This chapter explores Canadian experience with the prevailing ideas on forms of employee representation. Given the importance of US capital and the coverage of US international unions, Canada saw the extension of ERPs and union-management cooperation into its industrial relations system, the former dominating. The chapter will focus particularly on the experiences of the steel plants at Sydney, Nova Scotia and the CNR.

**ERPs – The Extent and Impact**

The Rockefeller Plan directly affected Canadian industrial relations in two ways. MacKenzie King, who helped John D. Rockefeller Junior (JDR Jr.) frame the Rockefeller Plan, was Canadian Prime Minister from 1921 to 1930 and from 1935 to 1948. As Prime Minister he delayed the introduction of legislation similar to the NLRA that favoured collective bargaining between employers and unions. The Wartime Labour Regulations Act of 1944, which was modelled on the NLRA, did not explicitly ban non-union forms of representation. The Rockefeller family also had the controlling interest in the Imperial Oil Company (IOC), which adopted the Rockefeller Plan in 1919 to reduce labour unrest and prevent unionisation. As with the CF&I plan, while the IOC claimed its plan did not discriminate against individuals who were union members, the plan aimed to maintain an “open shop.” It was part of a package that included pension benefits and a share purchase plan. By February 1921 there were 14 IOC plant councils and the company claimed that 235 issues had been settled satisfactorily, including 35 relating to wages and 58 relating to questions of sanitation, housing and social matters.¹

Wartime labour shortages enhanced the power of Canadian unions and their membership grew from 160,000 in 1916 to 378,000 in 1919. There was a surge of industrial unrest in 1917 with 1,123,016 striker days lost. The reasons for the discontent included inflation and demands for shorter hours. The popularity of the appeals for labour solidarity and mutual support encouraged employers to seek forms of workplace organisation that would insulate workers in each establishment from those in others, such as ERPs.2

The Canadian federal government responded to the growth of labour power by appointing the Mathers Royal Commission, whose inquiries from 26 April to 13 June 1919 coincided with the greatest period of industrial unrest in Canadian history, including the Winnipeg General Strike, with 3,401,843 striker days lost in 1919. As in the UK, the Canadian Cabinet led by Prime Minister Robert Borden was concerned about the impact of the end of the First World War on the economy and society. It established a Reconstruction and Development Committee and in December 1917 announced the formation of a tripartite “Sub-committee on Labour Problems.”3

The Cabinet accepted the Subcommittee’s recommendation to establish a Royal Commission led by Chief Justice T.C. Mathers of Manitoba. Representatives from labour, capital and the “public” assisted Chief Justice Mathers, including unionist Tom Moore, the moderate President of the TLCC, and socialist electrical workers organiser John Bruce. One of the commissioners’ tasks was to investigate progress made by “joint industrial councils” in Canada, the UK and the US. The Commission’s report, completed in late June 1919, also made reference to Whitleyism in Great Britain and to the Rockefeller and the Leitch plans in the US. The Commission praised both the Rockefeller and Whitley schemes as a means of reducing unrest and recognising the “human factor” in industry, recommending that a “bureau for promoting Industrial Councils” be set up and that steps be taken to establish joint plant and industrial councils. It


saw workplace plant councils as the first step towards district and national industry councils given the sparse population and huge geographical area of Canada. The report emphasised that these councils were not intended to be anti-union devices or to interfere with workers’ freedom of association or current industrial relations arrangements. Where unions existed then unions should choose representatives, but in non-unionised plants employees should choose their representatives in whatever manner they saw fit. While it was not clear at what level these issues would be dealt with, the industrial councils were to cover a wide range of questions including wages, workplace conditions, welfarism and production improvements. Two commissioners, Frank Pauzé, a representative of capital from Montreal, and Smeaton White, a representative of the “public” and managing editor of the Montreal Gazette, in their minority report favoured the Rockefeller scheme because of the lack of organisation among Canadian employers and workers relative to Great Britain, the ethnic diversity of the Canadian workforce and the wider geographical dispersion of industry in Canada. As Naylor argues, however, the “Canadian government, unlike the British, lacked either the will or the power (or both) to initiate such schemes on a large scale.”

The federal government called together a National Industrial Conference in Ottawa in December 1919 to discuss the Mathers Report. There were 176 employer and labour delegates from among whom the Canadian Manufacturers Association (CMA) chose 72 employer delegates and the TLCC chose 79 labour delegates, who were drawn from the conservative side of the Canadian labour movement. Gideon Robertson, the Minister for Labour from 1918 to 1921 and a former telegraphist with a conservative trade union background, chose the third group of 34 delegates, which included members of the Mathers Commission and “interested” individuals such as Mackenzie King, then the leader of the Liberal Party. Employers were not convinced there was any need for change, particularly if organised labour was the involved and the CMA drew advice from the anti-union NAM in the US. While Colonel D. Carnegie from England gave a favourable presentation on Whitleyism, including the works committees, Canadian employers, with the exception of the building employers, dismissed the idea because it recognised unions and would stop the rollback of union gains during an anticipated post-war depression. The CMA refused to recognise labour interests beyond the individual firm. Unionists were disappointed with the conference because employers refused to accept either the eight-hour


day or union recognition. From a union perspective, Moore attacked the Rockefeller Plan for having it origins in the peculiar circumstances of a “civil war” in Colorado industrial relations and for aiming to prevent unionisation. Despite these differences, there was support for the establishment of JICs, because of the “urgent necessity” for greater cooperation between employer and employee. There was also a call for the Department of Labour to establish a bureau to gather data and furnish information on JICs.6 However, employers were unwilling to endorse either Whitleyism or the Rockefeller Plan, considering it “not wise or expedient to recommend any set plan for such councils.”

There are some examples of JICs based on the Whitley Scheme. Robertson preferred the Whitley Scheme’s focus on sector rather than enterprise bargaining. His political influence, however, was limited and his approach fickle for he urged striking militant Toronto metalworkers to bargain on an enterprise rather than a sector basis. The Canadian federal government also refused a Whitley Council for civil servants, unlike its British counterpart. There was also criticism on the left of the labour movement; the socialist Fred Flatman reproduced G.D.H. Coles’s British criticism of Whitleyism. In July 1918, faced with industrial unrest on railways, where unions had sufficient power to tie up wartime railway traffic, Robertson established a Railway Board of Adjustment No. 1. The Board was modelled on a similar body in the US and was made up of equal numbers of management and union representatives. It handled 87 disputes in its first two years of operation and granted an eight-hour day to Canadian Express workers after a similar IDIA ruling had been overturned on appeal. The Canadian building and construction industries also had a National Joint Council Board with equal representation from the employer association and the international building trade unions, and a chair appointed by the Department of Labour. This council was short lived for the employers’ association voted to discontinue the Board in January 1922 until union representatives recognised a number of principles including the open shop, the prohibition of sympathy strikes and the right of employers to deal directly with employees rather than union business agents. While these boards operated at the national level, there were more localised Whitley-type councils. In the Toronto building industry there was a union presence and the Whitley Council reinforced a move by building unions towards industrial unionism. Toronto builders found the Whitley Council a useful instrument for cutting wages during the post-war


economic recession, but the Council was disbanded in early 1923 as it had served its purpose for employers and offered little protection for unions. In contrast to the federal government, the Liberal Saskatchewan provincial government did establish a Civil Service Joint Council in 1920, which consisted of three deputy ministers and three members of the Saskatchewan Civil Service Association.  

Despite the interest in Whitleyism, it was ERPs that flourished in Canada during 1919–20. Large employers, particularly Canadian branches of US firms, primarily adopted the Rockefeller schemes as part of their welfare programmes. Besides the IOC, these firms included International Harvester, Proctor and Gamble, and Bell Telephone. The plans also tended to be found in mass-production or continuous process industries with large numbers of semi-skilled workers. While the traditions of craft unionism were weak in these industries, management had to communicate with workers because a small group of them could halt production at strategic bottlenecks. These plans generally played a limited role in grievance handling and were largely concerned with working conditions and welfare programmes. While the Toronto Industrial Council at Massey-Harris, the agricultural machinery manufacturer, became an important forum for discussing work safety issues, it was not successful in soliciting workers’ suggestions on how to improve productivity. There were ERPs in smaller plants, such as the Robb Engineering Works in Amherst, Nova Scotia (NS), which had 550 employees. The Department of Labour estimated that 145,000 employees were covered by joint councils and committees by July 1920. According to Grant, ERPs in Canada covered half as many employees as unions by 1920. While Taras claims that Canada had twice the penetration of non-union ERPs compared to the US on a per capita basis by 1920, the Canadian data cover both the Whitley and ERP schemes.

Some unionists attempted to use the plans to organise and raise grievances, but the plans diminished militancy and forestalled unionism. Massey-Harris set up its Toronto Industrial Council and held its first elections during a strike by the Toronto Metal Trades Council in May 1919, “effectively filtering out any union activists in the metal trades that might have been elected.”

---


10 Scott, “A Place in the Sun”, p. 163.
At the Sarnia, Ontario plant of the IOC, the Employees’ Federation, a coalition of trade union activists, elected a union member to the joint council. The activist raised union wage demands and management subsequently dismissed him. Management only reinstated him after the threat of a walkout and union membership grew at the plant. The company ultimately pre-empted union organisation by granting an eight-hour day and significant wage increases. When workers at the Armour Packing Company in Hamilton, Ontario struck for higher wages, management signed an agreement with the worker representatives of the plant “Conference Board.” The agreement gave an increase in wages below what was being demanded. The strike collapsed and the company did not re-employ union members.  

During the 1920s and 1930s, the fortunes of Canadian ERPs varied. During the 1920s, the Canadian Department of Labour promoted the plans through its *Labour Gazette*. The department invited representatives from large companies with ERPs, half of whom were subsidiaries of US corporations, to discuss this form of employee voice at Ottawa in February 1921. Arthur Young from International Harvester in the US was one of the speakers. Robertson reminded the audience that better cooperation between management and labour was an important weapon in fighting the threat of international communism. Young reinforced Robertson’s words, arguing that works councils provided protection from class struggle and revolution. No representatives from the labour movement were present and managers spoke freely about their success in getting ERP worker representatives to withdraw demands for wage increases and accept wage cuts. The ERPs were also useful in communicating management’s “facts” to employees. Management’s enthusiasm for the schemes fluctuated, however, according to the economic climate. The Massey-Harris Industrial Council ceased to exist when the company shut down in the 1921–22 recession. The company revived the Council when the economic climate improved in 1923. The Council then collapsed in 1931 in the depths of the Great Depression. 

As the Canadian economy recovered from the Great Depression there was also an upsurge in labour militancy and trade unionism. While there was no national Wagner Act and no ban on ERPs, with ERPs such as that of OIC remaining active, workers rushed to join new industrial unions, which were organised initially by the communist-led Workers’ Unity League and

later by the CIO. Some employers again established ERPs to try to stop unionisation. Steelco, a large steel plant in Hamilton, Ontario, established an ERP at the first sign of a union. This was accompanied by the dismissal of union organisers and activists and the introduction of a profit-sharing scheme and extensive welfare benefits.13

An ERP – The Experience at the Sydney Steelworks, Nova Scotia

Canadian steel was an important industry for the extension of ERPs in Canada, and the Sydney, Nova Scotia steel plant is a notable example. Sydney was founded in 1785 as the capital of the new colony of Cape Breton, a refuge for British loyalists following the American Revolutionary War. Its economy grew dependent on fishing, agriculture, shipping and a coal port, which froze during the bitterly cold winters. There was no tradition of iron or steel working in the town prior to the arrival of the Dominion Iron and Steel Co. (DISCO) in 1899. DISCO was a modern corporation with a board of directors that included some of Toronto’s and Montreal’s leading capitalists. In 1920, DISCO merged with Nova Scotia Steel (NSS) another provincial steel company, to form British Empire Steel Corporation, which also covered extensive coal holdings and the Halifax shipyards. But this consolidation did not prevent further economic problems. BESCO was unable to adjust to the shift in demand for steel away from railways to mass-produced consumer goods, faced import competition and dealt with excessive transportation costs. With the closure of NSS’s mines steel plan, Sydney became the focus of BESCO’s operations from 1921. Throughout its short history, BESCO remained in a state of financial crisis and accumulated a deficit of $5.7 million by the end of 1925. It went into receivership in 1926 and was reorganised by Canadian capitalists two years later as the Dominion Steel and Coal Corporation (DOSCO), with BESCO formally ceasing to exist in May 1930. There was further reorganisation during the 1930s depression, when the blast furnaces were idle for a period of 18 months and steel was made in the open-hearth furnace from cold stock.14


The Sydney plant was isolated from the main centres of steel production in North America, which limited nearby employment opportunities in the steel industry and made workers more willing to accept an ERP rather than move. On 28 June 1923 there were 2,774 men on the day and 1,097 men on the night shift, but the average daily workforce fell to 790 in 1932 in the midst of the Great Depression, when the steel plant was operating at 17 per cent capacity. From this point, production increased and by 1936 the steel plant was operating at 93 per cent capacity. The workforce was overwhelmingly Canadian-born by 1923, with “rather more than” 10 per cent from “non-English speaking races” and approximately 8 per cent “coloured men” from Barbados.15

Prior to the introduction of the ERP at Sydney, management was generally hostile to trade unions. An organising campaign by the Provincial Workmen’s Association (PWA), which commenced in 1902, culminated in June–July 1904 in a major strike, which was a union defeat. The demise of the PWA in the wake of the strike did not mean the end of labour activity at the Sydney plant. There were members of craft unions working in the plant and unions continued to organise the plant including the AAISTW, which in June 1911 established a lodge in Sydney with at least 60 members. The lodge failed to gain recognition from a hostile management and the AAISTW ran a further enrolment campaign during the First World War, organising a Sydney lodge on 13 December 1917. Despite management’s refusal to recognise the union and supervisors discouraging union membership, the union formed another lodge for Sydney employees in October 1922 and claimed that it had organised 75 per cent of steelworkers by February 1923. The AAISTW was able to raise grievances through representation as a committee of employees. There were allegations that DISCO operated a system of labour espionage: “spotters” or spies were responsible for the dismissal of five union activists during the AAISTW’s organising campaign in 1911; they also followed union organisers when the latter interviewed workers in their homes and attended union meetings to

---

intimidate employees. BESCO would continue to use spies in the steelworks and encouraged loyalist employees to beat union activists with iron bars.\(^{16}\)

DISCO and its successors established welfare schemes to promote identification with the company. The company provided housing to attract employees and sponsored social clubs and benefit societies for employees. BESCO launched a pension fund in January 1924 for employees with 25 years’ service or more and was actively involved in promoting “safety first,” which incorporated a safety committee, an ambulance service and an emergency hospital.\(^{17}\) In the mid-1920s, BESCO briefly published a four-page newsletter, the \textit{BESCO Bulletin}, which called upon workers to cooperate with management to ensure that the company was pointed “to as an example of good fellowship and loyalty and united endeavour.”\(^{18}\) The \textit{BESCO Bulletin} praised the benefits of ERPs, including the CF&I Plan, and criticised organised labour, for example, for wage demands that deprived members of work and the opportunity of earning a “livelihood.”\(^{19}\)

The introduction of the ERP at Sydney was set against BESCO’s desire to maintain an open shop. The growing strength of the AAISTW in the plant represented a major threat. BESCO rejected a proposal by union members to set up a scheme for the formation of worker committees in September 1922 on the grounds that it would not recognise the union. Henry Bischoff, the General Superintendent of the Sydney plant, tried to introduce an ERP in December 1922, but workers and the AAISTW defeated the proposal in a ballot by 1,562 votes to 1,021. Opponents linked their hostility to the ERP to their demand for union recognition. The scheme involved a general works council elected by the workers. This general works council elected a group of representatives to meet with a similar number of management representatives on a joint council. Bischoff described the scheme as a form of “co-operative bargaining” which dealt with problems of mutual interest. The major influences in shaping the “Bischoff Plan” were Whitleyism, which ironically was built on union recognition, and a similar ERP at the


Bethlehem Steel Corporation in the US. The Bethlehem Steel Corporation ERP, unlike the Rockefeller Plan, allowed workers to meet as a group independent from management and to serve with management representatives on joint committees.\(^20\)

Tensions between the AAISTW and BESCO continued. Union members walked out on 13 February 1923 following the dismissal of a unionist for disobeying orders. The AAISTW accused management of dismissing the employee because of union activities. Management faced pickets, the prospect of serious damage to the plant in sub-zero temperatures and the possibility of miners joining the dispute. While it agreed to meet a committee of employees, management refused to meet any official union delegation. Management agreed on 17 February to reconsider the case of the dismissed unionist. Union leaders considered the strike a victory and believed that the company would give them full recognition upon returning to work. However, BESCO investigated the case of the dismissed unionist and upheld it on the grounds of insubordination. The police arrested more than 30 steelworkers on various charges, including intimidation and trespassing, and BESCO increased the size of its employment blacklist. The board of directors of BESCO formally rejected the request for union recognition in June 1922. Roy Wolvin, President of BESCO, saw “Cape Breton Bolshevism” as the cause of the strike and issued a warning to the local business community that unless it was driven out, he would withdraw his capital.\(^21\)

This conflict ultimately resulted in the demise of the AAISTW and the implementation by management of the ERP. The union continued to pursue its demands for recognition, particularly for a check-off system for union dues. Other demands included a general wage increase of 30 per cent and an eight-hour day. Management still refused to recognise the union, but granted a 10 per cent wage increase on 16 April 1923. Continuing tensions culminated in another strike on 28 June 1923, which saw military and provincial police intervene with machine guns. On “Bloody Sunday,” 1 July,


strikers and bystanders outside the Sydney steelworks, including women and children, faced charges by mounted police and soldiers. This further undermined the strikers’ collective action, but gained the steelworkers the support of 8,500 Cape Breton miners, who left work on 3 July in protest against the state’s use of force. However, John L. Lewis, the President of the UMWA, moved against the Cape Breton militants following their refusal to end the sympathy strike and revoked the charter of the UMWA local on 17 July. Lewis was in direct contact with Wolvin and was concerned that the action of the miners in Cape Breton would jeopardise UMWA negotiations with anthracite coal operators in the US. Lewis alleged political intrigue between the local’s leaders and their “revolutionary leaders in Moscow.” The strike continued until 2 August but the AAISTW was defeated.22

Management introduced an ERP in August 1923 without a vote by employees. This followed a deputation of a committee of employees to Bischoff on 14 August, calling for the Plan to be put into effect and claiming that employees “whole heartily favoured” it.23 The local newspaper, The Sydney Record, which supported the ERP, noted that the “level-headed section” of the steelworkers, “who have never been stamped by songs in Russian and flags of red,” were in control of the plant. With the defeat of the AAISTW, some workers took the view that the Bischoff Plan was “better than nothing.” Management hoped in vain that the scheme would make a proposed federal commission to inquire into labour relations at the plant “inopportune.” The commission did make favourable recommendations concerning the ERP, however, and did not force the issue of union recognition.24

The Plan was identical to that proposed the previous December, with a general works committee of 38 employee representatives elected by workers and representatives elected to a joint committee with management representatives. The worker representatives on the joint committee also constituted a central works committee. This explicit provision for independent worker meetings was to lead to greater autonomy for employee representatives under the Bischoff Plan, though managerial prerogative remained paramount. Employee representatives could raise grievances on behalf of constituents if they were not satisfied with the response of their supervisor. If the employee representative failed to get satisfaction, then the representative could take

24 The Sydney Record, 15 Aug. 1923, p. 11.
the matter to the joint committee. The Bischoff Plan dealt with suggestions for safety and improvements in a similar manner. There was a secret ballot for the employee representatives, but employees elected two fellow workers in each department to assist employees in filling out the ballots as requested. All employees over 18 could vote but there were restrictions on supervisors and managers voting. Candidates had to be 21 years of age and have a minimum of one year’s service at the plant. The first ballot was held on 29 and 30 August 1923 with 68 employees nominated for 36 positions and 2,729 employees or about 93 per cent of the workers in the plant voting.

In the wake of the strike, the blacklisting of union activists by BESCO and the establishment of the ERP, the Sydney lodges of the AAISTW eventually became moribund. While management publicly justified the Plan with the need to maintain the “personal touch and human touch with the men” that was being lost as the business grew and to counter the “absentee management” of the BECSO directors, the Sydney experience highlights the importance of the ERP as an anti-union strategy.25

What did the ERP at the Sydney steel plant do? The surviving records are limited, but sufficient to note trends. The Sydney meetings were held on

company premises and the representatives received payment for meetings but not for other representative duties such as raising grievances. By 1925, the workload was such that the general works committee found it necessary to set up subcommittees to deal with wages, safety and personnel matters, such as promotion, discipline and dismissal. Meetings could be lengthy: one general works committee meeting in January 1934 lasted two hours and 20 minutes. Critics recognised that the Bischoff Plan provided protection to representatives taking up worker grievances and overcame some injustices. Two of the activists associated with the 1923 strike remained on the general works committee for most of its existence. The general works committee provided a forum to discuss issues of general concern and assisted management in rationing work during periods of economic downturn. Management also discussed the financial position of the company with the representatives and allowed the latter to distribute company charity to needy families at Christmas. Campaigning could be lively and turnout large in the elections for employee representatives. In May 1935, workers in the Electrical Department successfully petitioned management for the recall of their representative on the grounds of “misrepresentation.” The elected representatives tended to have worked at the plant for long periods; the average service of the 36 representatives in 1925 was 11 years and the longest 20 years. During the mid-1930s there were complaints about workers’ names being placed on nomination forms without their consent by management and supervisors voting despite the prohibition.26

The explicit provision for a worker-only forum at Sydney gave employee representatives a great deal of autonomy to pursue issues outside the company and to gain support from politicians and other outside groups. Former union activists, elected on the general works committee, pushed for the same demands they had pursued through the unions. The general works committee in 1925 called for improved tariff protection for the Canadian steel industry and in May 1930 even rejected linking a government bonus on steel to the eight-hour day. Secretary P.W. McDougall noted that the employees were confident that management would reduce working hours as soon as conditions warranted. In 1929, the workers’ representatives embarrassed BESCO by persuading the Social Service Council of Canada, a Protestant reformist body, to investigate the 12-hour day at the Sydney plant. Sydney workers employed on continuous production such as the blast furnaces and open-hearth furnaces won the eight-hour day in 1930. Workers

in other parts of the plant had their hours reduced from 12 to ten. There were compensating wage increases for workers on hourly rates.27

A good run of minutes for the Sydney plant ERP have survived for 1934. There were 108 issues raised at the general works committee during that year. The most frequent issue raised at the general works committee (approximately 38 per cent) related to recruitment and selection, particularly of former employees who had lost their jobs due to the economic depression. Production was reviving at the plant and the representatives wanted to ensure that management gave preference to former workers over newcomers. The second largest group of items (approximately 26 per cent) related to industrial relations issues, particularly wages, hours and conditions. In May 1934, the general works committee forwarded a petition with 1,700 signatures supporting eight-hour day legislation to the NS government. When management refused to increase wages the same month, previously cut due to the depression, because they were making losses on exports, the representatives requested that an external board of conciliation check management’s claims concerning the losses. Management rejected the request, but was prepared to allow two or three representatives to check the relevant financial records. The representatives rejected this offer on the grounds that they were not experts and it was a job for “Price Waterhouse.” Welfare issues (approximately 16 per cent) included pensions and company housing. Safety issues (approximately 10 per cent) included the response time in transporting accident victims to hospital and the dangers associated with railway operations around the plant. The general works committee was able to persuade management in November 1934 to institute monthly safety inspections of departments by the departmental superintendent, the safety engineer and an employee representative. The representatives also showed concern for other issues beyond the steelworks. In May 1934, they sent a letter to the local municipal authority condemning the low wages being paid to highway workers. The general works committee referred matters to the joint committee, which did not generally make decisions, but referred matters to management for further consideration. Frustrations arose over the failure of management to follow through with issues and on occasion to ignore recommendations by the joint committee. In December 1934, one representative even suggested a strike over issues such as the restoration of wage reductions and old-age pensions. Management later claimed that it had granted 69 per cent of

the claims submitted by general works committee, less than the plans at CF&I and Bethlehem Steel.\textsuperscript{28}

There was discontent among employees over the usefulness of the ERP for them. Critics noted that the ERP’s success for employees depended on how “management felt” and how it responded to external pressure.\textsuperscript{29} One former steelworker remembered that the Plan was not beneficial because “you had no strength.”\textsuperscript{30} Some former members of the AAISTW flirted with the idea of OBU during the mid-1920s. In 1930, Rannie McDonald, a former representative and critic of the managerial right of veto under the Plan, organised a lodge of the IAM. Management, however, laid him off along with approximately 50 other employees in the machine shop on the day they received their charter from the union. One exception was the financial secretary of the lodge, who was an employee representative. Nevertheless, in 1932, management did dismiss Dan Mackay, who was a former OBU organiser and the chair of the general works committee, after he began advocating for a union.\textsuperscript{31}

Steelworkers in Sydney used their ERP as a platform for organising unions in the late 1930s. Several activists believed that they could use the council to build a “real union.” Some of them successfully stood for the plant council, which gave them some freedom to move around the plant. When management rejected a request for a wage increase, four employee representatives formed a workers’ committee. The committee became the basis for the independent Steelworkers’ Union of Nova Scotia, which became a SWOC affiliate in December 1936. The union soon organised the majority of workers at the Sydney plant. With other workers, it successfully lobbied the Nova Scotia provincial legislature to pass a Trade Union Act in April 1937. This legislation forced employers to recognise and bargain with the trade union representing the majority of workers and fined companies for discriminating against trade unionists. This was the first Wagner-influenced legislation in Canada and contained provisions for a vote on a union check-off if employers already had a system of checking-off deductions for any other purpose. Management at the Sydney plant tried to undercut the SWOC drive for union members by offering wage increases and retrenching workers. They also tried to mobilise workers to fight the menace of “foreign controlled”


\textsuperscript{29} MacEachern, \textit{George MacEachern}, p. 36.

\textsuperscript{30} Interview with Emmerson Campbell in \textit{Cape Breton’s Magazine}, no. 22, 1979.

international unions. Within a week of the passage of this legislation, however, the employee representatives on the plant council, who were all union members, resigned en masse. The plant council held its last meeting on 22 April 1937 and the steelworkers’ union subsequently won a ballot for a check-off system for union subscriptions. Ron Crawley notes that “As with many SWOC locals in the United States, SWOC steelworkers at Sydney had essentially occupied and subverted the plant council.”

Union-Management Cooperation

As in the US, union-management cooperation was less successful than ERPs. One major success was the state-owned CNR, which also operated in the US. The CNR was organised in October 1922 by the Canadian federal government to administer and merge a number of former bankrupt private railways and government railways. The railway system had 22,192 miles of track across Canada by 30 December 1925. It was a larger employer than the B&O with an average of 111,383 employees in 1929. CNR management adopted the B&O scheme, which commenced operation on 1 January 1925, for employees in its major workshops and roundhouses where there was a strong union presence. There were local committees and one central committee of employee and management representatives. The plan was extended to track maintenance workers in 1929. The AFL, whose international affiliates also covered Canada, praised the CNR scheme.

The CNR plan, however, was marked by the management style of Henry Thornton, the President of the CNR. He was an admirer of Willard and corresponded with him about the B&O scheme. Thornton had commenced employment as a draftsman on the Pennsylvania Railroad in 1896 and eventually became a general manager of the Great Eastern Railway in the UK. He had a good relationship with union officials both in the UK and Canada. Cramp, the NUR official, noted on Thornton’s departure from

the UK in 1922 that “both railway workers and their unions are losing a very sincere and valued friend.”\textsuperscript{36} The AFL invited Thornton to be a guest speaker at its 1929 Toronto convention. Like Willard, Thornton became a public advocate for union-management cooperation and business leaders viewed him as a radical.\textsuperscript{37} He argued that “Labour unions are here to stay” and that management should become “allies of existing unions” through union-management cooperation.\textsuperscript{38}

As in the US, workers resented the top-down approach of union-management cooperation and the lack of direct rank-and-file representation on the committees. The CNR management found that it was necessary to allow direct representation by rank-and-file union members in some workshops to win employee support for cooperative management. In July 1928 only two out of six representatives at its London workshop and two

\textsuperscript{36} *The Railway Review*, 27 Oct. 1922, p. 3.

\textsuperscript{37} *Chicago Tribune*, 15 Mar. 1933, p. 19.

\textsuperscript{38} *Factory and Industrial Management*, Dec. 1929, p. 1320.
out of nine representatives at its Leaside, Ontario, workshop near Toronto were on the union shop committees.\(^39\) The CBRE, a Canadian union not affiliated to the AFL, was critical of union-management cooperation.\(^40\) A.W. Atwater, General Chair of the Maintenance of Way Division of the CBRE, was reported as describing the scheme in April 1930 as “a system to enslave” workers and “put lots of men out of work.”\(^41\)

Like US unions, the CNR unions highlighted the benefits of the cooperative committees for reductions in working expenses and increasing dividends. While good runs of surviving minutes are hard to find for the CNR cooperative committees, a virtually complete set can be found for the Allandale Division of the Maintenance of Way Department of the CNR in Ontario. The division gathered 45 times between the first regular committee meeting in June 1930 and December 1940. The meetings were generally held quarterly and lasted three hours and 20 minutes on average. They were chaired by the Division Engineer and the employee representatives were generally drawn from among the foremen, who were union members. Senior union officials from the Brotherhood of Maintenance Way Employees (BMWE), which covered these employees, would occasionally attend as observers. The number of management representatives involved ranged from two to nine, while the number of employee representatives ranged from three to six. There was no requirement for equal numbers of employer and employee representatives to be present for a meeting to proceed. Employee representatives were allowed to travel across a section of the division by car for two days each month to hear suggestions from their fellow employees.\(^42\)

The union and management encouraged workers to submit their ideas to the committee; 403 issues were raised, of which 236 were adopted and 155 dropped over this period, 1930–40, and issues remained pending. The issues discussed included suggestions to improve efficiency and promote the welfare of employees. For example, at a meeting on 2 February 1931 the committee adopted suggestions to construct a protector to prevent damage to track switches in railway yards and to provide first aid kits to maintenance gangs. The committee also acted upon complaints concerning defective equipment, such as shovels, and building maintenance. The committee was also given the task of fire prevention and safety, dealing with, for example, the correct

---


\(^40\) The Canadian Railway Employees’ Monthly, Apr. 1930, p. 87.

\(^41\) Letter, George Brown to W. Aspinell, 7 Apr. 1930. “File – Correspondence, 1930 1”, Container 71, B.P.

procedures for handling and loading heavy items. If certain issues had broader implications, the committee would refer it to a regional committee and then to a national committee for the whole CNR Maintenance of Way Department.43

Union-management cooperation delivered a number of benefits for CNR management, including useful suggestions from unions to improve work practices and improve productivity. Between 1925 and 1938, 23,769 suggestions were discussed at cooperative committees of the CNR and its subsidiary, the Central Vermont Railway, of which 83.6 per cent were accepted.44 A.J. Thomas, Assistant to the General Supervisor of Shop Methods on the CNR, claimed that one of the most “interesting” developments in connection to the plan from management’s viewpoint “has been the discussion in trade union meetings of methods of getting new business.”45

Did these schemes deliver benefits for CNR employees in terms of increased wages and employment stabilisation? Thornton claimed that cooperative management had increased the stability of employment on the CNR by 10 per cent in the period 1924–27, measured in terms of actual hours as opposed to potential hours of work. According to Thornton, the increased hours led to a 13.3 per cent growth in employee yearly earnings in the CNR workshops over the same period.46

The benefits of cooperative management for the stabilisation of CNR employment, however, came under challenge with the onset of the Great Depression. The CNR tried to preserve jobs through cooperative management in the Maintenance of Way Division by searching for additional maintenance work such as fencing, but at the expense of casual employees, and by finding outside work, such as harvesting, for workers temporarily retrenched. CNR management claimed in March 1931 that 93,673 extra days of employment had been provided for permanent employees over the previous year in track maintenance work due to cooperative management.47

46 Canadian National Railways Magazine, Apr. 1928, p. 11.
What impact did this scheme have on union membership? There were union claims that union-management cooperation on the CNR increased union membership. The BMWE claimed that the scheme helped to increase its membership during the early years of the 1930s depression by directly improving conditions and attracting non-unionists and members of rival unions that did not support the scheme. It also claimed that management was more willing to retain rather than retrench workers to maintain a good relationship with the union. The union’s average yearly membership increased from 8,826 in 1929 to 10,160 in 1931.

Sir Henry Thornton was forced to resign as President of the CNR by political opponents in July 1932 and died in March 1933. His memory kept the strong support of organised labour and 17 labour organisations contributed to the placement of bronze memorial plaques in his honour in 11 of the largest CNR depots. Despite McDowell’s claims that the plan “lapsed” in the CNR with Thornton’s departure in 1932, it persisted. Samuel Hungerford, who succeeded Thornton as President, continued the scheme. As late as 1958, 40 cooperative committees were still in operation in the CNR’s rail maintenance department.

Conclusion

As in the other countries examined so far in this book, the Canadian experience reinforces the historical cycle approach to industrial democracy as can be seen in the general wave of interest in NUER that accompanied the upsurge in labour unrest at the end of the First World War and during the immediate post-war period. As the Mathers Commission and various industrial relations forums highlighted, employers were very interested in looking for ways to increase the loyalty of employees and shared a common interest with some union officials in fending off challenges from worker militancy and Bolshevism. While both Whitleyism and ERPs were looked at in Canada, employers preferred the ERP as it provided an alternative to unions. The influence of Mackenzie King and US firms operating in Canada reinforced this trend.

The major motivation for most Canadian employers in introducing ERPs,

---

as highlighted by the case of the Sydney steel plant, was the avoidance of unions and state intervention in the internal affairs of their companies. As in the US, the plans also tended to be found in large-scale industries with continuous or mass production, where communication problems were intensified and strategic groups of workers could create bottlenecks in the production process if alienated. The example of the Sydney plant highlights the variety of forms that an ERP could take, both in Canada and the US. Unlike the CF&I plan, there was a provision for worker representatives at Sydney to hold their own meetings, which gave them greater autonomy from management. Workers became involved in the Sydney ERP because they had no viable alternative given the success of management's anti-unionism. As the Sydney case study highlights, employee representatives could use the ERP to make some gains.

Could an ERP be a platform for trade union organising? As in the US, it was very difficult except in exceptional circumstances. The union required both a well-resourced organising campaign and a favourable political and legal climate. As in the US, steelworkers at Sydney Nova Scotia used their ERP as a springboard for unionisation. SWOC ran a determined organising campaign. The Nova Scotia Trade Union Act, like the NLRA, provided a favourable legal climate for Sydney steelworkers to push for unionisation and reject the ERP.

As in the US, union-management cooperation had a limited impact compared to ERPs. The CNR, however, was the largest organisation to adopt the union-management cooperation. As Willard championed union-management cooperation on the B&O, Thornton again highlighted the significant role that a progressive CEO could play in shaping the form of employee representation. As in the US, the top-down approach of union-management cooperation provoked worker opposition, and the scheme was modified to allow the direct election of worker representatives in some railway workshops. The plan was of great assistance to CNR management in obtaining suggestions for improvements. While there were management claims that there were benefits for CNR employees in terms of increased earnings and employment stabilisation, at least one union found that union-management cooperation had positive benefits in terms of increasing union membership.