and retraining in effecting their recommendations for future work force adjustments.

### Variable Factors

The above analysis has verified the fact that, at least on a broad scale, there is an action-reaction pattern evident in the cases studied. Obviously, no one is going to suggest that Domtar, Portneuf employees should demand wage of job maintenance. On the other hand, provision for a mobility incentive would do little to satisfy the workers

at Imperial Oil. Closer examination of some of the variable details of the selected cases, however, will clearly show the futility involved in looking for a more sophisticated pattern.

The type or degree of technological change being introduced can have a varying effect. The effect, however, can also be similar anywhere along the continuum. Past experience at Imperial Oil indicates some major changes have been made. However, the case in point has developed after almost a decade of utilizing attrition as the only means of work force reduction. Computers and other major advances are either anticipated or being installed in the Graphic Arts Industry, at Manitoba Rolling Mills and at Canadian Pacific Air Lines. On the other hand, the British Columbia Towing Industry and the oil industry are experiencing continual changes to more efficient operations.

The type of enterprise involved in the cases is extremely varied. The studies involve participation by entire industries in a specific area such as the Graphic Arts and Plumbing cases, partial industries as in the British Columbia Towing Industry case, multi-operational enterprises such as the Canadian National Railways, Domtar Pulp and Paper and Imperial Oil cases, subsidiary organizations such as the Manitoba Rolling Mills case and single companies such as the Mount Royal Rice Mills and

Canadian Pacific Air Lines cases.

The degree of accommodation between the parties can vary from the loggerhead situation of the British Columbia Towing Industry case, to the relatively low accommodation in the Imperial Oil case, to the constructive approaches taken in the Plumbing and Graphic Arts Industry cases. Also, the number of unions involved in a single case can vary greatly. There were eight unions participating in the Graphic Arts Industry case, four in the British Columbia Towing Industry case and one in the Canadian Pacific Air Lines and Imperial Oil cases.

Clearly, the many ramifications of this type of examination precludes the development of any definable pattern beyond what has been indicated by the above analysis. Studies of the many plans developed in the United States have shown that each adjustment procedure must be tailor-made to the particular situation it faces. Consequently, no further attempt will be made in this study to develop a case pattern beyond that presented.

The analysis has developed thus far with the initial assumption that other influencing forces such as union strength, economic environment, the laws within which decisions must be made and other variables were to be set aside temporarily. A final addition to the analysis, therefore, must be the introduction of environmental factors and legislation to encompass all the other forces

that have an effect on any outcome that would normally be anticipated.

In sum, therefore, the conclusion of the case analysis is that a broad simplified framework or continuum is discernible. Across such a continuum, three relatively clear phases of management action emerge and they are defended by three relatively distinct union reactions. Government support is also offered to help to facilitate worker adjustment. Government services are, for the most part, general throughout the continuum and are called upon to the extent that they enhance the overall adjustment process.

#### The Manpower Consultative Service in Context

Whereas the cases examined show the result of management action, the three stages of defence are seen as union reaction. However, the initiative for introducing technological improvements to maintain a dynamic enterprise lies with management. Managements act and unions react<sup>1</sup>. Collective bargaining by its very nature lags the act. Consequently, the process is inevitably slow and represents adjustments or lack of adjustments to events that have already occurred.

Management is in the position of knowing in advance

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<sup>1</sup>Block, Joseph W. Op. Cit., p. 137.

what changes are going to take place and how these changes are going to affect employees. Only management is in a position to make an analysis to determine what alternatives can be provided within the enterprise for those displaced. Management action upon introducing technological change can be viewed within the above framework as being radical or conservative from one end of the continuum to the other. The action is deemed radical to the extent that it seeks to overturn the prevailing structure of work rules and "local practice" clauses in one concentrated attack. On the other hand, conservative action is viewed as no less concerned with union obstacles to productive efficiency, but it is reconciled to the strategy that progress in this area will have to be made gradually by acquiescence rather than by direct frontal attack<sup>1</sup>.

The foregoing analysis can be used as the basis for the development of a simplified action-reaction model as shown in Figure 1--recognizing the need for flexibility in the dividing lines. The model emphasizes the type of adjustment reaction required to offset particular management action and places the Manpower Consultative Service function in context as interpreted in this analysis.

This report is interested in the continuum to the extent that the Manpower Consultative Service can co-

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<sup>1</sup>See Chapter II, The Desired Mix Section, pp. 52-53.

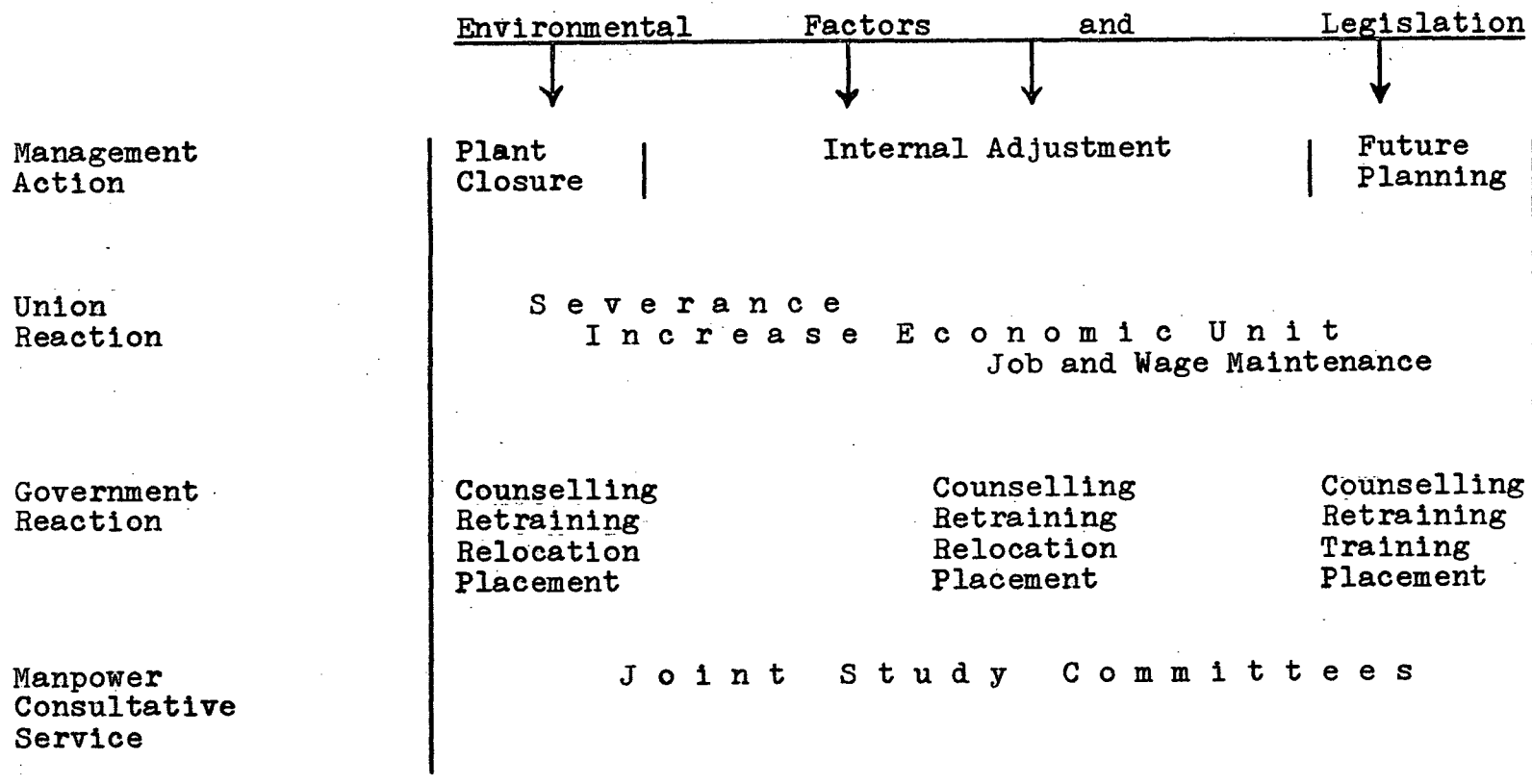


FIGURE 1  
ACTION-REACTION MODEL



ordinate government manpower services and joint labour-management studies can be initiated to ease worker displacement. Clearly, there is a limitation on the Manpower Consultative Service process at both ends of the continuum. On the right end, for example, the future plans of management may be unknown to the union and there will be little incentive or pressure towards joint study. In this area the government can only focus attention on encouraging managements to prior planning and to give advance notification of any anticipated changes to the workers concerned. On the left end of the continuum, a single company may close its plant for economic reasons and there is little likelihood that the union will have any recourse to the company beyond the terms of its collective agreement.

Barbash has seen this limitation in scope. He views the use of joint study committees as falling within the second stage of union defence. Dr. Dymond emphasized a further constriction when he suggested that the parties normally enter a joint approach only as a last resort after all other methods have failed. Even then it will likely be restricted to cases where the unions are strong enough to pressure management into joining with them in future planning. And, most important of all, the Manpower Consultative Service approach is limited to those cases where the parties deem it advisable to have a third party

recommend an adjustment plan to solve their problems.

Beyond this limited range of applicability of the Manpower Consultative Service approach there are also the limitations that were voiced about collective bargaining in Chapter II.

The Manpower Consultative Service in the context presented in the model, and further limited as above, is seen to have the following applicability: (1) it facilitates manpower adjustment by co-ordination of the government's manpower services in the area of the continuum where joint study is most feasible; (2) it is available where the union has enough strength to force the joint approach; (3) it is available where labour-management accommodation makes it untenable for the parties to carry on in their present state of relations; and (4) it is available where the parties believe some advantage is to be gained by the use of a third party.

One other noteworthy similarity in the cases studied should be emphasized. This similarity lies in the use, in most cases, of an academic research chairman to assess the displacement problem and recommend an adjustment plan. This issue is of paramount importance in determining an emergent pattern because most of these academic researchers have a similar background within which they approach the manpower problem. In general, a review of the cases indicates that each researcher uses a similar

set of guiding principles. The many United States plans and their resulting recommendations do not share this common base and consequently, are accepted as developing into more diverse solutions. It must also be recognized that the solutions to Canadian cases are, for the most part, limited to the degree of sophistication displayed by these research chairmen, as they normally are responsible for the development of the adjustment plan.

In summary, the model that has emerged from a generalized analysis of the case studies, leavened with the theory developed in earlier chapters, provides a potential device for categorizing the approach to be used by the Manpower Consultative Service in effecting a manpower adjustment program.

The main point of this exercise was to determine whether or not there is any pattern emerging in the Manpower Consultative Service cases that can be used in approaching future adjustment problems. It can be concluded from the above analysis that the Manpower Consultative Service cases will normally involve adjustment procedures that are similar in the broad perspective to those indicated in the model. As other studies have proved, however, each case will require a detailed adjustment plan tailor-made to its particular circumstances. Also the degree of sophistication evident in each adjustment procedure will be considerably influenced by the efforts of the research

director.

There is a second conclusion that can be drawn from the above analysis. Clearly, the role of the Manpower Consultative Service in effecting manpower adjustment suffers from the many limitations which have been related above. If the Manpower Consultative Service approach is to become an effective wide-ranging approach in the coordination of manpower services to facilitate manpower adjustment as its objective of enhancing the national manpower policy would require, then it is obvious that some means of overcoming its limitations must be found.

### III. EXAMINATION OF THE MANPOWER CONSULTATIVE SERVICE METHODOLOGY

The second purpose of this report is to examine the Manpower Consultative Service methodology in an attempt to determine if the principles and approach are adequate with respect to the stated objectives of the Service, and whether they are being adhered to in practice. Accordingly it will be useful to review the principles and approach that are either restricting the role of the Service or otherwise providing an inadequate base on which to fulfill its objective of enhancing an active manpower policy.

Essentially the principles of the Manpower Consultative Service provide for advance research and

assessment; joint consultation to remove obstacles to constructive action; and, effective co-ordination of existing government services at the plant level. There is adequate substance in this formulation of principles to provide for the enhancement of an active national manpower policy. However, the context within which the Manpower Consultative Service emerged in the model of the last section provides ample evidence of its narrow applicability. The succeeding sections of this chapter will examine the Manpower Consultative Service methodology in an attempt to expose some aspects that warrant reappraisal if the Service is to be strengthened and consequently achieve its stated objectives.

#### Active Versus Passive Approach

The Manpower Consultative Service acts as a catalyst in the adjustment process but, in principle, only if approached, viz. "to unions and management who desire it." This principle has been criticized by labour and by some academics who suggest that manpower policies must be active and to be effective cannot be merely responsive. Mr. Morris, Executive Vice-President of the Canadian Labour Congress, has stated that the Manpower Consultative Service is

"A case in point....Its terms of reference, as I understand them, do not permit it to go actively into the field to seek out cases of manpower

imbalance before they have reached a critical stage. Rather the initiative is expected to be taken by the firm and the union, and then the Service is to respond with advice."<sup>1</sup>

He suggests that the Manpower Consultative Service can only be effective if it or some other manpower agency is taking an active role and states that to date "the general tone of our whole manpower policy is passive."<sup>2</sup>

Mr. Morris also quotes Professor Wight Bakke of Yale University who stated:

"Merely responsive action is bound to be lacking in focus and direction, because the purposes and motivations stimulating the demands to which the response is made have no uniform nature."<sup>3</sup>

If the argument for an "active policy" refers to one where the Manpower Consultative Service seeks to establish joint research by attempting to encourage the parties to fulfill their responsibilities, then this clearly is already being done. Indeed, reference to the cases presented in Chapter IV indicates that most of them have been nurtured to fruition by the Manpower Consultative Service representative. Although the related principles do suggest that labour and management must "desire" the

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<sup>1</sup>Morris, Joe. "Economic and Technological Change in the Sixties - Implications for Manpower Adjustment - Discussion". Labour-Management Conference on Economic and Technological Change in the Sixties. pp. 100-101.

<sup>2</sup>Ibid., p. 101.

<sup>3</sup>Loc. Cit.

establishment of a joint research committee under the aegis of the Manpower Consultative Service, this does not prevent active encouragement of such endeavours. Nevertheless, the government is necessarily constrained from "interference" in labour-management relations. It must take care not to step over an imaginary but yet all-important line that distinguishes between encouraging and interfering in the private domain.

A pertinent government viewpoint suggests that:

"Enterprises tend to be pre-occupied with their own internal problems and may even fear the involvement of government agencies as placing undue pressure on them to respond to manpower adjustment programs which they feel will reduce their freedom to make decisions in the best interests of the enterprise."<sup>1</sup>

On the other hand, the reprovers may be striving for enactment of legislation to compel enterprises into co-ordination of private and public activities. In this regard Dr. Dymond has stated:

"I am impressed by the great difficulty of effectively legislating in this field...by the difficulty of providing sufficient flexibility in legislation to encompass the great variety of arrangements which must be made to achieve an adequate degree of co-ordination."<sup>2</sup>

Dr. Crispo emphasized the fact that state controlled

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<sup>1</sup>Dymond, W.R. "Co-ordination of Active Manpower Policy in the Enterprise with National Manpower Policy". Op. Cit., p. 10.

<sup>2</sup>Ibid., p. 12.

policies should be adopted with a high degree of caution when he stated:

"We must make sure we are not unduly interfering in the market....

Whenever we see a problem, it seems to me the first thing we should say is why isn't the market taking care of it?...let's do that before we introduce some complicated policy which we'll never be able to get rid of....Once you create something you never get rid of it...we must concentrate on programs that complement and supplement the market by making it perform more effectively."<sup>1</sup>

Therefore, it appears that any direct involvement of the government by legislation in the formation of joint research committees is, at least, very difficult--if not impracticable. On the contrary, government action would reap more useful results by facilitating the adjustment process through ensuring adequate provision for counselling, training, retraining, placement and mobility.

Consequently, the Manpower Consultative Service has been accorded a most useful purpose in encouraging and providing co-ordination of these facilitating services. However, it has been shown to be overly constrained in its effectiveness. Legislation that forces a joint approach to solving the complexities of worker adjustment would be impossible in Canada due to the advocated policy of free

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<sup>1</sup>Crispo, John H.G. "Economic and Technological Change in the Sixties - Implications for Manpower Adjustment - Discussion". Labour-Management Conference on Economic and Technological Change in the Sixties. p. 123.



enterprise and free collective bargaining. Therefore, if the Manpower Consultative Service is to become a more effective, wide-ranging entity, a policy that averts direct intervention must be introduced.

### The Requirement of Advance Notice

A solution that would seem to follow naturally from the above discussion is embodied in the principle of the Manpower Consultative Service that requires it to receive advance notice of industrial changes which will have adverse effects on employment. As the Manpower Consultative Service is concerned with co-ordinating manpower adjustment services, its effectiveness, at least in the short run, clearly lies at the mercy of the employer's social conscience; on whether the employer feels obligated to inform the Service in advance of impending changes. The weight of evidence has indicated that in the absence of legislative or social reprisals the decision to innovate is essentially based on economic factors. Dr. Dymond has stated:

"The effectiveness of the role of the employment service is directly dependent on the extent of which it has advance warning of impending displacements. The employment service, in those cases where permanent lay-offs occur can best perform its functions of counselling about alternative job and training opportunities, the actual placement of workers in alternative employment, the assisted mobility of workers to new areas, or their referral to retraining programs if it has sufficient time to plan and provide for the adjustment of workers through these various techniques. In general, the shorter the notice to

the employment service and the less their involvement in the redeployment of manpower within the enterprise, the longer will be the period of unemployment for those laid off and the less chance they will have to secure new employment in occupations matching their productive capacities."<sup>1</sup>

If legislation is needed to co-ordinate enterprise and national manpower adjustment programs effectively, and, if advance warning of change is the prime requisite of an effective adjustment procedure, it would appear axiomatic that advance notice requires such legislative commitment. There are a large number of arguments favouring an approach that requires employers to give the government and/or the employee from three to six months' notice of imminent displacement. As was previously indicated in Chapter II, provisions exist in many collective bargaining agreements requiring this type of prior notification. It was also shown that management's reluctance to give advance notice based on fears of mass exodus and competitive losses were unfounded and indeed, the benefits of granting early warning far outweigh the costs of granting it.

In many regions of Europe advance notice is taken for granted<sup>2</sup>. One author quotes an Austrian works'

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<sup>1</sup>Dymond, W.R. "Co-ordination of Active Manpower Policy in the Enterprise with National Manpower Policy." Op. Cit., pp. 7-8.

<sup>2</sup>Ahlsten, Egil. "Facilitating Worker Adjustment to Technological Change - Statement by Discussant". The Requirements of Automated Jobs. p. 269.

council chairman as stating "The whole difference between brutality and humaneness may lie in the time lag granted for adjustment to technological change."<sup>1</sup>

In Canada, Dr. Crispo writes that the onus is on management to see that union efforts are directed towards acceptance of technological change. He states that:

"Unless employers are willing to give advance notice of anticipated changes and are prepared to write off certain worker adjustment costs as legitimate charges against the over-riding benefits of the changes, unions can ill-afford to be overly constructive."<sup>2</sup>

The Economic Council of Canada in 1966 published "A Declaration on Manpower Adjustments to Technological and Other Change" in which it suggests guidelines for avoiding labour-management disputes over major changes. It supports the idea of joint labour-management committees functioning throughout the year as being able to provide the flexibility and objective studies that are required to solve the problems of adjustment to change. It suggests that:

"The following adjustment measures...are recommended to labour and management for general application as basic and concrete methods of approach for helping to solve manpower adjustment problems. The specific application of these measures...

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<sup>1</sup>Blau, Paul. Paper presented as a representative of labour under "Conclusions and Implications". The Requirements of Automated Jobs. p. 403.

<sup>2</sup>Crispo, John H.G. "Summary Report on the Conference". Op. Cit., p. 38.

could be incorporated in formal agreements as desired and agreed upon between labour and management in the particular enterprise....

The provision of information as early as possible about anticipated change and its manpower implications is basic and preliminary to the carrying out of any manpower adjustment programme....

Although it is impossible to stipulate for all industrial situations what the period of advance notice should be, ...there should be as much advance notice as possible, with a minimum of not less than three months where changes of material significance are involved."<sup>1</sup>

In British Columbia in 1965 the provincial government set down a plan recommending that six months' advance notice be given to the Imperial Oil refinery workers of impending technological change affecting jobs.

And, in Quebec, one researcher for the Manpower Consultative Service stated that:

"If we want...commissions to be very efficient, I submit that...the workers to be laid-off should be advised of this possibility six months in advance."<sup>2</sup>

With the overwhelming acceptance accorded the concept of advance notice, the many benefits that are seen to accrue from using it, and the very fact that effective government facilities are precluded without advance notice, it is clearly too important a factor to leave to the whims

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<sup>1</sup>Economic Council of Canada. A Declaration on Manpower Adjustment to Technological and Other Change. Ottawa: Queen's Printer, November, 1966, pp. 7-8.

<sup>2</sup>Dion, G. Op. Cit., p. 585.

of enterprises faced with essentially economic decisions<sup>1</sup>. Indeed, compulsory advance notice would gain at once the time required for initiating the government manpower programs such as the Manpower Consultative Service co-ordinates, and provide the impetus needed by management to plan in advance the manpower implications of its proposed changes.

Although the Manpower Consultative Service principles provide for establishment of joint research committees where no union exists there has been ample evidence in this report to suggest that few, if any, managers will offer joint consultation if it is not required. If advance notice is recommended as a suitable guideline by the Economic Council of Canada why should it be encouraged only where unions--and likely only strong unions--are able to demand it? Surely, if the guideline is appropriate for unionized firms it is also appropriate for non-unionized firms. Moreover, why should the guideline be extended only for displacements arising out of technological change as many advocates suggest?

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<sup>1</sup>Subsequent to the writing of this report The Vancouver Sun, in an article entitled "Automation Rules Hinted by Government", reported that Manpower Minister Jean Marchand told a national labour-management conference in Ottawa that it appears essential that employers give their workers at least three months' warning of technological change that could adversely affect their jobs. March 22, 1967, p. 22.

Messrs. Beaumont and Helfgott, in studying numerous plants undergoing industrial conversion, concluded that:

"...it is impossible to isolate employee displacements attributable solely to technological change, because of the interrelatedness of all factors that determine the course of employment."<sup>1</sup>

They also refer to the United States Congress, Joint Economic Committee wherein it states:

"There is no way to determine whether a particular worker has lost a specific job because of technological change, or the shift of demands away from the product his industry produces, or inadequate aggregate demand, or some other cause."<sup>2</sup>

Therefore, it is possible that recommendation of advance notice as an "automation" guideline may just lead to more confusion as to interpretation than benefit to the worker. Indeed, the aim of maximum utility of Canada's human resources would seem to beg introduction of a law that requires management to inform the local Manpower Centers at least three months in advance of impending lay-offs on all but special cases (such as for just cause). Accordingly, adjustment plans could be prepared by the companies alone or jointly with the government services depending on the nature of the particular situation.

The arguments in favour of legislation to require advance notice of lay-off have arisen mainly to ensure

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<sup>1</sup>Beaumont, R.A. and Helfgott, R.B. Op. Cit., p. 25.

<sup>2</sup>Loc. Cit.

that manpower planning gains consideration. Such legislation could provide a solution to one weakness exposed in the model developed earlier as the government's and the union's limitation in reacting at the right end of the continuum would be overcome by making future manpower planning a desirable management action in this area.

And, at the same time, advance notice could expand the scope of the Manpower Consultative Service applicability at the extreme left end of the continuum. When management is forced to close down a plant for economic reasons the proper people would be notified in advance. Accordingly, either joint union-government or government services separately could provide for adjustment procedures in advance of the pending lay-off date.

Beyond this, however, the requirement of advance notice of lay-off would likely result in a considerable increase in corporate manpower planning, consequently shifting emphasis along the whole continuum to the right. More future planning such as that related in the Graphic Arts and Plumbing Industry cases would probably ensue.

Some arguments have been voiced against the formation of a government early warning system on the basis that it is too negative and may impede the process of technological change<sup>1</sup>. But, in Canada the view is held that

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<sup>1</sup>Ibid., p. 328.

"...the human factor in production is relatively more important as a contribution to long-term economic growth than is the application of capital and technology."<sup>1</sup>

Moreover, Dr. Gordon, in a report prepared for the United States Office of Manpower, Automation and Training, concluded that:

"In recent years, a number of countries of Western Europe have adopted legislation or developed policies aimed at anticipating problems of labor displacement, through early warning systems and subsidies designed to encourage the retraining of workers threatened with labor displacement before actual dismissal occurs. Close relations between the public employment service and the management and labor community have also played an important role in encouraging concerted and effective attacks on problems of labor displacement in local communities in such countries as West Germany and Sweden."<sup>2</sup>

A harmonization of these views can be established within the rationale of the Economic Council of Canada's Declaration which advocates the need for technological change but which also recommends advance planning as a prerequisite to its introduction. Legislation governing advance notice of lay-off would ensure that manpower adjustment is considered by management as a cost of

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<sup>1</sup>Dymond, W.R. "Co-ordination of Active Manpower Policy in the Enterprise with National Manpower Policy". Op. Cit., p. 1. (See Chapter I, Canada Manpower Policy Section, p. 11.)

<sup>2</sup>Gordon, Margaret S. Retraining and Labor Market Adjustment in Western Europe. United States Department of Labor Publication, Manpower Automation Research Monograph No. 4. Washington, D.C.: United States Government Printing Office, August, 1965, p. 200.



introducing new technology, thereby providing an atmosphere more conducive to the maximum utilization of the nation's manpower resources.

The final argument to be rendered in favour of legislation for advance notice rests on the correlation between effective manpower policy and the need for full employment. It has previously been stated that workers will be trained and retrained only when there is some job they will "fit" into, that workers will be moved only if there is a job to move to and in general the manpower services will be effective only so long as full employment exists. This argument has been voiced against the effectiveness of the Manpower Consultative Service<sup>1</sup>. Thus, in times of high unemployment there will be less call for plans to effect worker adjustment if there are no jobs available. On the other hand, when employment is high many companies will be compelled to retrain their own forces and adapt them to new positions which it is impossible for the labour market to fill. Consequently, the Manpower Consultative Service will be most effective in specific cases where technological change is imminent, the employer has more workers than he needs and there is a

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<sup>1</sup>Waisglass, Harry J. "Summary of Floor Discussions". The Requirements of Automated Jobs. p. 272.  
See also Chapter III, United States Experience Section, p. 73.

shortage of workers in the labour market. Advance notice of change could enhance this effectiveness considerably under the current environment of relatively full employment by providing the time and the flexibility necessary to adapt the structure of the work force.

In summary, this argument for required advance notice wherein the Manpower Consultative Service would be able to become a continuous co-ordinator of government services, is an attempt to provide the Service with the necessary strength it needs if it is to fulfill its purpose of adapting the currently employed manpower to the ever-changing requirements of technological and economic change.

As John Stuart Mill once stated:

"There cannot be a more legitimate object of the legislator's care than the interests of those who are thus sacrificed to the gains of their fellow citizens and of posterity...."<sup>1</sup>

#### Joint Study and the Committee Chairman

The second principle embodied in the Manpower Consultative Service methodology suggests that research and the plans that evolve from it should be developed jointly by labour and management to remove any obstacles that may impede the process of technological change. In discussing

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<sup>1</sup>Cited in Levitan, Sar. A. "Structural Unemployment and Public Policy". Labor Law Journal. July (1961), p. 578.

the approach of the Manpower Consultative Service in Chapter IV, however, it was noted that the Research Subcommittee and indeed quite often even the Joint Consultative Committee, is chaired and directed by an academic professor of high repute. The thesis of the argument in this section is that the Manpower Consultative Service approach has been constrained by the very fact that few companies and unions are in favour of inviting a third party to intervene in problems that are considered private affairs.

In Chapter III, after collating the recommendations of many authors' findings, it was concluded that to be effective the parties to joint study committees needed to fully air their feelings on the problems and arrive at a solution that was acceptable to both. Ample evidence has been presented to indicate that third party intervention is undesirable because results come from individuals that cannot possibly know the facts as well as the parties themselves; that the third party does not have an economic interest in the outcome and therefore may arrive at answers which may be harmful to one or the other party; and, that the interested parties' commitment to a plan may be weakened if they have not been instrumental in its development.

Study of the Manpower Consultative Service cases indicates that the expounded dual process of problem solution has been somewhat misguided. Rather than the research

results being submitted to the Joint Consultative Committee for analysis and ultimate development of an acceptable plan, it would appear that the neutral is becoming the key entity in the approach. Indeed, in the majority of the cases studied, it appears that once the research chairman is chosen he then sets out as a "trouble-shooter" and "problem-solver" and attempts to arrive at an acceptable solution to the problem. He uses the union and company representatives on the research committee to provide him with the information he requires but the final report and its recommendations is a product of his own development. Having reached what he feels is a fair and impartial settlement he then reports his findings to the Joint Consultative Committee. The following month is normally set aside by the union and management to study the plan to analyze its advantages and disadvantages to themselves.

When the Joint Consultative Committee meets again, it is normally with the research chairman acting as a mediator between the company and the union in a negotiation-type discussion with the two parties airing any disagreements with the plan. The research chairman then works slowly and methodically, making changes here and there to produce a plan that is compatible to both parties. The process, therefore, often becomes merely one of arbitration on a third party's recommendations.

There does not appear to be a rationale that clearly defines the role of the third party in the Manpower Consultative Service approach. Before inception of the Manpower Consultative Service under the Department of Labour in 1963 it was stated that:

"If research is to be fully effective it must be competently and independently done. It is here that our universities have a major role to play in providing the industrial and governmental community with independently-minded and well-trained experts, whose only concern will be to define problems and to offer solutions in the public interest, not to provide pleasing answers to one or other of the parties to collective bargaining."<sup>1</sup> [*italics mine*]

This view is most aptly expressed by one researcher as follows:

"For exploring and studying means in order of resorbing manpower, it is not quite likely many companies will be ready to let government people do the research. But, if we want those commissions to be very efficient, I submit that the following conditions should be satisfied:...

- (c) the chairman who is responsible for the performing of research should have more power and have the last word in the determination of research subjects;
- (d) the duration of the commission's mandate should be long enough in order to facilitate the organization of research according to a logical sequence and also to leave the chairman play a conciliation role in the measures to be adopted when the researches have been completed;...."<sup>2</sup> [*italics mine*]

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<sup>1</sup>Dymond, W.R. "The Role of Collective Bargaining Research and Statistics in Industrial Relations - Introductory Statement". Op. Cit., p. 119.

<sup>2</sup>Dion, G. Op. Cit., p. 585.

Examination of the positions of the research chairmen in the cases studied gives ample evidence that clearly establishes their position as that of trouble-shooters and problem-solvers in developing adjustment plans and mediating the discussion and debate on the recommendations.

The contrary viewpoint holds that:

"This research must be mutually undertaken by labour and management, because there must be mutual understanding of the nature of the problems and the best ways of dealing with them, which ultimately will be decided at the bargaining table...."

Examinations of problems such as these can best be based on long-term objective research conducted by the parties to collective bargaining themselves. It is obvious that such research must be aimed at solving problems, and at setting long-term goals, rather than justifying rigid demands formulated prior to arriving at the bargaining table."<sup>1</sup>

And one Manpower Consultative Service researcher has stated:

"The fact is, from the analytical point of view, that the parties after periods of unsatisfactory activities at the collective bargaining table have evolved a procedure which they feel will assist in working out their labour-management problems. They have a vested interest in the procedure which is made operational by the potential reactivating of the identical pressures which existed before."<sup>2</sup>

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<sup>1</sup>Dymond, W.R. "The Manpower Consultative Service of the Canadian Department of Labour". Op. Cit., pp. 8 and 10.

<sup>2</sup>Montague, J.T. "Recent American Developments and Experiments in Labour-Management Relations". Op. Cit., p. 55.

There is need for clarification of these conflicting viewpoints. The findings of this report would indicate that the latter statements are the more desirable and the more acceptable to labour and management. Solutions that are arrived at independently could easily develop into rigid demands if they are not discussed and negotiated jointly by the parties in the absence of the third party. The crux of this argument is based on the proven premise that the neutral party, to be effective, must know when to back out and leave the final development of the plan and subsequent commitment to the parties. Merely bargaining on a third party's interpretation of solutions to problem areas does not remove the conflict. It just postpones the frustration until the next negotiation period or otherwise produces an atmosphere not unlike ex-post tripartite arbitration proceedings.

Two officers of the Manpower Consultative Service appear to acknowledge the more subordinate role of the neutral. For example in 1964, G.G. Brooks, then Director of the Manpower Consultative Service, stated:

"...in most cases the work will devolve on a mixed group of people from within and from outside the organization. To effectively direct such a group will usually require the services of a thoroughly qualified Research Director by whom the research findings can be collated, co-ordinated, and developed into constructive proposals for the consideration of the joint committee."<sup>1</sup>

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<sup>1</sup>Brooks, G.G. Op. Cit., p. 255.

And in 1965, J.D. Drew, then British Columbia Regional Representative of the Manpower Consultative Service, suggested that upon receiving the research recommendations:

"The Joint Consultative Committee was now faced with the major task of preparing a comprehensive manpower adjustment plan. The committee was well equipped. There was the thoroughly objective and reliable research material in which both management and the unions had confidence...[and] a set of mutually agreed upon ground rules...."<sup>1</sup>

In both these statements the researcher has provided the information on which the parties can build a feasible plan of adjustment. He has been a fact-finder. However, he has allowed the parties to arrive at their own solutions and development of a final plan.

Clearly, there are situations when the parties offer low accommodation and they will probably require more mediation by the third party. The research chairman should always be available to offer clarification and further advice if it is requested. But, if the program is to be an effort towards long-run maturity in self-appraisal and commitment to problems of mutual interest between the parties, he must not act as a combined problem-solver and arbitrator. Such a position will quite possibly lead to ill feelings by one or the other party--if not in the short run, then likely in the long run--and consequently reduce the appeal of the Manpower Consultative

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<sup>1</sup>Drew, J.D. Op. Cit., p. 113.



Service to labour and management.

A second issue requiring clarification is the apparent feeling that it is necessary for the parties to reach agreement on the adjustment plan provided. If some issues remain insurmountable during ensuing discussions then they are clearly issues for collective bargaining. In Chapter III a perusal of the literature revealed that the exercise should not always need to reach agreement. Joint committees are not an end in themselves. If research has been adequately completed and an adjustment plan developed, then collective bargaining should provide the means for settling any issues still remaining in conflict. The research plan should not develop with an inherent expectation of agreement on all aspects or many programs will fail.

In discussing the most successful American plans Professor Montague has stated:

"The five plans under discussion all go further than the general admonition that there should be prior discussion to collective bargaining....Each carefully avoids prejudging the solution which might be evolved, and in at least two cases the effort is not to finalize many of the answers even where they have been evolved from lengthy study."<sup>1</sup>

The final point to be raised with regard to the use

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<sup>1</sup>Montague, J.T. "Recent American Developments and Experiments in Labour-Management Relations". Op. Cit., p. 34.

of a third party lies in the expected number of future cases and the availability of research directors. The research programs revealed earlier in the case studies required a great deal of time and effort by each of the research directors. Moreover, there is no disputing the increasing rate at which major technological changes will occur in the future. Where are these high-calibre researchers to come from in the future? If the Manpower Consultative Service is to fulfill more than a constrained role in the overall manpower policy then a change in the research program development must be initiated.

In sum, a subordinated role for the research director seems at once desirable and necessary. In such a role, the academic researcher used could be an industrial relations advisor to a large number of adjustment programs rather than a problem-solver spending six months to two years on one program. He would act as a research consultant only on those issues where the parties desired advice and provide information on labour market views not otherwise available to the parties. In addition, he could call on the services of other faculty and graduate students to provide the necessary research data, so that it only required his direction and final approval. If mediation was desired by the parties due to impasses in the normal process then he could be called in on those occasions. Under no conditions, however, should a research officer be

required to perform the role of a problem-solver in such a manner that he must proffer solutions that are achievable through the collective bargaining process.

### Labour-Management Co-operation and Manpower Policy

The third major contention of this report lies with the restriction that is placed on the applicability of the Manpower Consultative Service by virtue of its emphasis on labour-management co-operation. Essentially, co-ordination of the government's manpower services is provided to joint union-management programs thereby limiting the effectiveness of the Service to the center portion of the continuum as shown in the model. This is not to say there is not need for labour-management co-operation, but rather there appears to be a dichotomy of interests that preclude the maximum development of the intended co-ordination of manpower services.

There is possibly a reasonable explanation for the development of this conflict of interest. In Chapter III the chain of events leading to the inception of the Manpower Consultative Service was related. It points out that the Manpower Consultative Service emerged from the labour-management co-operation theory, and indeed provided a necessary tangible objective for co-operation by virtue of the need for constructive discussion of manpower adjustment problems. Consequently, it is not startling

to see the second principle of the Manpower Consultative Service included in its rationale. A review of subsequent developments, however, will point out the divergent path that the Manpower Consultative Service should have taken.

Before 1963, when the Manpower Consultative Service rationale was first revealed by the Department of Labour, emphasis at conferences on manpower problems at the international, national, and regional level was concentrated on matters concerning industrial unrest and an attempt to increase national productivity by promoting labour-management co-operation. As stated in Chapter III conferences convened by the Economic Council of Canada, its predecessor, and the Department of Labour were attempts to create an atmosphere of labour-management co-operation. This theme also pervaded many of the regional conferences. It was suggested that this stream of events provided a sense of direction and purpose to labour-management co-operation at the lower levels of the economy and led to the formation of the Manpower Consultative Service in mid-1964.

The dilemma that develops within the context of the Manpower Consultative Service is that "an active manpower policy" as portrayed in Chapter IV does not include nor depend upon labour-management co-operation as its raison d'être. The government offers to co-ordinate manpower services in an attempt to provide an atmosphere conducive to manpower adjustment. It is a facilitating

process.

The thesis of this argument is that labour-management co-operation is not an end in itself; it must exist in an atmosphere conducive to a more constructive approach. Since 1963 there has been an increasing awareness of this need for co-ordination of manpower services and a growing emphasis on the concept of an active manpower policy.

The 1965 Labour-Management Conference held in British Columbia placed considerable emphasis on the manpower policy needs as recommended in a "National Manpower Service" to implement manpower policies. This recommendation was strengthened with the Economic Council of Canada's statement, "The lack of co-ordination of manpower services is a basic weakness of labour market policy in Canada."<sup>1</sup> This conference bared many of the weaknesses of collective bargaining in meeting the response to change. The basic rationale for an active manpower policy related in Chapter IV also points to the limitations on collective bargaining and the need for a single agency, such as emerged in the Department of Manpower and Immigration, to facilitate all manner of job shifts.

Still, in March of 1967 the Economic Council of Canada convened a conference which clearly placed the

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<sup>1</sup>Cited in Morris, Joe. Op. Cit., p. 101.

union in a position of spear-heading a drive for collective bargaining demands that would produce the needed manpower adjustment procedures. The whole theme of manpower adjustment to technological and other changes related in the Declaration, the Statement and other studies was essentially based on a need for greater sophistication in labour-management relations<sup>1</sup>. Recommendations were made calling for collective bargaining to broaden in scope and provide for year around joint labour-management consultation. Demands were seen to include the requirement of a minimum of three months' advance notice in order to provide for manpower planning. It was stated that advance notice combined with adequate training and retraining facilities could overcome the obstacles of employee transfer.

The crux of this whole issue lies in the fact that collective bargaining alone cannot provide for effective disposition of manpower adjustment cases. Manpower adjustment programs under the auspices of the Manpower Consultative Service to be successful depend primarily on

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<sup>1</sup>Economic Council of Canada. A Declaration on Manpower Adjustments to Technological and Other Change. Op. Cit.

Economic Council of Canada. Towards Better Communications Between Labour and Management. Ottawa: Queen's Printer, February, 1967.

Cardin, Jean-Real. "Manpower Adjustment to Technological and Other Change in Labour Relations in Canada". Economic Council of Canada. National Conference on Labour-Management Relations, Ottawa, March, 1967.

attaining an atmosphere conducive to the adjustment. The aim must be to strengthen the government's reaction within the model presented earlier; not to become more involved in the already fortified union-management system.

The emphasis of this discussion centers on the belief that the maximum utility of the human resources of a nation must involve overall upgrading of the educational attainment of all workers--from unskilled to professional.

Dr. Jamieson illustrated this when he stated:

"Employment of professional, technical and skilled workers has increased sharply over the past decade or more, but the supply has failed to keep up with the demand and, allegedly, severe 'labour shortages' have developed in various categories. On the other hand, the demand for less educated or skilled workers has tended, on the whole, to be static or declining, while the supply has been increasing....

What are the relationships between the two groups, if any?...to what extent has the unemployment among unskilled or semi-skilled workers been due simply to shortages of professional, technical or skilled workers?...

For if we conclude that the structural problems of unemployment have developed primarily as a result of 'shortages' or 'bottlenecks' of certain types of professional, technical or skilled workers, then our major expenditures of money and personnel should be devoted to a 'crash program' to expand our universities and technical institutes."<sup>1</sup>

From literature available in Canada, the case

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<sup>1</sup>Jamieson, S.M. "Economic and Technological Change in the Sixties - Implications for Manpower Adjustment - Discussion". Op. Cit., pp. 86-87.

studies presented, and the conferences held, there appears to be a preoccupation with the unionized worker and the maintenance of industrial peace. Again, this is not to say that this area is unimportant, but rather that the Department of Labour and the Economic Council of Canada have adequately provided for these issues. Unionized workers currently account for less than one-third of the nation's labour force. Studies on Canada's changing occupational mix by Dr. Schonning emphasize the decreasing number of workers in the unionized categories. He states:

"...that both the manual and primary occupations will continue to shrink as a proportion of all occupations, the white-collar and the personal and protective (fire, police, etc.) occupations will continue to expand."<sup>1</sup>

It is a well-known fact that white-collar and service workers have, in general, resisted the union's attempts at organization.

The need for an all-encompassing manpower policy is supported by studies of the American Foundation of Automation and Employment which reported that automation had already cut deep into the need for middle managers. From interviewing educators, businessmen, and government they concluded that the:

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<sup>1</sup>Schonning, Gil. "Economic and Technological Change in the Sixties - Implications for Manpower Adjustment - Introductory Statement". Labour-Management Conference on Economic and Technological Change in the Sixties. p. 37.



"...principal causes of middle management antagonism were concern about the personal adaptability to mechanized systems, uncertainty as to their roles in it or fear of losing status of large numbers of skilled workers."<sup>1</sup>

Future predictions view the downward shift in white-collar jobs as analagous to the advent of unionism in America. To overcome middle management resistance to computerizing their realm of authority, top management will require techniques as significant as those required to overcome the hourly paid workers' resistance to change in earlier periods<sup>2</sup>. Although this type of speculation may receive scant attention from corporate planners today there is a strong degree of evidence that supports the idea that manpower adjustment must become a superordinate goal--one that sets itself above the need for harmony in the labour-management relationship.

The final statements in the Economic Council of Canada's Declaration supports the growing need for improved manpower policies:

"The federal government, together with provincial governments, must also play an important role in developing more effective manpower and labour market programmes. With improving placement facilities, the provision of training and re-training programmes, and mobility assistance, governments have at their disposal the means to

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<sup>1</sup>Berkwitt, George. "Middle Managers vs. The Computer". Dun's Review and Modern Industry. November, 1966, p. 42.

<sup>2</sup>Leavitt, H.J. and Whisler, T.L. "Management in the 1980's". Harvard Business Review. November-December, 1958.

support and complement those adjustment measures that are within the compass of labour and management. Co-ordination of all these activities is essential."<sup>1</sup>

Therefore, it is clearly evident that the Manpower Consultative Service must place co-ordination before co-operation as a prime motivator of its actions if it is to enhance the nation's manpower policy and extend its present narrow scope.

And yet, an evaluation of the cases handled by the Manpower Consultative Service made in February of 1967 concluded:

"Even if no other specific results are evident, the achievement of the joint consultation, itself, is highly desirable and consumes more of the time and effort of the Manpower Consultative Service Officers than any other of their activities."<sup>2</sup>

Is this in agreement with the desired objectives of an active national manpower policy? Should this not really be the desired objective of the Labour-Management Consultation Branch<sup>3</sup> of the Department of Labour?

It is quite obvious that the Labour-Management

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<sup>1</sup>Economic Council of Canada. A Declaration on Manpower Adjustments to Technological and Other Change. Op. Cit., p. 12.

<sup>2</sup>Department of Manpower and Immigration, Canada Manpower Division. "Report on the Activities of the Manpower Consultative Service". February 27, 1967. (unpublished paper).

<sup>3</sup>Early in 1966 the name of the Labour-Management Co-operation Service was changed to the Labour-Management Consultation Branch.

Consultation Branch of the Department of Labour has been actively campaigning for establishment of joint committees to effectively deal with manpower adjustment problems arising due to major technological change. Referral to many of the "Team Work in Industry" publications clearly indicates that problems of technological change are being studied within the existing framework of many of the labour-management committees initiated by the Labour-Management Consultation Branch. Moreover, newspaper advertisements, periodicals and radio broadcasts of recent date are actively campaigning for programs comparable to those encouraged by the Manpower Consultative Service, viz.

"Who wants labour-management consultation?... Employees...who really want to receive prior notification of major technological changes; who really want to take part in advance planning to meet these changes with a minimum of job loss and dislocation;...Write for complete information on how to set up such a committee to the: Labour-Management Consultation Branch Canada Department of Labour, Ottawa...."<sup>1</sup>

The role of promoting industrial peace is clearly a proper one for the Department of Labour. A sole objective of promoting joint committees within the Manpower Consultative

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<sup>1</sup>Vancouver Sun, The. "Who wants labour-management consultation?" Advertisement appearing in paper on February 21, 1967, p. 11.

See also Reader's Digest. "Have you a better answer?" Advertisement appearing in March, 1967 issue, p. 231.

Similar material has been advertised in recent Vancouver radio broadcasts.

Service, therefore, is an outright duplication of this service.

Harmonization of this conflict could be achieved by recognizing that the responsibility for establishing labour-management committees lies with the Department of Labour. This would give the Labour-Management Consultation Branch the needed objective it has heretofore apparently lacked. In addition, this would enable the Manpower Consultative Service to concentrate on co-ordination of manpower services and administration of the incentives that promote the adjustment process. Unless the Manpower Consultative Service recognizes this need for co-ordination above co-operation it is unlikely that the Service will be able to achieve its objectives of enhancing Canadian manpower adjustment.

#### IV. THE NEED FOR CO-ORDINATION OF THE GOVERNMENT'S MANPOWER SERVICES

In Chapter IV it was concluded that the standard used to evaluate the success of the Manpower Consultative Service should be based on the overall contribution of the Service towards an active manpower policy. In the previous section it was stated that while the concept of labour-management co-operation seemed to be predominant in the efforts of the Manpower Consultative Service, co-ordination of the government's manpower services needed

to be given prime importance. A brief recapitulation of the pertinent facts revealed in the case studies will bear out this need:

In the Domtar, Portneuf case private counsellors were used, area redevelopment was unsuccessful, mobility attempts were hampered with less than half of the workers relocated, and little mention was made of any retraining measures.

In the Mount Royal Rice Mills case only six out of thirty-eight possible relocations were effected due to housing problems, retraining attempts were dropped due to difficulties with the regional school board--not because of the desire of the workers. In this case the workers are being interviewed by the Canada Manpower Centers.

In the Canadian Pacific Air Lines study private interviewing was undertaken to determine aptitudes but further results are not completed.

In the Canadian National Railways case private experts were used for interviewing, and relocation attempts have met with little success, although there does appear to be initial success with a "pilot" retraining scheme.

In the Manitoba Rolling Mills case there was a definite recommendation for and use of the interviewing and placement facilities of the Canada Manpower Centers. Recommendation was also made for retraining and programs are being established in the region. Mobility provisions were recommended but they received little support from the workers.

In the Domtar, Windsor case university counsellors and interviewers were used, retraining was precluded by a diversity of worker interests, mobility was hindered by the present high wage rates, research concluded that the government placement services were not fully successful and that a reclassification and guidance committee should be established.

In the British Columbia Towing Industry case training, classification, and retraining were recommended but no action has been taken as yet; request for establishment of a recommended Manning Board was denied; amendments to the Canada Shipping Act appear to be futile; and

recommended changes in licensing and inspection requirements are still awaiting federal action<sup>1</sup>.

In the Imperial Oil case all services of an active manpower policy were mentioned as "tools" to be remembered in effecting the automation provisions, but attrition has more than accounted for worker reductions in the last decade and no definite future changes were revealed.

In the Graphic Arts case the recommendations were based on a review of anticipated changes in the industry's techniques and included training, retraining and the establishment of a new school. Before such a school can be established it will be necessary for the Committee to submit further specific data.

In the Plumbing Industry case a private consultant was used and little government support has been required.

The above reviews are purposely critical. They do quite clearly point out, however, that the services to be co-ordinated in providing an active manpower policy and other means to facilitate the adjustment process have met with relatively little success. There is, in most cases, a form of joint consultation, and removal of many obstacles, notably that of conflict, which impede the adjustment process. And, in some cases, there is provision for a measure of internal adjustment. But the third and most important principle of the Manpower Consultative Service rationale--co-ordination of the services required to facilitate manpower adjustment--has been inadequate and has met with considerable resistance. Moreover, it appears that any co-ordination of services has been handled by

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<sup>1</sup>See Appendix "C" for an elaboration of the difficulties encountered in this particular case.

the neutral consultant and the services used have very often been privately operated. It has already been suggested that in order to remove the emphasis of third-party decision making the role of the research officer should be subordinated.

Therefore, the issue that looms most important is an evaluation of the respective roles of the research director, private services and the Department of Manpower and Immigration. As was stated in Chapter II, a decision must be made on what can be done by the union and management and what must be done by the government.

The critical review of the selected cases just presented indicates that the greater portion of research is provided by university personnel or private consultants. This does not intend to infer that contracting of work outside of the government is to be frowned upon. Rather, it infers that the emergent pattern in these cases is not what was apparently intended from the enunciated principles of the Manpower Consultative Service. The majority of the cases show that research is carried out and a plan effected almost entirely without the aid of government services.

The cases show that interviews, in general, are not carried out by the Canada Manpower Centers; counselling is more often provided by private experts; attempts to establish training and retraining are recommended by the

research director and then the joint committee attempts to develop some action on the recommendations. There is very little indication of the Manpower Consultative Service Officer providing the needed co-ordination of manpower services. Rather, he acts as a catalyst to the joint endeavour by providing a financial incentive to those who form committees and is available for advising the researcher who may use the government services if he deems them necessary to his development of an overall plan of adjustment.

It is felt from the above discussion and the conclusion of this report that a re-assessment of the strategy or policy of the Manpower Consultative Service is vitally needed. Reference to a text on corporate policy suggests that strategy can be split into two objectives--formulation and implementation--for evaluation of on-going concerns. It suggests that policy formulation involves the examination of the environment for opportunity, the systematic assessment of corporate strengths and weaknesses, the identification of personal values and the clarification of public responsibilities<sup>1</sup>. Three of these aspects have been examined in the course of the chapter (the fourth is extraneous). The Manpower

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<sup>1</sup>Learned, Edmund P. et al. Business Policy Text and Cases. Homewood, Illinois: Richard D. Irwin, Inc., 1965, p. 620.



Consultative Service was put in proper context to expose its strengths and/or weaknesses and emphasize areas for improvement; environmental opportunity was discussed in reviewing the Manpower Consultative Service approach; and, the responsibility of the Manpower Consultative Service was reviewed in its perspective of enhancing the national manpower policy.

In attempting to evaluate the strategy formulation it is important to note the following: (1) is the strategy clear and identifiable?; (2) are the major provisions of the strategy internally consistent?; (3) does the strategy exploit fully the environmental opportunity?; (4) is the strategy consistent with corporate competence and resources?; and, (5) does the strategy constitute a clear stimulus to organizational effort and commitment?<sup>1</sup>

For example, is the prime objective of the Manpower Consultative Service that of formation of committees or that of facilitating manpower adjustment?; is the requirement of joint study a requisite to co-ordination of manpower services?; is the process providing for the maximum utilization of manpower resources under the current high level of employment?; is the Labour-Management Consultation Branch more amenable to joint committee promotion than the Manpower Consultative Service?; and, is

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<sup>1</sup>Ibid., pp. 25-28.

the formulated strategy such that the Manpower Consultative Service representatives set out to facilitate manpower adjustment or do they set out to establish joint committees?

Examination of the principles, approach and responsibility of the Manpower Consultative Service in the above light clearly emphasizes the need for a revitalized formulation of strategy.

Policy implementation--the second objective of strategy--must be,

"...made to dominate the design of organizational structure and processes. That is, the principal criterion for all decisions on organizational structure and behavior should be their relevance to the achievement of the organizational purpose, not their conformity to the dictates of special disciplines."<sup>1</sup>

This concept of strategy is quite amenable to the implementation of policy in the Manpower Consultative Service. However, the degree to which such strategy has been implemented can be determined by examining the results of the selected cases. It is felt that manpower policy co-ordination has been overshadowed by the discipline of labour-management co-operation and recommendations that would enhance the utilization of manpower resources have been remiss in their disposition.

The conclusion of this evaluation is that the

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<sup>1</sup>Ibid., p. 621.

Manpower Consultative Service is not as effective as it should be in co-ordination of the services required to promote an active manpower policy. The case studies do indicate that there has been a lot of resistance, notably in federal-provincial co-operation. In addition, it may be that successful changeover from one department's rationale to another takes longer than it currently has had. However, if success is to be measured by the degree to which the Manpower Consultative Service has enhanced an active manpower policy as distinct from the promotion of industrial peace, and if the Service is to develop into a proper co-ordinating entity, then this evaluation would recommend a need for revitalization of the Service's basic rationale both in its formulation and its implementation. As pointed out in The Glassco Royal Commission:

"The persistence of change and the need for adjustment to change are, in fact, the only future certainties known to any organization. The successful adaptation of the machinery of government to changing circumstances will require two things: within the public service itself there must be an awareness that adaptation is an inescapable part of the task of management; and, both within the public service and beyond it, there must be a continuous assessment of the role of the federal government in the life of Canada, to ensure that the machinery of government remains responsive to the ends it must serve."<sup>1</sup>

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<sup>1</sup>The Royal Commission on Government Organization. The Organization of the Government of Canada. Ottawa: Queen's Printer, 1963, Vol. 5, pp. 26-27.

## CHAPTER VI

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### I. SUMMARY

The rapid advancement of technology has evolved a paradoxical challenge. Extensive economic and technological changes are recognized as essential to the basic objectives of any nation. Full employment, economic growth and a rising standard of living are benefits precluded by economies that would prevent this change. But, it is equally recognized that a society can ill-afford to ignore the interests of the individual worker who may be adversely affected by these changes while the majority reap the benefits. To do so would not only be morally untenable but would also deprive the nation of the manpower resources necessary to achieve its economic and social goals.

Many authors have viewed collective bargaining as the means for solving the complex manpower adjustment problems posed by technological change. Collective bargaining has faced a difficult challenge for survival during the period of rapidly advancing technology, but some authors believe it has adapted quite well. Its flexibility is exemplified by the changing traditional priorities on the bargaining agenda. Thus, issues of

security and methods of providing for the adjustment of displaced workers have replaced some of the previous pre-occupation with financial gains.

Manpower adjustment to technological change is vitally dependent upon prior notification of impending changes in order that planning can be provided in advance of any imminent displacement. When advance notice has been given, prior planning undertaken and the workers are represented by a union, an informal line of communication can be maintained by joint labour-management committees. Joint study committees have been acclaimed as the ultimate in labour-management maturity in facing the complex problems posed by technological change. Although Canadian and United States experience with joint committees indicates that special precautions are required to ensure their success, the approach is considered the most effective alternate to traditional collective bargaining in effecting manpower adjustment programs.

In Canada, concern for manpower adjustment has been reflected by the increased attention focussed on the nation's manpower and employment policies. The Manpower Consultative Service was established in mid-1964 to enhance an active manpower policy by facilitating the adaptation of currently employed manpower to the ever-changing requirements of technological and economic change. The Service offers incentives to unions and

managements who agree to give advance notice of impending changes and enter into joint research to effect manpower adjustment programs. Representatives of the Manpower Consultative Service offer advice to the parties and promote and co-ordinate the government's manpower services.

Since inception of the Service about twenty programs of manpower adjustment have been initiated under its auspices. This report reviewed recent literature on manpower adjustment requirements to provide a framework within which to evaluate the effective of these programs. Selected cases were examined for any emerging patterns amenable for use in future adjustment procedures; for strengths and/or weaknesses in the Service's methodology; and for providing an evaluation of the achievements of the Service in its enhancement of the nation's manpower policies. The examination exposed areas of weakness in the current rationale of the Manpower Consultative Service. Suggested improvements were recommended on the basis of the established framework.

## II. CONCLUSIONS AND RECOMMENDATIONS

The following conclusions have been drawn from the material presented in this report. Where deemed appropriate, recommendations have been added.

1. A broad pattern is identifiable from the case studies that reveals the approach most likely to evolve

in the disposition of manpower adjustment programs under the auspices of the Manpower Consultative Service. Viewed on a continuum of management action involving an increasing ease of internal adjustment and a continuum of union reaction involving an increasing ability to ensure job and wage maintenance the Manpower Consultative Service functions as a co-ordinator of government counselling, placement, training, retraining and mobility services for labour and management who are willing to enter into joint research and assessment of their manpower adjustment problems. However, the multi-variant intricacies of each manpower adjustment program preclude further delineation of appropriate reaction to overcome worker displacement.

The degree of sophistication in most of the case studies established to facilitate worker adjustment is determined by the effort and ingenuity of the research director who develops an adjustment plan tailor-made to each situation.

2. The Manpower Consultative Service, analyzed in the context described above, is unduly restricted in its range of applicability. Principles of the Manpower Consultative Service requiring advance notice and joint consultation as currently expounded restrict the effectiveness of the Service's program to a central area of the continuum by virtue of its lack of incentive at the outer extremities. Moreover, union-management programs limit this range of applicability further by virtue of the fact that: less

than one-third of the work force is unionized; the parties will likely exhaust all other efforts before attempting a joint endeavour; only strong unions will wield enough pressure to demand this approach through collective bargaining; and, it will only be desired where the parties believe some advantage is to be gained by the use of a third party.

3. Legislation requiring the formation of joint union-management programs to facilitate manpower adjustment is in contravention of the discipline of the Canadian economy that advocates free collective bargaining and free enterprise.

4. Advance notice of impending changes that will result in the displacement of workers is prerequisite to the effective disposition of manpower adjustment programs. It cannot be left to the demands of collective bargaining because of the inherent weaknesses in the negotiation process and the limited range of union certification. It will be ventured by very few firms caught up in an ever-increasing competitive environment. Neither can advance notice be demanded only when technological change is the cause of worker displacements, for it is often impossible to isolate such displacements from those caused by other factors. Consequently, advance notice should be legislated to ensure that the worker and the Department of Manpower and Immigration receive from three to six months'



advance notice of anticipated lay-off. This could be enacted as a minimum statutory requirement along with such others as minimum wages, maximum hours, holiday pay, etc.

5. The research and/or committee chairman has become a third-party problem-solver in the disposition of the Manpower Consultative Service cases in contravention of the principles of the Service and apparently to the detriment of a widespread use of its program. The researcher's duties in the development of an adjustment plan should be reappraised and more clearly defined. The trend of past experience indicates that the parties should be allowed to develop and commit themselves to a plan that they must abide by, rather than bargaining on a third party's solution. Moreover, widespread initiation of Manpower Consultative Service programs under current premises would likely result in a shortage of high-calibre research chairmen. A subordinated role of the academic researcher would mitigate this problem by enabling him to become a consultant and research advisor to a number of adjustment programs at one time.

6. Under current premises empirical evidence would suggest that the research chairman should not feel obligated to present an adjustment plan in which ratification is always required. Experience has shown that long-run maturity in the joint development of solutions to worker displacement problems requires an airing of conflict free

of time restraint and adjustment plan rigidities.

7. Successful enhancement of an active manpower policy by the Manpower Consultative Service is currently precluded by virtue of its emphasis on labour-management co-operation. Such emphasis unduly restricts the Service's range of applicability and duplicates the current function of the Labour-Management Consultation Branch. The second principle of the Manpower Consultative Service which requires joint research of problems should be reduced in importance in favour of ensuring effective co-ordination of the nation's manpower services and thereby providing an atmosphere more conducive to adjustment programs.

8. In the cases studied the federal manpower services provided to facilitate manpower adjustment have been ineffective and inadequate. In most cases private services have been used in effecting the adjustment program. This is in contravention of the desired objective of the Service as it precludes co-ordination of the government's manpower services and reduces the potential effectiveness of the Department of Manpower and Immigration.

9. The basic policy of the Manpower Consultative Service is not clear and its resulting implementation lacks organizational commitment to a discipline that dominates the structure and processes. If the Manpower Consultative Service is to provide for enhancement of the nation's

manpower policies and ensure maximum utilization of its manpower resources, then this evaluation would recommend a revitalization and re-orientation of the Service's basic rationale--both in policy formulation and implementation.

### III. AREAS FOR FURTHER STUDY

1. The analysis presented in this report has been limited in scope. To provide an all-inclusive evaluation, much more than an "arm-chair" study is required. Probably the most worthwhile area for further examination of the Manpower Consultative Service methodology and means to improve it, lies in the opinions of the parties who have partaken in the joint committees. For example, a suitable questionnaire or personal interviewing of the many research directors who have effected the manpower adjustment programs would be of immense value. They could be asked to evaluate the worth of the Manpower Consultative Service function in encouraging joint study committees. Moreover, they might suggest what changes they believe necessary to overcome problems that emerged in their programs. A wealth of information lies in the experience that each one of these industrial relations experts has amassed in the disposition of these Manpower Consultative Service cases.

The companies and unions could be asked to state the advantages and/or disadvantages of the process in

their dealings with the Manpower Consultative Service. They could specifically be asked if there was any motivational force in the availability of the financial incentive. The parties could also be asked to voice an opinion on the use of neutral consultants as problem-solvers. The information gleaned from each of the parties to an adjustment program may well provide the basis for a revitalization of the current premises under which the Manpower Consultative Service functions.

2. An issue that seems to create considerable controversy is whether the encouragement of internal adjustment is a proper economic goal in terms of a maximum allocation of manpower resources. Dr. Crispo in one report has argued that efforts should be concentrated on programs that complement and supplement the labour market<sup>1</sup>. That is, he suggests that the labour market should be given every chance to work free of restrictive devices. At Domtar Ltd. the ultimate solution he proffered to remove the problems of worker displacement resulted in the establishment of a fund to provide for future manpower programs<sup>2</sup>. Is this not maximizing the internal adjust-

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<sup>1</sup>Crispo, John H.G. "Economic and Technological Change in the Sixties - Patterns of Response to Change - Discussion". Op. Cit., p. 123.

<sup>2</sup>Crispo, John H.G., Chairman. "Domtar Joint Labour-Management Sub-Committee Report on Human Adjustment to Industrial Conversion". Op. Cit., p. 19.

ment of an enterprise's work force to the detriment of the free operation of the labour market? Moreover, have not many of the solutions to the Manpower Consultative Service cases aimed at such maximum internal adjustment? An answer to these questions could either enhance or destroy the purpose of the Manpower Consultative Service.

3. It has been stated in the report that in some respects the Manpower Consultative Service is duplicating the functions of the Labour-Management Consultation Branch. However, it has also been stated that the issue of manpower adjustment to major changes presented the first realistic objective for labour-management co-operation. It could also be argued that one of the shortcomings of the Manpower Consultative Service is its lack of promotional ability. That is, to be really effective, the facilities available to the Manpower Consultative Service for manpower adjustment should be constantly paraded in front of the nation's labour force. The services of counselling, training, retraining, mobility and placement should be repeatedly exposed to the Canadian worker so that when faced with an adjustment he is familiar with it.

It would appear that the Manpower Consultative Service and the Labour-Management Consultation Branch have both a complementary and a supplementary service available to the other. The Labour-Management Consultation Branch

could be responsible for all promotional coverage through such material as "Team Work in Industry". Through such a device the worker would be continually kept informed of the experience of Canadians with each of the Department of Manpower and Immigration's services. In such a program the Labour-Management Consultation Branch would be responsible for the formation of joint labour-management committees and the Manpower Consultative Service would be responsible for co-ordination of the nation's manpower services as well as possibly administering the adjustment program. Needless to say, this would involve considerable planning to be effective and would require a major shift in the current government policy.

4. Three final areas that could be studied more thoroughly are mentioned as a further attempt to provide a more flexible and strengthened Manpower Consultative Service.

Firstly, the Organization for Economic Co-operation and Development is to publish in future an integrated analysis of a number of cases researched during 1963-66 to provide a "manual" of adjustment methods that may be useful to enterprises in adjusting to major changes<sup>1</sup>. A

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<sup>1</sup>Organization for Economic Co-operation and Development. Manpower and Social Affairs Directorate Activity 20-13B: Co-ordinating Technical Change and Manpower Planning at Enterprise Level. Paris, France, July 1, 1966, (restricted paper), p. 36.

study of these adjustment methods could be of considerable value to the Manpower Consultative Service.

Secondly, ways and means are needed to create more emphasis on the federal research availability. In very few of the Manpower Consultative Service cases was there any attempt to draw on any research already undertaken. Rather it was all provided by the researcher and each case evolved as a completely separate problem from the others studied.

Thirdly, there is a possibility that the Manpower Consultative Service could be made more effective if it was more selective in the studies it performed. Possibly the offer of an incentive for manpower planning should only be made to industry-wide studies such as in the Graphic Arts and Plumbing industries that attempt to provide, in advance, for any supply/demand imbalances.

Obviously, much more study is required to effectively deal with all the ramifications inherent in striving for an active manpower policy. This report will have achieved its purpose if it has shed light on some methods by which such an active manpower policy can be enhanced.

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## A P P E N D I X

APPENDIX A

PROPOSAL FOR PARTICIPATION

In the Matter  
of  
The Manpower Consultative Service  
and  
In the Matter  
of a  
Proposal for Participation  
by  
The Joint Consultative Committee  
of  
The British Columbia Towing Industry

Vancouver, B.C.

The Joint Consultative Committee  
of the British Columbia Towing  
Industry,

c/o Mr. John Drew, Representative,  
Manpower Consultative Service,  
Department of Labour,

The Hon. Allan J. MacEachen,  
Minister of Labour,  
Government of Canada,  
Ottawa.

Sir:

On behalf of the Joint Consultative Committee of the British Columbia Towing Industry, consisting of the several parties described herein (Appendix "A"), herewith is our Proposal for Participation in the Research Program Incentive of the Manpower Consultative Service.

It is our understanding that through the Manpower Consultative Service of the Department of Labour, federal funds will be made available to the extent of half the costs of research and planning for manpower adjustment brought about by technological change in our industry.

The parties have made various unsuccessful attempts in the past to solve the growing problem of "manning" in this industry which is under federal jurisdiction. During the present collective bargaining and conciliation period it has been agreed to remove from the bargaining this most difficult problem in the hope that agreement might be reached on the remaining issue.

Appendix "B" of the Proposal for Participation describes details of our program.

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The Joint Consultative Committee appreciates the efforts of the Manpower Consultative Service and awaits your reply.

Yours truly,

for British Columbia Towboat Owners'  
Association.

for Canadian Merchant Service Guild.

By and on behalf of the  
Joint Consultative  
Committee of  
the British  
Columbia Towing Industry

for Canadian Brotherhood of Railway, Transport and General Workers, Local 425.

for Canadian Brotherhood of Railway, Transport and General Workers, Local 400.

for Seafarers' International Union of  
Canada, Pacific Coast Division.

APPENDIX "A"

Companies and Unions involved in the British Columbia Towing Industry and represented by the Joint Consultative Committee:

I. Companies (represented by B.C. Towboat Owners' Association):

1. Atlas Towing Ltd.
2. Baird's Tugboats Ltd.
3. Beckstrom Towing Co. Ltd.
4. Bendickson Towing Co. Ltd.
5. Bridge Towing Co. (Marpole Towing)
6. Bute Towing Ltd.
7. Canadian Tugboat Co. Ltd.
8. Cates, C.H. & Sons
9. Chemainus Towing Co. Ltd.
10. Cliff, M.R. Tugboat Co. Ltd.
11. Coastal Towing Co. Ltd.
12. Deeks-McBride Ltd.
13. Elsie Towing Service
14. Escott, A. Co. Ltd.
15. G.M. Flyer Towing Co. Ltd.
16. Great West Towing & Salvage Ltd.
17. Gulf of Georgia Towing Co. Ltd.
18. Harbour Services Ltd.
19. Harken Towing Co. Ltd.
20. Hodder Tugboat Co. Ltd.
21. Hutowco Marine Ltd.
22. Island Tug & Barge Ltd.
23. Iverson Bros. Towing
24. Kingcome Navigation Co. Ltd.
25. Lyttle Bros. Ltd.
26. Maritime Towing Co. Ltd.
27. McKenzie Barge & Marine Ways Ltd.
28. Nanaimo Marine Services Ltd.
29. Ocean Cement Ltd.
30. Pacific Tanker Co. Ltd.
31. Parsons Towing Ltd.
32. Point Grey Towing Co. Ltd.
33. Quatsino Navigation Co. Ltd.
34. River Towing Co. Ltd.
35. Stone Bros.
36. Stradiotti Brothers Ltd.
37. Straits Towing Limited
38. Swiftsure Towing Co. Ltd.
39. Texada Towing Co. Ltd.
40. Valley Towing Ltd.
41. Vancouver Tug Boat Co. Ltd.
42. Victoria Tugboats Ltd.



- 43. Viking Tugboat Co. Ltd.
- 44. Western Tug & Barge Ltd.
- 45. Westminster Tugboats Ltd.
- 46. Yorke, F.M. & Sons Ltd.

II. Unions:

- 1. Canadian Merchant Service Guild.
- 2. Canadian Brotherhood of Railway, Transport and General Workers, Local 425.
- 3. Canadian Brotherhood of Railway, Transport and General Workers, Local 400.
- 4. Seafarers' International Union of Canada, Pacific Coast Division.

## APPENDIX "B"

### The Joint Consultative Committee of the British Columbia Towing Industry

#### I. Organization:

The Joint Consultative Committee consists of representatives of the organizations listed in Appendix "A" who have come together for the purpose of initiating research, analysis, consultation and planning in the matter of "manning" in the Towing Industry.

A Research Committee has been established consisting of two individuals appointed by management and two individuals appointed by the unions. A Research Chairman-Director will be retained to be responsible for performing research and planning with the aid of the Research Committee and under the direction of the Joint Consultative Committee.

Mr. E.D. McPhee, of 2588 Wallace Crescent, Vancouver, British Columbia, has been appointed to the position of Research Chairman-Director.

#### II. The Manpower Adjustment Problem Stated:

The Towing Industry of British Columbia is currently characterized by growth, competition and technological change so that "manning scales" are in dispute. Past efforts to reach agreement over this issue have been unsuccessful.

#### III. Statement of Purpose:

The purpose of this program shall be to examine all aspects of "manning" of the present and foreseeable future in the Towing Industry with the aim of preparing recommendations for consideration by the Joint Consultative Committee.

In carrying out this purpose the Research Committee shall have due regard for the rights, obligations and responsibilities of all parties, and shall equate the needs of technical efficiency with those of sound industrial and human relations as well as safety in the industry.

The Research Committee shall report regularly to the Joint Committee and will consult regularly in preparing its recommendations.

#### IV. Costs:

It is estimated that the program will require between nine and twelve months commencing \_\_\_\_\_, 1964.

Total costs are estimated at \$13,000 (see below) and will be shared on the basis of one-half by the Government of Canada and one-half by the organizations represented by the Joint Consultative Committee.

The remuneration of the Research Chairman-Director shall be at the rate of \$100.00 per day.

The organizations represented by the Joint Consultative Committee shall share their portion of the total costs on the basis of one-half by the British Columbia

Towboat Owners' Association, and one-half by the labour union organizations.

ESTIMATE OF COSTS and COST DISTRIBUTION

	Total	Government of Canada	B.C. Towboat Owners Assn.	Labour Union Organizations
Research Chairman- Director	9,000	4,500	2,250	2,250
Administ- rative	1,000	500	250	250
Research Committee- 2 Mgt Rep- resent's	1,500	750	750	
2 Union Represen- tatives	<u>1,500</u>	<u>750</u>	<u>      </u>	<u>750</u>
	\$13,000	\$6,500	\$3,250	\$3,250

V. Status Quo:

(a) Other than vessels of the 65 foot class pioneered by the "Gulf Warrior" and "Jacques Cartier" it is agreed that changes in manning during the period of this enquiry shall only be made in cases where a change in area, type of job, or vessel equipment would mean that the new manning would be in accordance with majority practice within the industry for vessels of this type.

In any case where it is not agreed that the change is in accordance with majority practice in the industry, the decision shall be made by a majority vote of the research committee.

The decision of the Research Committee shall be a

temporary one for the duration of the enquiry only and shall be based strictly on the question of whether or not the manning practice is in accord with existing practice in a majority of the industry for this type of vessel doing this type of work.

It is further agreed, there will be no major changes in the composition of the crews for these vessels, unless agreed to by all parties concerned.

(b) Vessels of the 65 foot class - In order to reach agreement on status quo, it is agreed that a formula on manning must be established for vessels of this class now operating with four man crews and new vessels put into service during the duration of this enquiry.

It is further agreed, there shall be no major changes in the composition of the crews for these vessels unless agreed to by all parties concerned.

Therefore, all parties agree that half of these vessels will carry a crew of five and the other half will carry a crew of four and this will be established in the following way:

Every second vessel of this type within a company will carry a crew of four men, all others will carry a crew of five. e.g.

No. of vessels  
of this type  
operated by  
Company

Number of Crew

	<u>1st</u> <u>Vessel</u>	<u>2nd</u> <u>Vessel</u>	<u>3rd</u> <u>Vessel</u>	<u>4th</u> <u>Vessel</u>	<u>5th</u> <u>Vessel</u>	<u>6th</u> <u>Vessel</u>
1	5					
2	5	4				
3	5	4	5			
4	5	4	5	4		
5	5	4	5	4	5	
6	5	4	5	4	5	4

This decision is made only so that the manning enquiry can carry forward. Therefore it is clearly understood that this decision is to have no influence on the outcome of the enquiry and this is to be clearly stated in the statement of purpose.

## APPENDIX B

### MANPOWER ASSESSMENT INCENTIVE AGREEMENT

MEMORANDUM OF AGREEMENT DATED the 24th day of February,  
A.D. 1965.

B E T W E E N:

THE MINISTER OF LABOUR OF CANADA  
hereinafter referred to as "the Minister"

OF THE FIRST PART

A N D:

THE JOINT CONSULTATIVE COMMITTEE OF  
THE BRITISH COLUMBIA TOWING INDUSTRY  
hereinafter referred to as "the Committee"

OF THE SECOND PART

WHEREAS vote No. 5 of the Appropriation Act, No. 10, 1964, authorizes payments in accordance with agreements entered into with the approval of the Governor in Council by the Minister of Labour with provinces, employers and workers in respect of labour mobility and assessment incentives;

AND WHEREAS technological developments in the towing industry of British Columbia have created manpower adjustment problems;

AND WHEREAS the Committee was established pursuant to an agreement entered into between the member companies of the British Columbia Towboat Owners' Association and the unions representing their employees for the purpose of carrying out a program of research and assessment with a view to developing possible solutions to the said manpower adjustment problems;

AND WHEREAS the Minister has been authorized to enter into this agreement by Order in Council P.C. 1965-14/138 of January 28th 1965.

NOW, THEREFORE, THIS AGREEMENT WITNESSETH that the parties hereto have mutually agreed as follows:

1. The Committee will undertake a program of research and assessment covering all aspects of the manpower

adjustment problems arising out of technological developments in the industry.

2. For the purpose of carrying out the program, the Committee will establish a research sub-committee which, under its directions,

- (a) will gather all relevant information relating to the manpower adjustment problems referred to in clause 1;
- (b) will assess and analyze the implications of existing and future technological changes in the industry and the consequences thereof;
- (c) on the basis of the assessment referred to in paragraph (b), will develop measures for the satisfactory adjustment of manpower dislocation arising out of the technological changes in the industry, having due regard for
  - (i) the rights and responsibilities of employers and workers in the industry,
  - (ii) the necessity of equating the desirability for technical efficiency with the need for sound industrial and human relations, and
  - (iii) the need for safety in the industry, and
- (d) will make a written report of its findings and recommendations to the Committee.

3. The Committee will engage the services of a competent person to act as chairman-director of the research sub-committee established in accordance with clause 2.

4. Upon completion of the program, the Committee will forward a copy of the report of the research sub-committee to the Minister together with a statement of the actions, if any, it proposes to take as a result of the recommendations in the said report.

5. The Minister will, subject to this agreement, pay the Committee an assessment incentive which shall be sixty-five hundred dollars or fifty per cent of the shareable disbursements made by the Committee in carrying out the program, whichever is the lesser amount.

6. Subject to this agreement, the assessment incentive



shall be due and payable in full thirty days after the date the Minister received the report and statement referred to in clause 4, but the Minister may, on application therefor by the Committee make up to four progress payments on account of the assessment incentive to reimburse the Committee for shareable disbursements made to the date the application is made.

7. The amount of any progress payment made in accordance with clause 6 shall not exceed fifty per cent of the disbursements made by the Committee for the period in respect of which it is paid.

8. The Minister will not be required to make progress payments totalling more than fifty-five hundred dollars prior to receiving the copy of the report and statement referred to in clause 4.

9. Notwithstanding clauses 5 and 6, no payment will be made by the Minister on account of the assessment incentive unless an application therefor is made in such form as the Minister may prescribe and accompanied by such other forms and documents as the Minister may require.

10. The Committee will keep such records and provide the Minister with such information as he deems necessary to substantiate applications for the payment of the assessment incentive and will allow free access to such records at convenient times to all persons authorized by law to keep or examine the records relating to the accounts of the Department of Labour.

11. In this agreement, the expression

- (a) "assessment incentive" means the assessment incentive referred to in clause 5;
- (b) "industry" means the towing industry of British Columbia;
- (c) "program" means the program referred to in clause 1;
- (d) "shareable disbursements" means the disbursements referred to in the schedule attached hereto.

IN WITNESS WHEREOF the parties hereto have set their hands and seals on the day and year first above written.

IN THE PRESENCE OF:

THE MINISTER OF LABOUR

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IN THE PRESENCE OF:

THE JOINT CONSULTATIVE  
COMMITTEE OF THE BRITISH  
COLUMBIA TOWING INDUSTRY

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S C H E D U L E

SHAREABLE DISBURSEMENTS

For purposes of the agreement to which this schedule is attached, the "shareable disbursements" are as follows:

Salaries

1. The remuneration of the chairman-director of the research sub-committee, up to a maximum of nine thousand dollars.
2. The regular salaries or wages of employees or appointees, of the companies and the unions named by the Committee to serve under the research sub-committee for the periods during which the chairman-director certifies they were engaged in the work of the sub-committee; up to a maximum of three thousand dollars.

Administration

The necessary disbursements for travelling, office supplies, stenographic services, the preparation and printing of the report of the research sub-committee and such other necessary expenses of the research sub-committee and of its chairman-director as are approved by the Minister; up to a maximum of one thousand dollars.

## APPENDIX C

### CO-ORDINATING MANPOWER ADJUSTMENT AND TECHNOLOGICAL CHANGE IN THE BRITISH COLUMBIA TOWING INDUSTRY

A CASE SUMMARY OF JOINT RESEARCH AND CONSULTATION  
BY UNIONS AND EMPLOYERS INTO MANPOWER ASSESSMENT  
AND PLANNING PROBLEMS IN THE BRITISH COLUMBIA TOW-  
ING INDUSTRY UNDER THE AUSPICES OF THE MANPOWER  
CONSULTATIVE SERVICE OF THE FEDERAL DEPARTMENT OF  
MANPOWER AND IMMIGRATION

Prepared by Alec J.K. Keylock

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CO-ORDINATING MANPOWER ADJUSTMENT AND  
TECHNOLOGICAL CHANGE IN THE  
BRITISH COLUMBIA TOWING INDUSTRY<sup>1</sup>

I. INTRODUCTION

For the past two years labour and management of the British Columbia Towing Industry have met in joint consultation and research, under the auspices of the Manpower Consultative Service, to study issues concerning manning and minimum crew requirements. During this period the parties have endeavored to reach agreement on manning problems arising out of technological change in the towing industry. Many of the problems, which were destined to become issues for collective bargaining, were overcome in the process of research and joint consultation and those that still remained insurmountable were referred to a binding decision-making arrangement, the duration and effect of which would terminate on April 1, 1968 unless otherwise agreed. The following report is a summary and review of the salient features of the case.

II. DEVELOPMENT OF THE PROGRAM

The British Columbia Towing Industry has grown at

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<sup>1</sup>This report is based on the Report of the Research Sub-Committee to the Joint Consultative Committee, British Columbia Towing Industry on Manning; files and correspondence of the Manpower Consultative Service; and personal interviews conducted by the author.

such a rapid rate that it has become one of the major determinants of the economy of the Province's shipping industry. Indeed, it has become the largest single coastal carrier in the Province. The reason for this rapid growth lies mainly in the tugboat's versatility and its low cost relative to the larger cargo vessels. With scows, barges and rafts, the tug can handle logs, pulp and paper, coal, rock and stone, sand and gravel, hog fuel, lime, fertilizer, cement, petroleum products, machinery, freight cars, and a myriad of general products.

But technological change has accompanied this growth. From 1923 onwards, newer and more powerful diesel engines have enabled tugs to carry much larger loads with fewer crew. During this period, however, no emergent patterns appeared with relation to crew size and load carried. The manning problems that developed were those unique to a growing industry, and in that respect necessitated advance planning to co-ordinate manpower requirements with these growth patterns and resulting technological change.

Both the owners and unions have shown full evidence of their intent to agree on rules governing personnel and classification of all vessels in the British Columbia Towing Industry. As early as January, 1961 a Joint Committee was formed with representatives from the British Columbia Towboat Owners' Association and the Canadian

Merchant Service Guild, one of four maritime unions participating in the British Columbia Towing Industry. In February, 1962 the representatives came to agreement on terms under which they believed that the industry could operate economically while, at the same time, the vessels could be sufficiently manned to provide a reasonable degree of safety. The Owners' Association representatives commented, however, that "a certain segment of the towboat industry gain a considerable advantage under the existing system of manning and therefore do not wish this subject to progress beyond the discussion stage with the Guild". Therefore, the Executive Committee of the Owners' Association only partially accepted the proposals referring particular items to arbitration. A new Joint Committee was subsequently established but by December 13, 1963 there were still certain clauses which could not be agreed upon and the case was referred to binding arbitration.

Collective agreements in the industry were to terminate in the autumn of 1964. Having found no other available means of solution and not even being able to agree on terms of reference for binding arbitration proceedings, the unions became determined to force agreement. It was apparent to all parties that a conflict was going to develop over the question of manning in the ensuing negotiations and that a strike would be inevitable.



At this time a representative of the Manpower Consultative Service proposed to the parties that the issue of manning be treated outside the context of collective bargaining. A broad joint study committee was suggested, consisting of representatives of all four unions and the Owners' Association. The committee was to meet for the purpose of research, consultation and planning in the area of manning in the industry.

### III. PROGRAM METHODOLOGY

On the 28th day of December, 1964 each of the four maritime unions participating in the British Columbia Towing Industry and the member companies of the British Columbia Towboat Owners' Association signed a Memorandum of Understanding in which the parties agreed to carry out a program of joint research and consultation<sup>1</sup>. It was agreed that the subject matter should not in any manner be an issue in any negotiations for new collective agreements, including conciliation proceedings. It was further agreed that any issues remaining in disagreement after hearing full argument from both parties would be submitted to the Research Chairman for binding decision. The pertinent statements of the Binding Award provision follow:

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<sup>1</sup>The Proposal for Participation, Appendix A, p. 221, includes the pertinent information contained in the Memorandum of Understanding.

"In carrying out the decision making function Dr. E.D. MacPhee shall, to his own satisfaction, hear argument and discussion at a meeting, or meetings of the Joint Consultative Committee. No other form of communication shall take place having to do with the subject of manning in the industry.

...it is agreed that changes in manning both as to number of personnel aboard the vessel and classification of personnel aboard the vessel during the period of this enquiry shall only be made in cases where a change in area, type of job, or vessel equipment would mean that the new manning would be in accordance with majority practice within the industry for vessels of this type."

The Manpower Consultative Service, as a federal government incentive, provided technical and administrative service to the parties and assumed one-half the cost of the program. However, it was understood and agreed that no federal government funds, or other type of federal government participation was available for the purpose of carrying out the final and binding procedure. The cost of the binding procedure and the remaining one-half of the research and discussion program were to be provided by the Owners' Association and the unions.

In handing down their recommendations in the form of a "Report on Manning", the Research Sub-Committee made their position clear in the following statement:

"We have endeavoured to establish certain principles throughout our study in the expectation that all vessels, operating and being built, will come under these principles. We will suggest, strongly, that certain specifics should be made in the allocation of crew, but the owners and masters have the right to make such allocation as is deemed best."

The following sections are an amalgamation of the ideas presented in the research recommendations and the surrounding joint consultation.

#### IV. ASSESSMENT OF THE PROBLEM

##### Canada Shipping Act<sup>1</sup>

In attempting to make recommendations covering all aspects of manning in the British Columbia Towing Industry both for the present and foreseeable future, the Research Sub-Committee was immediately faced with the determination of responsibilities of all parties concerned. The first step in such a determination was to interpret and establish the legal role as provided for in the Canada Shipping Act.

The Canada Shipping Act stipulates the operating procedures to be followed by all seagoing vessels either by direction or by exclusion. Specifically, for the towing industry, the Act determines the type of vessel subject to direction or exclusion. This type of vessel is determined by gross tonnage and nominal horsepower; those exempted from registry fall into a class below fifteen tons and ten horsepower.

The Act also stipulates that tugs generally operate

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<sup>1</sup>Canada Shipping Act, Revised Statutes of Canada. (1952), Ch. 29.

in "home trade" waters. Four classifications of home trade voyage are available, the pertinent one being specified on an inspection certificate, issued by the Steamship Inspection Branch of the Department of Transport, and each one more confining than the previous. A home trade voyage means:

"...a voyage not being an inland or minor waters voyage between places within the areas following, namely, Canada, the United States of America other than Hawaii, St. Pierre and Miquelon, the West Indies, Mexico, Central America and the northeast coast of South America, in the course of which a ship does not go south of the sixth parallel of north latitude."

The Canada Shipping Act also enters into the specification of minimum manning requirements of masters, mates, engineers and seamen. A number of sections of the Act state requirements under specific conditions to which the operators are expected to comply. A statement such as Section 115(1), i.e. "Every steamship registered in Canada, or owned in Canada...shall, when making any voyage, be provided with engineers duly certificated according to the following scale..." is a clear indication of manning regulation by the Act.

In addition, Part VII of the Canada Shipping Act establishes a Board of Steamship Inspectors. The essential duty of this Board lies in the inspection of hulls, machinery and equipment to ensure that they are seaworthy for the job they are intended to do; to indicate the class

of voyage on which the steamship is fit to ply; to specify the life-saving equipment to be carried; to ensure that the masters, mates and engineers are duly certified as required under the provisions of the Act; and that the crew is sufficient and efficient. The Canadian system of inspection follows the British system up to this latter point and it is herein that conflict has arisen, viz. who is responsible for determining the sufficiency and efficiency of the crew?

The difference of opinion over "responsibility for manning" was the major issue leading to the compiling of the British Columbia Towing Industry Report on Manning.

#### Responsibility for Manning

The Owners' Association traditionally assumed the position that manning was purely a management prerogative and was of no rightful concern to the trade unions. Some owners have, on occasion, consulted with their ships' masters, but only in their individual capacity and not as union members or representatives.

On the other hand, a general examination of the traditional positions taken by the unions shows that all but the Canadian Merchant Service Guild strongly believed that manning was a proper subject of collective bargaining and were prepared to take strike action in order to win this point. The Canadian Merchant Service Guild,

while maintaining that the issue of manning was entirely one subject to regulation by the government, objected to the alleged low standards of the Steamship Inspection Branch and had attempted to rectify this by legislative and political representations.

Findings of the Research Sub-Committee noted the prolonged dispute over the regulation of manning and the fact that the Canada Shipping Act is itself in conflict over authority and responsibility for manning. Their Report states that:

"Section 392(d) appears to authorize steamship inspectors to regulate manning by instructing them to report, if they can 'with propriety', that 'the crew is sufficient and efficient'. On the other hand Section 407 provides fines for the owner and the master if their vessel is not 'manned with a crew sufficient and efficient from the point of view of safety of life for the purpose of her intended voyage, and shall, during such voyage, be kept so manned'. Correspondence...further confuses the situation by denying this responsibility as that of the Steamship Inspection Branch."

The Research Sub-Committee concluded that the responsibility for manning is "complicated by a clear division" between the owner and master, and a "vagueness of government regulatory authority, which for our purposes can be assumed as non-existent".

The Canadian Merchant Service Guild had also suggested that they "do not feel that interpretation of the Act ever gave this overruling or final authority to the Department of Transport or the operator" and they feel

that the master is equally responsible for safe manning as the owners, for "...manning is the decision of the master of the ship in question as he alone is finally responsible for the safety of that ship, and the crew under his command."

The Report findings suggest that masters, as members of management, do have the right and obligation to discuss the question of what a crew should consist of, not only in officers but in unlicensed personnel. However, the Report refutes the Canadian Merchant Service Guild by stating "the claim that masters alone have the right to determine the crew on a tug is not valid." The Report indicates agreement with Mr. Justice T.G. Norris, where, in his report on The Disruption of Shipping (1963), pp. 308-309, he states that "the matter of manning is, under the Canada Shipping Act, a matter for the owners and masters....It is not a matter for collective bargaining."

There are many conflicting viewpoints evident between the Department of Transport, the Steamship Inspection Branch and the Canada Shipping Act. It is obvious from the repeated comments from the Department of Transport that they do not intend to direct manpower by regulation; the Report suggests, "they keep on insisting that this is a matter for 'labour relations' presumably between the owners, the masters and the unions....These conflicting

points of view must be reconciled by the Department of Transport."

The Report concludes that, because the Department of Transport has given notice of its intent that they not become a party to labour relations, a number of things must follow:

1. That the sufficient and efficient portion of Section 392(d) of the Canada Shipping Act be eliminated.
2. That Section 407 become the overriding authority for manning other than masters, mates and engineers, i.e. the fines for masters and owners are for insufficient manning of seamen, deckhands, etc.
3. That the combination of the above two Sections, 392(d) and 407, would be such that the owner and master only be responsible for the crew over and above masters, mates and engineers, i.e. it is not the Guild, nor engineers, nor non-licensed unions' place to decide.
4. That steamship inspectors would be responsible for ensuring that life-saving equipment and accommodation be provided in accordance with the Canada Shipping Act for crew as decided by the aforementioned parties.

Most parties, including the British Columbia Towboat Owners' Association, unions and the Steamship Inspection Branch have requested that all commercial tugboats be under Steamship Inspection Branch inspection. Currently, vessels under fifteen gross tons are not inspected. The Minister of Transport has been debating reducing the limit to nine tons since 1963. However, such a reduction would still not affect approximately thirty per cent of the total association vessels and likely as many non-



association vessels.

Because the Research Sub-Committee believed a successful manning program for British Columbia is dependent on similar rules for association and non-association vessels, the Report recommended that:

1. Rules be made to cover all vessels, association and non-association.
2. All tugboats in British Columbia be required to come under Steamship Inspection Branch authority and be inspected.

The Research Sub-Committee also recommended that all vessels engaged in the towboat industry not presently subject to steamship inspection should be inspected in the following areas: (1) approval of building plans; (2) inspection upon completion; (3) approval of modification; (4) approval of life-saving equipment; and (5) further inspection as yet to be resolved.

The owners have stated that they feel they have full and exclusive rights in the construction and equipping of tugboats subject only to the supervision of the Steamship Inspection Branch. They accepted the recommendations regarding inspection of all commercial vessels with the provision that it be carried out under a practical set of new regulations, as existing regulations would be impossible to apply to vessels not currently subject to inspection. Also they felt that it would be vital for the Department of Transport to establish a system of enforce-

ment and policing to effect such a regulation. In conclusion, they suggested that due to unknown factors in inspection and enforcement, it might prove advisable to use the facilities of the recommended Manning Board (related later in this report) to clarify these issues.

#### V. RECOMMENDED APPROACH TO MANPOWER ADJUSTMENT

##### Determinants of Manning Scales

##### Research Recommendations

Determining the crew size for various categories or classifications of vessels became one of the most contentious issues of the Research Sub-Committee study. A great deal of time was spent reaching agreement, where possible, on what should determine crew size. This aspect of present manning requirements was a hurdle that had to be crossed before any forward motion on the other recommendations could be achieved.

The Research Sub-Committee divided the manning scale determinants into classifications of one to twelve-man vessels and attempted to establish criteria for determining what constituted a "sufficient and efficient" crew under particular operating conditions. Research data was collected through telephone conversations, mail, interviews and existing data, on as many factors as possible, to help in establishing criteria for manning requirements.

As a basis the Research Sub-Committee used criteria as submitted by the previous Joint Committee in 1962 as follows:

1. Nature of Operation

- (a) Area in which vessel operates
- (b) Size and weight of gear
- (c) Distance of average trip
- (d) Continuity of operation
  - (1) Frequency of landings--daylight; darkness
  - (2) Amount of scheduling required
  - (3) Layover time between jobs due to nature of work
  - (4) Layover time during job due to tide and weather
- (e) Amount of off-watch work under normal conditions
- (f) Size and type of tow--log towing--skow towing--other
- (g) Amount of engine maintenance required on vessels

2. Vessel Characteristics

- (a) Physical size
- (b) General layout
- (c) Amount of accommodation
- (d) Type of propulsion machinery
- (e) Remote controls--deck and engine room
- (f) Automatic alarms and safety devices
- (g) Navigational equipment--radar, depth recorder, etc.

3. Safe Navigation of Vessel

- (a) Watchkeeping requirements
- (b) Lookout requirements

The Research Sub-Committee analyzed all of the available data and concluded that the area in which a vessel operates is the most critical determinant to manning scales. These areas were initially described by the four Home Trade Certificates issued by the Steamship

Inspection Branch, and were further divided by the Sub-Committee into the following seven areas:

1. Rivers and harbours.
2. Juan de Fuca, Puget Sound, Georgia Straits, Johnstone Strait, Queen Charlotte Sound.
3. Inside waters from the lower end of Queen Charlotte Sound to Ocean Falls, Prince Rupert, Stewart.
4. West Coast of Vancouver Island, from Barkley Sound, Queen Charlotte Islands and Hecate Strait.
5. Columbia River to Alaska.
6. Home Trade I, where the vessel may go anywhere within the limits of a home trade voyage; Home Trade II, where the vessel does not go west of Cape Spencer or south of Portland.
7. Foreign-going.

Data was also tabled and graphed to show the escalating scale of manpower used versus the gross tonnage, vessel length, vessel horsepower (brake horsepower), and type of tow. All parties were in favour of using this data as a guideline rather than as determinants of crew size. The Research Sub-Committee suggested further that "We have found it of little value to distinguish between the types of load carried (logs, barges, etc.)." However, with regard to length and tonnage the following was proposed:

- (1) "...we have recommended that a penalty be made for excessive length on the grounds of visibility of workmen on the stern of a ship. We have proposed that if a ship is more than 150 feet, one extra seaman should be required, over and above provision of two in the eight-men vessel.
- (2) If the vessel is up to five hundred tons gross

weight, no extra seaman is required - no extra seaman is required over and above the present standard in eight-men crew. Beyond this one more seaman should be added."

Criteria such as remote controls, watchkeeping and lookout requirements were discussed with the parties and are related in the later sections under manning determinants for specific crew sizes (See one to twelve-men vessels in the Binding Decision).

The Research Sub-Committee suggested that it envisaged areas of operation moving from Area 1 to Area 7, with differences depending on other criteria such as size, horsepower, tonnage, etc., accounting for vessels being allocated to a certain area.

#### Major Areas of Contention

The joint discussions which followed the research recommendations soon developed into a pattern of negotiation and bargaining. The opinions of the owners and the unions still differed significantly on how manning criteria should be developed. In essence, their two conflicting viewpoints were centered around the following opposing philosophies: the unions contended that for reasons of safety two men are required at all times for watchkeeping duties on deck with no combining of occupations; the owners contended that the number of crew on any vessel is only safe, sufficient and efficient with

complete teamwork and a certain co-ordinated overlapping of duties.

The Research Report recommendations dealt with each crew size from one to twelve-men vessels. The joint discussions which followed thoroughly debated the relative merits of recommendations in each of the twelve classifications. Rather than go into detail on each of these crew size recommendations in this section only the main argumentative principles that developed will be related here. (Manning scale recommendations can be reviewed by referring to a later section entitled Binding Decisions). The understanding gained from the following submissions will provide the background for an insight into the Binding Decisions ultimately handed down by the Research Chairman-Director.

#### Unions' Submission

The marine unions joined in a final submission to the Research Chairman-Director to state their position after an impasse had been reached in debate on the Research Report recommendations on crew size classifications. They contended that:

"...any vessel running, or intended to run, on a continuous 24 hour basis, requires a crew of 7 men, consisting of a Master, Mate, Chief Engineer, 2nd Engineer, 2 Seamen and a Cook to provide for adequate watches on deck and in the Engine Room.

Starting from this basis, the criteria mentioned in the Report can then be applied adjusting the crew upward or downward as the case may be. This criteria then being the area of operation, type of work, physical layout and equipment, duration of the voyage, accommodation, etc."

Concern for safety had been one of the prime focal points for the unions. This concern for safety was fostered in Section 407 of the Canada Shipping Act wherein the master is cited as being liable, along with the owner, for an infraction of the minimum manning requirements. This concern has resulted in the development of one of the most disputatious principles used by the unions as a basis for the determination of minimum crew requirements.

In a later section of this report entitled Accidents and Safety mention is made of a union submission in which they refer to a number of court cases to show precedent for demanding even three men on deck for the sole responsibility of safe navigation. Their initial position, as stated in the Research Report, was that there should be two men physically on duty at all times when the ship is underway. The submission states that:

"We have never previously requested that number of men on deck at any time but if Management keeps on insisting the Engineer and/or Cook to be part-time seaman, or vice versa, then we have no choice but to look on these men as the third man required by the Courts and an incompetent one at that."

In a later submission, however, the unions altered their position somewhat to "insist that no vessel should be allowed to operate without two men physically on duty on

immediate call to the wheelhouse...." And, in their final submission for binding decision, they altered their position further and submitted that "Two men must be available, with no other duty interfering with this availability, for watchkeeping duties on deck."

There is considerable difference in these statements. It is with the latter connotation that the owners have voiced complete disapproval.

A second focal point of concern by the unions was the aforementioned combination of engineers, cooks and seamen into part-time joint occupations. Coincident with this concern was a disapproval of any further reduction or elimination of engineers on many vessels. They also felt that the practice of combining the duties of the cook should cease. There is a subtle similarity apparent in all of these arguments; that is, reduction in crew size.

The engineer's union has been very critical of the idea that technological change has reduced the need for full-time engineers on some vessels. They have suggested that wheelhouse control is not sufficient reason for removal of an engineer nor is there justification for removing men from the engine room because of new types of machinery and equipment. The union is also in disagreement with the concepts of flying in repair crews and parts, doing repairs at safe anchorage and/or while safely tied up at port. They have suggested that the implication



that an engineer can pick and choose when he will work on the engines is far from true. Most engine breakdowns occur at the most awkward times. Therefore, the union's position is that full-time engineers be required on any vessel not in shift operation, and that on larger vessels more than two engineers are required if the layout of the engine room and its auxiliary equipment demands it.

Inherent in the above reasoning was the belief that engineers cannot perform their prime duties--to operate and maintain the engine room equipment and to maintain other mechanical equipment--if they are requested to perform other interfering tasks. The unions felt, therefore, that the position of an engineer-cook reduces the status of the engineer, subjects him to possible dismissal for inability to cook, and does not permit him enough time to satisfactorily perform his primary duties. In addition, they felt that any combination of duties with the cook would not ensure decent, well-prepared meals cooked by trained personnel.

Similar arguments were voiced in connection with the combined cook-deckhand role. In one submission the unions stated that:

"...the introduction of a cook-deckhand has lessened the efficiency and safety of the navigation of the vessel and has reduced the quality of the meals served to a point where we are concerned for the health of our members working under these conditions."

The unions' concern in this area of combined duties was centered around their belief that industry conditions were deteriorating. They suggested that the terms of reference of the research program--that of sound industrial and human relations--have been violated by the introduction of combined-duty jobs into areas that were not previously the case.

The remaining areas of concern were, for the most part, of a minor nature. The unions summed up their position in their final submission:

"We feel that the Report, as submitted, has only standardized the Industry on today's level of conditions rather than placing the Industry in a position to operate with a reasonable degree of safety and sound industrial and human relations."

#### Owners' Submission

Whereas the unions had become engrossed in manning scales at the five, six and seven-men vessel levels, the owners were much more concerned over the Research Report recommendations at the three and four-men vessel levels. In their final submission for binding decision-making, the owners agreed to the Research Report recommendations being "applicable as principles rather than exact rules... and allowing for Manning Board exceptions", except for the recommendations on three and four-men vessels. The owners suggested that they disagreed and strongly recommended revision of the section calling for elimination of

these classes of vessel.

The owners contended that flexibility must be maintained, viz. "two men on a 12 hour shift basis, three men on an 18 hour basis and four men on a 24 hour basis ...." In accordance with this flexibility, they suggested that only through complete teamwork and a certain co-ordinated overlapping of duties could a crew be deemed safe, sufficient and efficient.

The owners further contended that the nature of the operation and the physical layout of a vessel may allow for some form of dual duties. For example, they referred to the use of a cook-deckhand and also to the need for engineers to perform duties other than normal engine maintenance. The issue appeared to be whether an individual's job on a tugboat can be defined in terms of a task or tasks. Teamwork and overlapping of duties is required where the total operation of a vessel is in the hands of two men, i.e. towing, watching engines, steering and protection of life and limb. However, it is expected that specialization will become more pronounced as the size and capacity of tugs is increased.

The major emphasis of the issue of combined duties was with the engineer, cook and deckhand as indicated previously. In direct rebuttal to the unions' representation, the owners claimed that the new diesel engines do not require the same attention for operation and

maintenance. They further pointed to the negotiated contract which provides for a certain overlapping of an engineer's duties. With regard to the cook-deckhand classification, surveys have shown that owners have a past history of using such combinations on three to six-men vessels. The principle of two men on watch at all times and the further demand for separation of duties, as envisaged by the unions, would completely remove the flexibility the owners require.

In a submission for qualification of the Research Report recommendations, the owners suggested that:

"If the two men on watch principle is accepted without qualification, it means that automatically, outside of rivers and harbours and shift vessels, there shall be no towboat operating on the coast for any duty whatsoever, which will carry less than five men....

The towing industry has operated for a considerable number of years without finding it necessary to adopt such a concept in all classes of vessels and all types of operations. While there are specific areas under which this concept is warranted (i.e.) fast moving tugs and large barges, the smaller slow moving tug has operated safely and efficiently because complete teamwork and coordinated overlapping of duties does exist which allows two men to be available for watch-keeping duties at all times.

....We see no reason for disruption of such long-standing practices."

The underlying concern of the owners in the above statement derives from what the owners interpret as the intent to eventually eliminate the three and four-men vessels. The owners indicated that today, more than ever

before, these vessels fulfill a very necessary and vital need in the towing industry in British Columbia. Economically, they pointed out that the determinant of prices lies in achieving the maximum horsepower-per-crewman. In conclusion, they suggested that if the privilege of operating the small economical vessel is removed a large portion of the industry will pass to private hands or to the control of major customers not engaged primarily in the towboat industry.

#### Binding Decisions

Provision was made in the framework of the Memorandum of Understanding for disagreements that remained insurmountable. The binding decision-making clause anticipated possible impasses and, although the Joint Consultative Committee endeavoured to reach as much agreement as possible, the unions and owners demanded that machinery be available to bind the parties to the decisions of the Research Chairman-Director until April 1, 1968 or as otherwise agreed.

From January to May, 1966 the owners and unions were engaged in reviewing the study and preparing revisions where approval was granted. Proposals were then submitted by the four unions and the owners on the modified recommendation, giving the final arguments where disagreement occurred. Dr. E.D. MacPhee was then requested,

after hearing full argument from both parties, to institute a binding procedure as provided for in the Memorandum of Understanding. The binding procedure dealt with all the contentious issues and indicated the final recommendations of the Research Chairman-Director on the determinants of crew size. The Binding Decision, as it pertains to one to twelve-men vessels, follows verbatim.

#### One-Man Vessels

1. This vessel is a shift vessel with the crew living at home. It operates in Class I of our schedule.
2. That one-man boats will be employed in booming operations. Such vessels may move from one booming ground to another providing that while working with logs, some other personnel have close proximity and easy access to the area of the one-man boat.
3. That operations of one-man boats will work a normal eight-hour day in any twelve-hour period and overtime shall not exceed four hours over and above the same twelve-hour period.
4. That one-man boats must not be engaged in towing.

#### Two-Men Vessels

1. These vessels are shift vessels with the crew living at home. These vessels operate in Class I of our Schedule of Area of Operations.
2. The area of operations is: "the rivers and harbours of the coastline of British Columbia". The precise

definition of "rivers and harbours" should be defined by the Joint Consultative Committee in consultation with those who have expert knowledge in these areas.

3. One crew of two men is not allowed to operate more than twelve hours in a twenty-four hour period. If the crews are members of a union, they will arrange with their management and the unions the hours of work. If crews are not members of the unions, they will be expected to work at no more than twelve hours per day.

4. Crew members designated as "engineers", "cooks", or "cook-deckhands" are not to be included in the establishment of two-men vessels.

5. Specifically the two-men crew if proceeding to or from Howe Sound, the Gulf Islands, and Georgia Straits may operate if the elapsed time of the voyage is not to exceed twelve hours. If the elapsed time is more than twelve hours, a third man is obligatory for the duration of this voyage.

#### Three and Four-Men Vessels

1. A minimum of two men shall physically be on duty at all times when the vessel is underway.

2. The area of operation is from a line joining Cape Flattery to Nitinat Lake and bounding the waters of the lower Straits of Juan de Fuca, Puget Sound, Gulf Islands, Georgia Straits, Johnstone Strait to the southern limits of Queen Charlotte Sound defined as a limit between Hardy

Bay and Allison Harbour.

3. Howe Sound is a segment of this area, but it will be regarded as a three-men area for exit to the Fraser River and Vancouver Harbour.

4. Some vessels going into the area:

(a) claim that they can do so within the limits of physically requiring two men to be on duty at all times.

(b) Some will add another crew member.

(c) Some will work on a 12-hour-a-day vessel.

(d) Some will work overtime for a few days but are not to work overtime for 18 hours. The standard rule of twelve hours a day within twenty-four hours will apply.

5. Four-men boats may carry logs and oil.

6. All such vessels shall have wheelhouse control on the main deck.

7. No cook shall be provided as a specialist.

8. Each Boat that carries four men should carry a certificated engineer where required by regulation, or a man responsible for the engines where regulation does not require a certificated engineer. This person may be partly or fully employed as an engineer.

#### Four and Five-Men Vessels

1. The area of operations should be the Inside Passage calling on Ocean Falls, Prince Rupert and Stewart and



points intermediate in this area. It does not include the West Coast of Vancouver Island, Queen Charlotte Islands, and Hecate Strait.

2. The vessels to be included in this section will be all barges moving through the Straits of Juan de Fuca, Georgia Straits, Johnstone Strait, Queen Charlotte Straits, and all logs, barges, scows, equipment and oil through the Inside Passage.

3. Two men must be available for each deck shift.

4. Each boat that carries four or five men should carry a certificated engineer where required by regulation, or a man responsible for the engines when regulation does not require a certificated engineer. This person may be partly or fully employed as an engineer. If one is towing through the Inside Passage a certified engineer, part time, is needed.

5. A cook is needed for part of his time; part of his time he could be on watchkeeping duties.

#### Six-Men and Seven-Men Vessels

1. The area is defined as being between the Columbia River, West Coast of Vancouver Island, Queen Charlotte Islands, and Alaska.

2. When a vessel is engaged, proceeding under license H.T. II or H.T. III:

- (a) provided it is properly equipped with wheel-house control, including various alarms and

all safety measures when a continuous watch is not kept on the engine room, the staff of the crew shall be six.

- (b) Provided it is not equipped with wheelhouse control, a second engineer will be provided carrying the crew to seven.
- (c) The minimal certificate of the Chief Engineer will be covered in his license. Vessels below 10 nominal horsepower may be exempt from this clause of the Act provided that "any person keeping watch and in charge of the machinery of a steamship whilst underway shall be deemed to be acting as an engineer". For nominal horsepower of 10 to 25, the minimal rate shall be third class and for 25 to 90 a Second Class Engineer. It is urged that owners will encourage the growth of Engineer training.
- (d) Engineers will not be required to stand deck watches.

3. A cook should be established in all vessels and has no duty other than in the galley.

#### Eight-Men Vessels

1. The area of operations, for these eight-men vessels, is from Alaska to Portland, Oregon. If the vessel is licensed as H.T. I it may go to Canada, United States of America other than Hawaii, St. Pierre and Miquelon, the

West Indies, Mexico, Central America, and the Northeast Coast of South America. If the vessel is licensed on the Pacific Coast as H.T. II, it does not go West of Cape Spencer or south of Portland, and is at no more than 120 miles off shore.

2. The crew is as follows:

1 Master; 1 Mate; 2 Deckhands; 1 Cook, with no duties other than the galley; 2 Engineers; 1 Oiler. One vessel provides three deckhands instead of two, and no Oiler. I have no comment to make.

3. The practice is to employ two men on watch with Masters and Mates on deck watch. The accident ratio as a measure of safety is very low in these boats, and has been one of the best in the Industry.

Nine, Ten, Eleven and Twelve-Men Vessels

1. The area of operations is determined by the class of license issued by the Department of Transport.

2. The crew is to consist of:

(a) One Master.

(b) Two Mates.

(c) Two Deckhands.

(d) A Chief Engineer and a Second Engineer of the appropriate class whose duties will be limited to the engine room and to mechanical equipment of the vessel.

(e) A cook whose duties are confined to the galley.

- (f) For 9-men boats one extra member of crew an Engineer or Oiler or Day-man, the choice to be made by the Owner and Master.
- (g) For 10 and 11-men vessels two extra men as Oilers or Day-men, the choice to be made by the Owner and Master.
- (h) For Foreign-Going vessels the crew will be not less than the number required for eleven-men vessels and over and above this number, extra personnel as required by the nature of the voyage.

#### Accidents and Safety

The Memorandum of Understanding provided for an examination by the Research Sub-Committee into aspects of safety, with respect to manning scales, in the following phrase:

"...shall equate the needs of technical efficiency with those of sound industrial and human relations as well as safety in the industry." [*italics mine*]

In researching this aspect of manning requirements the Research Sub-Committee analyzed the unions' assertion that a deficiency in crew size would likely increase accidents. This is one of the major claims on which the unions based their argument that no man engaged in the mechanical operations involved in yarding, booming, connecting and disconnecting barges, and so on should ever be

out of sight of another person on watch. It was also the unions' basic argument for one of the most contentious issues in the entire research program as was related earlier, i.e. they felt that manning scales require "two-men available, with no other duty interfering with this availability, for watchkeeping duties on deck at all times."

Accident records of twenty-four companies which had a five-year history with the Workmen's Compensation Board, as well as records from one hundred and seventy-five companies engaged in tugboating and forty-five companies engaged in salvage, freight service, ferry service, commissions, taxis and other suppliers, were available for analysis. In studying this data the Research Report suggested that it was not clear that the size of crew made any difference in the frequency of accidents per man day. Crews of seven may have as many accidents as crews of two. The Research Report correlated a number of factors from the data collected but did not find any evidence to substantiate a negligence in manning scales. It did, however, indicate that those firms with a poor rating must look to their housekeeping as a source of accidents.

The Research Report also suggested that the deck-hand is the person whose accident rate requires the most attention. He is generally the least experienced of the crew and yet is required to put himself in positions of greatest danger. The Research Report concluded that it

is not the size of crew which determines accidents; basically it is a problem to be solved by the master and mate, provided there are enough men to ensure adequate rest for the crew.

In a submission to the Joint Consultative Committee following receipt of the Research Report, the unions noted:

"It is apparent that one entire field was not studied in the preparation of this report, that being Safety of Life at Sea in regards to the safe navigation of the vessel. The Guild did a brief survey of court cases and findings on record in Canada, U.S.A. and U.K. and submitted the results to...Research Committee members for their consideration and discussion."

The unions felt this study was ignored as they suggested it was "apparent by its absence in the entire report". In addition, the unions stated:

"...that though comparisons were made within the Towing Industry, the Industry itself was not compared to other Industries. We feel that if such a comparison were made, it would prove a dire need for serious consideration for improvements in this field."

The Canadian Merchant Service Guild was clearly building a case around the necessity of maintaining a competent lookout. As was indicated earlier in the Research Report, its contention was that two men should be available at all times for watchkeeping on deck and its survey data suggested that in part:

1. a lookout's sole duty is to lookout with the eyes and ears,

2. at no time, not even for brief periods, should there be one man alone in the wheelhouse,
3. sufficiency of crew is dependent on having sufficient men to keep a proper lookout.

The Canadian Merchant Service Guild felt that the information they had collected supported their demands for three men on deck on each watch for the sole responsibility of safe navigation.

The Owners' Association, on the other hand, agreed to a minimum of two men physically on duty, whenever practical, at all times a vessel is underway. However, they suggested that in practice this will not necessarily provide two men at all times in the wheelhouse as he will on occasion be required to make coffee, prepare a meal, and to perform other such tasks. They felt it illogical to absolutely require two men be in the wheelhouse at all times. "It is an unnecessary and uneconomic method of increasing costs."

The Owners' Association further contended that:

"...the industry has operated for 30 years...without finding it necessary for such a system,... this would not be carried out in practice and it therefore becomes a form of featherbedding."

In essence, the Research Sub-Committee accepted the principle that two men be physically on watch while the vessel is underway and they have so indicated in numerous cases. In one section of the Research Report the Sub-Committee stated that "We are concerned that there should

be two men on watch"; and in the final Binding Award suggested that "The basic rule to apply to all vessels... is that two men shall be physically on duty at all times when the vessel is underway."

It was noted that the basic criteria as was iterated by the unions differed markedly from the Purpose as stated in the Memorandum of Understanding. The unions submitted their interpretation of the manning problem to the Research Sub-Committee as follows:

"The Canadian Merchant Service Guild has, for some time, been very concerned over the manning problems of the various vessels plying the coastal waters of British Columbia...."

In our opinion, the minimum crew requirements for any vessel is not a matter for the bargaining table but strictly a question of safety of life at sea...."

However, the Memorandum of Understanding is very explicit in stating the purpose "to examine all aspects of manning of the present and foreseeable future..." and to "equate the needs of technical efficiency with those of sound industrial and human relations as well as safety in the industry."

The Manpower Consultative Service representative suggested that the question of minimum crew requirements for safety is a matter for statutory requirements of the Canada Shipping Act and is in no way affected by the joint research program. Therefore, when the term "manning scale" is used in reference to the program, it is the



negotiated manning scale and not the statutory minimums that are usually being considered.

### Training and Licensing

The British Columbia Towing Industry, presently characterized by growth, competition and technological change, has been aware of a need for more highly qualified personnel. Both the unions and the owners in previous manning discussions indicated the desirability of revisions to existing regulations regarding certification of personnel.

The Research Sub-Committee, in reflecting a future outlook, suggested:

"...that the Industry required more comprehensive standards, plans and facilities for training new entrants, retraining those whose skills have become inadequate and for providing certification for operator and other occupations for which no present requirements exist."

The Research Report made specific recommendations with regard to training of seamen, cooks and engineers. It recommended industry-wide training programs to prepare new entrants for these occupations. The seamen and cook occupations, it was suggested, could likely be satisfied with normal pre-occupational training. However, the Research Report recommended more extensive measures be taken to ensure personnel are qualified for the rapid changes taking place in power plant and other equipment

technologies.

It was, therefore, recommended:

"...that an apprenticeship system be established in the Industry for engineers which will provide both classroom and on-the-job training, with provision for the apprentice to gain experience with a wide range of equipment with a large number of companies."

It was believed necessary that retraining and upgrading programs be provided because of the introduction of new power plants and equipment and to provide engineers with the skill flexibility required to meet the changing pattern of work. Moreover, it was deemed advisable to have the training and apprenticeship programs in the industry administered by the recommended British Columbia Tugboat Manning Board (to be discussed under the next heading).

The Research Report recommended, as a third category of standards and training needs,

"...the certification of currently employed people in the industry for whom no current standards or requirements exist. This recommendation is primarily concerned with operators of vessels of a size not presently requiring certification and licensing."

Such basic certification would be designed to include currently employed deckhands and cooks with major emphasis being placed on length of service and experience.

The Research Report concluded:

"The main aims of the proposals for training and standards are to provide individual employees with certified occupational and skill categories, plus more flexibility and mobility in employment.... The industry as a whole requires a continuous

source of skilled manpower to meet the needs of expansion and increasing technology. Funds and facilities are available for these purposes through the Federal-Provincial Technical and Vocational Training Agreements, administered by the Provincial Government and it is recommended that these services be utilized."

The marine engineers union was very cautious about committing itself to any training programs. In the past the union felt that new entrants were being duped into working as common labourers rather than receiving any training. After release of the Research Report, the union, in a submission to the Joint Consultative Committee stated that it:

"...certainly agrees...on the matter of training, both retraining and upgrading. There is certainly a drastic need for new entrants into the field of marine engineering....Unfortunately, our recent experiences with other shipping firms in attempting to set up training programs have ended in complete failure."

Later, in a letter, the marine engineers union indicated that due to the many abuses the engineers had suffered in training they were going to divorce themselves from any agreement with the proposed apprenticeship training program until there was a built-in protection and some opportunity for gaining advanced knowledge, practical experience and training.

Therefore, the marine engineers union concluded they would be very adamant that any young people brought into an apprenticeship program be protected in the following ways: (1) government indentures be set up to oversee

the program; (2) the union would have some say in implementation at all stages; and (3) apprentices would be additional personnel placed on board for the express purpose of studying and training.

The Owners' Association also indicated a concern that a proper system of qualification be established. In a submission to the Joint Consultative Committee the Owners' Association stated the following opinions:

- (1) "That all operators of vessels engaged in any facet of the Towing Industry should be required to hold a certificate of competency not at present in existence;
- (2) That revisions are required to existing master's certificates, i.e. qualified men who have operated vessels less than ten tons should have this time accepted and be able to sit for a master's certificate; and
- (3) That the Owners' Association has many times in the past asked for changes in the regulations regarding certification."

#### British Columbia Tugboat Manning Board

The trade unions and the Owners' Association have agreed that the traditional methods of meeting manning problems have been unsatisfactory, if not unsuccessful, and accepted the principle of joint consultation and planning with third party decision-making in the event of failure to reach voluntary agreement. This principle was extended by representative members of the Research Subcommittee to embrace the concept of a regulatory industry-

wide Manning Board. They believed that towboats, without a doubt, would be the means of handling coastal traffic in the future, and that a long range view of approaches to manning was, therefore, required. It was with this outlook in mind that the parties agreed to attempt to create a regulatory Manning Board, based upon the following principles:

- "(1) Vessels and equipment must be as efficient as possible and the parties must accept and urge the development of all possible mechanization. The alternative to this is a continuing quarrel about each particular vessel as it comes forward.
- (2) There must be no protection for the inadequate boat; inadequate in terms of facility, in terms of food, housing, protection of life and limb.
- (3) It will be necessary for somebody to say to an owner that the size, construction and equipment he provides will determine the area of his operation and that some of the boats that are now moving into longer trips will be debarred.
- (4) It will be necessary for masters, mates and engineers to undertake more training in connection with new equipment.
- (5) It will be necessary to have masters trained to accept the responsibility under Section 407.
- (6) It will be necessary for the non-licensed group to have a right to advance their ideas in the presence of their peers.
- (7) It will be fair to say that those who come into tugboating, as long as they wish to remain in that area, will plan to continue as members of this group.
- (8) The Government has a right to protect by examination and other methods the competency of masters, mates and engineers....
- (9) The Government has a right to issue

certificates with regard to the safety and perhaps to issue certificates with regard to competency within both the licensed and non-licensed groups."

In addition to the simple rules as to the number of different occupations comprising crews, the recommended concept of a Manning Board included such matters as: regulations having to do with working and living facilities; areas of operation for certain sizes of vessels and crews; standards of certification for officers; hours of shifts; watchkeeping; and the retraining and upgrading of officers and non-licensed personnel. When a difference arose between the owners and the employees of a matter under the Manning Board's jurisdiction it was expected that those concerned would seek the Board's consideration.

With the above principles in mind, the Research Report proposed the Manning Board be structured as follows:

1. The Board should regulate over the whole industry. The Report suggested that only with industry-wide regulation could the manning problem be solved in the long run. Coincident with this proposal is that all commercial towing vessels be subject to inspection by the Steamship Inspection Branch and that all operators of such vessels be certified for competence. Current regulatory legislation exempts certain sized vessels from safety inspection and allows non-certified personnel to operate vessels weighing under fifteen tons. A large number of vessels

in the industry are thereby unregulated.

Therefore, with the new structure, owners and owner-operators who previously had manned their vessels below a satisfactory level or escaped inspection by building only up to fifteen tons would no longer retain a competitive advantage.

2. Representation must be made to solve the difficult decisions of responsibility. This is no easy task as the wide diversity of interests in the industry make it necessary to consider representation by owners, owner-operators, masters, mates, engineers, and unlicensed personnel in the organized and unorganized groups. The two alternate approaches which follow appear possible:

1st--

1 Owner-Association--Vancouver  
1 Owner-Association--Victoria  
1 Non-Association  
1 Master Guild  
1 Master Non-organized  
1 Non-licensed Organized

2nd--

3 Owners-Association  
1 Master-Guild  
1 Organized-Guild  
1 Non-licensed-Union  
(Observer-Non-licensed-Union)

The first approach recognizes the facts of incomplete organization in the industry and of special interests. The second approach involves only the use of existing institutions. This second approach is in effect in Britain and is consistent with the thinking of Commissioner Goldenberg's Royal Commission Report<sup>1</sup>. The Research Sub-

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<sup>1</sup>Commissioner H. Carl Goldenberg, O.B.E., Q.C.  
"Report of the Royal Commission on Labour-Management Relations in the (Ontario) Construction Industry". p. 58.

Committee also favoured this approach to organization.

It may be desirable to include a government representative from the Department of Transport, or the Steamship Inspection Branch, as a member of the Board. However, it was acknowledged that the government might wish to remain independent. The Chairman would have to be an individual of considerable repute and without past association with the parties.

3. The British Columbia Tugboat Manning Board would derive its authority by requesting the appropriate Minister and the Governor-in-Council or by request of the parties to bestow upon the Board the powers described in Section 410(1)(m) of the Canada Shipping Act.

4. The Board's prime concern would be the manning of vessels having due regard for the rights, obligations and responsibilities of all parties, and would equate the needs of technical efficiency with those of sound industrial and human relations as well as safety in the industry.

In summary, it would be the responsibility of the Manning Board to bring about, and to maintain, a safe, orderly and humanely satisfactory environment in which the towing industry could grow and prosper.

## VI. SUBSEQUENT PROCEEDINGS AND RESULTS

Disposition of the Binding Decision was made in May, 1966. However, neither party was satisfied with the



wording of the Binding Decision and requests were made to the Manpower Consultative Service representative, in his role of Acting-Chairman of the Joint Consultative Committee, to provide for further clarification. In response to these requests an Appendix to the Binding Decision, dated November 10, 1966, was provided stating the interpretation and clarification as viewed by the Acting-Chairman.

On November 23, 1966 representatives of the unions and owners formally accepted the Binding Decision and Appendix for the period ending February 28, 1967. Provision was also made for a Research Sub-Committee, made up of three representatives of each group, to hear appeals on particular cases based on the Binding Decision. Another Sub-Committee was proposed to investigate the activities of non-association vessels and non-regulated vessels with the aim of encouraging them to conform to the Binding Decision.

In February, 1967 the period of the Binding Decision was extended to April 1, 1968 when the deciding vote was cast by the Acting-Chairman of the Joint Consultative Committee. Initially it was assumed that conforming to the Binding Decision would spell disaster to a number of marginal firms that had been operating with fewer men than was now deemed appropriate by the Binding Decision. Since this time, however, there appears to be a movement of

non-association companies towards conforming with the stipulated manning scales and the feared dire consequences have not yet materialized.

The Research Report made a number of recommendations on issues regarding the future co-ordination of manpower planning and technological change in the towing industry. Successful implementation of these recommendations, however, has been very limited. Representations have been made to the federal Department of Transport and the provincial Department of Education regarding training, re-training and upgrading and certification of personnel, but nothing definite has emerged. Attempts at clarification of sections of the Canada Shipping Act were thought unlikely of success ever before being initiated. Application for the establishment of an industry-wide regulatory British Columbia Manning Board was turned down by the Department of Transport. On the issue of licensing and inspection of all vessels in British Columbia commercial towing, there is some hope that the Department of Transport will lower the minimum requirement for inspection from fifteen to nine tons.