

The TLCC - CCL Merger and Union Policy and Impact on Wages La fusion CMTC—CCT et la redistribution du pouvoir économique

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Résumé de l'article

La fusion du CMTC-CCT, survenue il y a un an au Canada et cinq mois seulement après celle de la FAT et du COI aux États-Unis, soulève de nouveau et avec plus d'intérêt la question des conséquences du syndicalisme sur les salaires. En premier lieu, quelle est la situation actuelle en regard de l'évolution de la structure des salaires, ou des taux relatifs de salaires et du niveau général de salaires? Deuxièmement, jusqu'à quel point le syndicalisme est-il un facteur causal de tels mouvements dans les salaires? Troisièmement, cette fusion amènera-t-elle des changements dans la situation économique actuelle?

Comme une connaissance empirique de l'évolution des structures et des niveaux de salaires s'avère nécessaire avant de pouvoir déterminer des influences causales et qu'au Canada les chiffres dans ce domaine sont malheureusement rares, il faut jeter un coup d'oeil du côté des autres pays, et des États-Unis, en particulier, la nouvelle étude de Reynolds et Taft, intitulée *The Evolution of Wage Structure* et publiée en 1956, résume les récentes recherches faites dans ce domaine en France, en Suède, en Grande-Bretagne, au Canada et aux États-Unis. En France, la politique joue un rôle très important dans la détermination des salaires; ceci s'explique car c'est le gouvernement qui est le plus gros employeur du pays.

En Suède, au contraire, cette intervention gouvernementale est minime et les organisations de travailleurs et d'employeurs sont puissantes; la négociation à l'échelle industrielle est très répandue. La Grande-Bretagne se rapproche de la Suède. Quant aux États-Unis, son système de négociation collective est moins étendu et moins national d'envergure; le pouvoir de décider des salaires est dans les mains des chefs ouvriers des fédérations surtout, et la centrale FAT-COI n'y a aucune influence directe; de plus l'intervention du gouvernement est plutôt limitée. Enfin, le Canada possède des institutions économiques semblables à celles des États-Unis; il se développe rapidement au point de vue économique et démographique; quelques-unes de ses sociétés industrielles sont étroitement reliées aux entreprises américaines, et la plupart des unions canadiennes, sauf celles de la CTC, sont des succursales d'organisations-mères situées aux États-Unis; la négociation collective influe sur les salaires surtout dans les transports et communications, pulpe et papier, acier, automobile, construction, etc., et le gouvernement n'exerce qu'un faible rôle sur la structure des salaires.

Les taux des salaires sont fixés en s'appuyant sur certaines différences occupationnelles (entre occupations qualifiées et non-qualifiées, par exemple), géographiques, inter-industrielles, inter-usines et enfin personnelles (âge, sexe, race, etc.). En ce qui concerne le niveau général des salaires, nous ne disposons que de très peu de chiffres pour le Canada et les autres pays, même si les théories sur le sujet sont nombreuses.

La plupart des unions ouvrières ont tendance à modifier les « forces du marché » au moyen des décisions collectives en ce qui a trait à la structure des salaires; elles font converger leurs efforts vers une structure systématique et stable; elles essayent d'établir une certaine égalité concurrentielle dans les salaires et les coûts du travail et enfin, elles font tout en leur possible pour hausser les niveaux de vie au moyen d'augmentation de salaires qu'elles négocient. Toutefois, on ne peut alléguer que le syndicalisme (qui ne devrait pas toujours complètement être assimilé à la négociation collective dans ses effets) soit le seul facteur pouvant jouer sur la structure des salaires...; il y a aussi comme facteurs possibles, les fluctuations dans les conditions d'offre et de demande, l'inflation, certains contrôles gouvernementaux, certaines politiques utilisées par les employeurs et les unions dans le procédé de la négociation collective.

D'après les économistes du travail, il semble que les unions, surtout en Amérique du Nord, n'ayant peu de politique de diminution des différences occupationnelles, ne peuvent recevoir tout le crédit des bons résultats obtenus en ce sens; il en est ainsi pour les différences géographiques et les différences inter-industrielles et inter-usines. Par contre, leur revient le crédit d'avoir considérablement contribué à réduire les différences « personnelles » dans les établissements et les occupations.

Quelle que soit l'influence que le syndicalisme ait pu exercer sur la structure des salaires ou les niveaux de salaires, en Grande-Bretagne, aux États-Unis ou au Canada, elle a été le résultat d'efforts d'unions individuelles et non d'un corps central. La constitution de la nouvelle centrale exprime clairement son désir de reconnaître l'intégrité de chaque union affiliée. Toutefois, une politique en vue de la coordination des questions de salaires par un corps central a été prônée par un certain nombre d'économistes et de réformateurs sociaux, surtout en Grande-Bretagne; le but est de parfaire les politiques et tentatives individuelles dans ce sens et d'atteindre une hausse réelle de revenus des travailleurs. Cependant, contrairement à l'ancien CCT, le CTC ne possède pas ce comité de coordination des salaires.

Le CTC continuera d'appliquer la plupart des mesures législatives et politiques entreprises antérieurement et poursuivies individuellement par chaque congrès constituant; il n'y a aucun doute que la force morale et politique de ce nouveau corps sera plus grande et plus vigoureuse, à cause du nombre imposant de ses membres et de son sens de responsabilité économique-politique en plus de son grand désir d'unité durable.

The TLCC - CCL Merger and Union Policy and Impact on Wages

Roger Chartier

In this article, the Author addresses himself to answering tentatively the following questions. What is the situation regarding the evolution of the wage structure, or relative wage rates, and the general level of money or real wages? To what extent can unionism be insolated as a causal factor in such movements, apart from traditional "market forces" or government action? In what ways, if at all, is the TLCC-CCL merger likely to bring about changes in the present wage situation?

INTRODUCTION

The TLCC-CCL merger in Canada a year ago, following that of the AFL-CIO by five months only, raises anew and with increased emphasis the question of the impact of unionism on wages. Will Canadian organized labor, now for the most part united, possess greater economic and political power? Will governments have to cope with stronger union pressures for increased social transfers and more or less direct interventions in the collective bargaining process? Will employers face in the future ever greater demands backed by some kind of irresistible strength?

For answers to such questions if they be at all answerable, one must obviously examine the record of union influence in wage matters as it now stands, or rather as it stood prior to the merger. On that basis alone can comparisons be made.

Not so many years ago "record" was made up mostly of conclusions arrived at by deducting from the orthodox premises of traditional economic theory, and with a serene disre-

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gard for empirical research in the field. With no intentions of reviving, for Canadian consumption, the old fight between U. S. economists over the so-called "labor monopoly issue," we believe, however, that some introductory comments along this line are in order.

Starting with the assumption that private labor monopoly has, in essence, the same features as private enterprise monopoly and roughly the same consequences — namely, lower output, reduced employment, and higher prices —, the "pessimists" among labor economists warned against the perils of trade union action, mostly on theoretical grounds. SIMMONS (1)¹, who influenced much of the later thinking on this subject, contended that trade unions led to some form of syndicalist or corporative society, characterized by monopoly, inflation, and unemployment. SLICHTER (2) expressed his fears of the advent of a "laboristic economy." The same year (1947), MACHLUP (3) made clear his views on "monopolistic wage determination," but LESTER (4) sounded a strongly dissenting and more optimistic note. This did not prevent LINDBLOM (5) from following in Simons' footsteps, and arguing that unions set wages artificially, distorted the action of market forces, introduced a permanent trend toward inflation, and thus contributed to the slow death of the competitive price system. Despite DUNLOP'S (6) ultimatum to Machlup, Lindblom *et al.* that they should either "put up or shut up" in terms of observable facts of economic life — a challenge which was met with a typically unenthusiastic response —, WRIGHT (7) contains a number of pessimistic statements on the impact of unionism by Wright, Haberler and others, intermingled with contrary utterances, still based on theoretical constructs, by Friedman, for instance, who believes that the economic role of unions has been grossly exaggerated, and that changes in the wage structure operate through changes in demand, themselves brought about by changes in techniques, resources, and tastes. BOULDING (8) expresses roughly the same views, pointing out that, in the long run, the impact of unions on the differentials in and levels of wage rates, well as on the allocation of economic resources, is not very strong.

Obviously, that amount of disagreement between economic theorists stresses the need for both intensive and extensive empirical research in the field of wages. Some work has already been done, especially in the United States, of which we shall give a brief account.

(1) Figures in parentheses following authors' names correspond to identical figures followed by complete references in a bibliography at the end of this article.

We shall address ourself to answering the following questions: *First*, what is the situation with respect to the evolution of (1) the wage structure, or relative wage rates, and (2) the general level of (money or real) wages? *Second*, to what extent can unionism be isolated as a causal factor in such movements, apart from traditional "market forces" or government action? *Third*, and lastly, in what ways — if at all — is the TLCC-CCL merger likely to bring about changes in the present wage situation?

* * *

I — THE WAGE SITUATION

Empirical knowledge about the evolution of wage structures and wage levels is needed before causal influences can be allocated. Canadian data in this respect are unfortunately scarce; they shall be supplemented by findings from other countries, particularly the United States.

a) The Wage Structure

"Wage structure" and "relative wage rates" are here used interchangeably. Research in this field is quite young and fills a very serious gap between the relatively picayune studies of individual wage rates in individual plants or firms and the aggregative work stimulated by the need for general wage and price level stabilization during World War II and after.

A new book by REYNOLDS & TAFT (9) summarizes much of the empirical research recently done on the evolution of relative wage rates and adds somewhat to the body of theory in this field.² It contains five studies in national wage structure: in France, Sweden, Great Britain, Canada, and especially the United States where the railroad transportation, iron and steel, cotton textiles, and pulp and paper industries are scrutinized.

a) *France* is characterized by the important role which politics play in the setting of labor incomes; government is, directly or not, the country's largest employer — in railroads, coal mines, aircraft plants,

(2) In this section, we shall draw heavily from the data and insights contained in that book.

public utilities, automobiles, etc.; it is a dominant figure in the determination of private wage rates; it acts again as a powerful agent of social transfers whose chief contributors are the employers: union rivalry is strong; and finally, collective bargaining is imperfectly developed.

b) *Sweden*, on the contrary, shows a minimum of government intervention in the setting of particular wage rates, has powerful and pervasive labor and employer organizations with industry-wide agreements in major industries and highly centralized decision-making power in the hands of "economically literates". leaders familiar with the conflicting demands made up on government policies; labor is particularly friendly with the Social Democratic government; and planning is the leit-motiv.

c) *Great Britain* resembles Sweden in more than one way; however, union structure is more complex, industry-wide bargaining is not so developed, the central labor body (TUC)'s influence over individual unions is not so great, and the wage structure is more varied; government intervenes by minimum wage regulation through wage councils, by extension of collective agreement terms to all firms in some industries, and by arbitration awards.

d) *The United States* has a collective bargaining system less extensive than that of most European countries, and also less national in scope; agreements are made for relatively short periods; the decision-making power with regard to wages is in the hands of leaders, at the union level, the central AFL-CIO having no direct influence therein; finally, government intervention in wage matters is rather limited.

e) *Canada*, lastly, possesses economic institutions markedly similar to those of the United States: it is a young and large country showing rapid population growth and economic expansion, and broad regional differences; many important Canadian corporations are closely related to U. S. firms — *e.g.*, in automobiles, tires, electrical equipment, oil refining, metal mining and refining, etc.; most Canadian unions, except for the CCCL unions, are branches of parent organizations located in the United States, which is a unique phenomenon; Canadian unionism is especially strong in British Columbia, very weak in the Prairies Provinces, relatively strong in Ontario but somewhat weaker in Quebec, then strong again in some industries (coal, steel, construction, and railways) of the Maritime Provinces; collective bargaining influences

the pattern of wages particularly in transportation and communication, pulp and paper, basic steel, automobile, rubber tire, heavy electrical equipment, meat packing, printing and publishing, and building construction; and finally,

Government has little influence on the Canadian wage structure. Wartime wage controls left some imprint on occupational and inter-industry differentials. These controls lapsed at the end of the war, leaving only: (1) Minimum wage standards established under provincial legislation for particular industries and categories of labor. There is no national minimum wage, and the provincial standards have been rendered less effective by the inflation of the past decade... (2) In Quebec, a Collective Agreement Act permits rates set through collective bargaining in certain establishments to be extended through the remainder of the industry by government decree. Several other provinces have "industrial standards acts" under which minimum rates are set at a conference called by the Minister of Labour at the request of employers and employees in an industry. The schedule of minimum wages agreed to may be declared legally binding on the entire industry in the district concerned... (this is) little used in practice... (3) Government contracts contain "fair wage" provisions similar to those in the United States, and these may have some supporting effect on wages in construction and a limited number of other industries. (Reynolds & Taft (9), 288-9.)

Thus, the limited role of the Canadian government in wage matters is explained not only by the *laissez faire* ideology of the party in power but also by constitutional arrangements, *i.e.* a peculiar distribution of jurisdiction between ten relatively autonomous provinces.

With this sketchy general background in mind, we may now, in order to study wage structure data in a more manageable form, break down relative wage rates into five types of differences: occupational, geographical, interindustry, interplant, and personal.

1) *Occupational differentials.* Differential wage rates between occupation (*e.g.*, between skilled and unskilled jobs), to be "pure" and comparable, must belong to the same establishment. It is a phenomenon common to all the countries studied — and more markedly evidenced in Western Europe than in America — that these differentials have been (considerably) reduced, if not eliminated, during recent decades.

2) *Geographical differentials.* These differentials are for the same industry and occupation, but between different geographical areas. They have been practically leveled in Sweden and in Great Britain. In France, important differences still exist between Paris and *la province*. In the United States, inter-area differentials have been reduced gradually, and in some industries eliminated, especially in those serving nation-wide markets and providing inter-area product competition; but North-South differentials are still maintained in many instances. In Canada, Reynolds & Taft (9) note that "the most striking feature... is the extent to which the developments of the war years were either reversed or arrested after the war. Interregional differences narrowed during the war but widened again after 1945." (p. 314)

3) *Interindustry differentials.* These differences are between industries, and for the same occupation and geographical area. They are very small or non-existent in European countries. They are only slowly diminishing in the United States. In Canada, interindustry differentials in manufacturing had leveled somewhat during the war years, but only to widen again subsequently.

4) *Interplant differentials.* These differentials are between plants in the same industry and geographical area. They are hardly to be found in Europe. In the United States, plant differentials within the same product and labor markets have either been much reduced or eliminated. The same applies, although to a slightly lesser degree, to the Canadian situation.

5) *Personal differentials.* These are differences encountered in the same establishment and occupation, on the basis of age, sex, race, etc.; also, in those establishments having no formal rate structures, almost every individual has a rate. These differentials have been leveled off in Europe. In the United States, some headway has been made in that direction, especially in unionized sectors, but much remains to be done; for instance, male-female differentials have not changed substantially in recent years. The same is even truer for Canada, which prompts Reynolds & Taft (9) to write that

Canadian wage differentials as of 1953 remain quite wide relative to those in other countries... men earn on the average about 60 per cent more than women in manufacturing industries... skilled workers typically earn about 50 per cent more, and in some cases 100 per cent more, than unskilled workers in the same industry... these differentials are even wider at some points than those prevailing in the United States. (p. 314)

The behavior of relative wage rates as such is not central to our purpose, which has to do with the union impact on it — which serves to explain the sketchiness of the preceding data and assertions; this behavior, however, is closely related to problems of income distribution and social welfare. As Reynolds & Taft (9) put it, ‘to an extent not generally realized, the possibilities of income redistribution in the future lie within the labor sector... May it be desirable to bring about transfers mainly through the government budget, leaving a large measure of inequality in wage rates and pretax incomes?’ (p. 3)

b) The General Level of Wages

We have few data on the evolution of the general level of (money or real) wages in Canada or in other countries, although much theorizing has taken place on the subject. Since we are interested mainly in union influence in this respect, discussion shall be reserved to the next two sections. As REDER (10) points out,

There has been an institutional transformation of monetary-fiscal policy that renders traditional wage level theory obsolete. Namely, democratic governments are finding it increasingly difficult to permit large amounts of unemployment to persist for very long. Consequently any increase in the money wage level that gets itself established will lead the government to cause increases in the money supply and/or its rate of expenditure sufficient to maintain “reasonably” full employment (at that wage level). (pp. 186-7)

* * *

II — THE IMPACT OF THE UNION

Most labor unions tend to modify so-called “market forces” by collective decisions regarding wage structure; they strive toward a systematic and stable structure; they attempt to establish a competitive parity in wages and labor cost; finally, they do their utmost to rise living standards through negotiated wage increases. To what extent they have been successful in so doing, and to what extent also they may be isolated as causal factors for given wage situations is an altogether different matter. Doubtless, statistical evidence, although on the increase in recent years, is still inadequate. But the big problem still lies in the difficulty of assigning specific (*i.e.*, labor or other) causes

to the evolution of the wage structure or the wage level, in complex and changing situations.

Union strength, for instance, is inadequately represented by an index of membership figures, while important but statistically unmanageable policy and structure differences as between unions have to be disregarded. Studies indicate, furthermore, that to date other factors have had more influence than union activity on inter-industry wage differentials and on movements of the wage level; they do not support the contention that unions (American and Canadian) have caused important distortions in the wage structure or much greater increases in the wage level than would have occurred without unions. Another point is that unionism, in its effects, should not be completely assimilated to collective bargaining, a process in which unionism is a fundamental element, of course, but which is subjected to many other pressures (employer, government) and yields results most of the time different from those sought by the unions. And still further, according to Reynolds & Taft (9),

The existence of a large body of union-management agreements or government wage regulations in a country does not prove that these regulations have had any effect on wage structure. It may be that the wage structure is still being molded au fond by shifts in labor demand and supply, and that group regulations serve only to ratify the adjustments brought about by market forces. (p. 5)

For instance, wage structure changes may be brought about by fluctuations in supply-demand conditions for this or that type of labor; by general inflation, which, according to some U. S. economists, may exert an independent influence on wage structure; by various type of government control of wage rates; and by trade union and employer policies in the collective bargaining process. And then, these factors complicate the analysis by their reciprocal interaction. All these difficulties lead Reynolds & Taft (9) to conclude that "the net influence of unionism can never be conclusively demonstrated... By combining information on union wage objectives with data on changes in industry wage structure, however, it is possible to draw reasonable inferences..." (p. 17)

Such inferences already yield significant information.

a) As regards *occupational differentials*, narrowing is widespread, as we have seen. But it is pointed out that unions, especially in North

America, have little in the way of policy on this matter; in spite of this, across-the-board increases — gained by industrial unions in particular — probably have reduced these differentials. It seems to be the consensus among labor economists that unions have not had much effect on the leveling of occupational differentials, despite their flat-increase policy, the mass recruitment of the unskilled in their ranks, and their efforts to discourage employers from breaking down skills and using machines instead. The real causes of the narrowing of these differences would be: increased education with a concomitant reduction of the gap between the skilled and the unskilled; “full” employment with an increased demand for the unskilled; mass technology; and finally, egalitarian tendencies at work in the larger society.

b) Again, unions have not been markedly successful in their efforts to reduce *geographical differentials*. Doubtless, they favor their reduction or elimination, particularly in cases where there exist inter-area product markets. But their knowledge of the whole situation is rather incomplete, and therefore their interest in uniform inter-area rates is definitely reduced; there is lacking the stimulus of wage competition. Furthermore, individual unions usually have only limited power to effect reduction of such differentials, especially in large countries like the United States or Canada and when some regions are particularly difficult to organize.

c) *Interindustry differentials are being slowly reduced in the United States and Canada*, but it seems that they have not been much affected by unionism, except in cases where the unions were new and militant, in times of rather high unemployment, and in craft unionism with entrance restrictions. This can be explained mostly by the fact that non-union employers tend to yield to union wage scales in order to keep their personnel or to prevent unionization — in which case unions do affect the general level of money wages without upsetting differentials between organized and unorganized industries — , or that either unions lose in aggressiveness or employers increase their resistance to union demands.

d) *Interplant differentials*, as we have seen, have been either eliminated or markedly reduced. There is little doubt that the unions, whose policy in most cases aims at full uniformity, have had substantial influence on this trend, which reflects the need for both “justice” in favor of lower-paid workers and security on behalf of the higher-paid ones who might otherwise fear competition from less-favored workers. Unions in this instance have a definitely beneficial impact, which often

gets support from higher-wage firms who have a stake in achieving unity of wage levels, often as a prerequisite to price uniformity in the product market.

e) Unions have certainly been influential in considerably narrowing *personal differentials* within establishments and occupations. In this they have been helped by government wage regulations, job evaluation included in the union contract, and the stimulus given by the fact that in the same work place, where workers are close to one another and comparisons are easily made, the drive for the "standard rate" is particularly intense.

The four U. S. industry monographs contained in Reynolds & Taft (9) complement in greater detail the preceding findings especially with respect to union impact on wage structure. Differentials of all types have been substantially reduced in strongly organized industries (railroad, iron and steel, pulp and paper), but they are still to be found in cotton textiles, where unionism is lagging behind. In steel, however, SELTZER (11) has found out that collective bargaining is not the sole determinant of pattern bargaining, and that, quite to the contrary, "labor and product market forces" and "government action" (by minimum rate setting and uniform general wage increases) are also potent forces. "The supposedly unbridled power of the union has been checked by forces which the union's critics underrate... It is the USA-CIO's concern for preserving the jobs of its members which, more than any other factor, explains why the fears created by pattern bargaining are unjustified." (p. 331) And REES (12), studying wage movements in basic steel, concludes that the Steeworkers did not substantially affect the general level of wage therein from 1945 to 1948, since a nonunion situation would have witnessed roughly the same increases as a union one; and that supply and demand had a greater impact than collective bargaining, which may even have delayed wage increases by fixing rates for the life of the agreement.

Along the same line, KERR (13) makes the following general statement:

If collective bargaining has had no revolutionary effect on the wage structure except to bring the single rate within the industry and within the craft, then, by means of wage influences, it seems likely its impact on the allocation of resources has often been exaggerated... (p. 287-8)

And finally, Reynolds & Taft (9) thus close the argument:

Fears that complete unionization will bring seismic disruption of the wage structure do not seem to be well founded. The elaborate attempts to find ways by which the presumed catastrophe could be averted — by government wage regulation, by prohibiting national unionism, by sending all union leaders to graduate schools of economics — may turn out to have been academic exercises shadow battles against a nonexistent enemy. The countries with the strongest union movements appear to have a wage structure which is more orderly and defensible than the wage structure of countries where unionism has been weak. (p. 195)

* * *

III — THE IMPACT OF THE MERGER

Whatever influence trade unionism may be found, or said, to have exerted on wage structures or wage levels in, say, Great Britain, the United States or Canada, was the result of efforts made by individual unions, not by a central labor body. In England, for instance, the mighty TUC has always lacked — and still lacks — formal and direct control powers over the wage policies of its affiliated unions, although its leadership was once successful in persuading the leaders of the most important unions to give their support to a restraint policy in matters of wage demands. In the United States, as Reynolds & Taft (9) put it,

American collective bargaining is decentralized in the sense that each national union charts its own course. There is a certain amount of informal consultation, emulation, and rivalry among unions in the same or neighboring industries. A pattern established by one union in a particular year may be virtually binding on another union, especially if the two are rivals for the same clientele. Apart from competitive emulation, however, there is no central coordination of wage policy by the top federations. The tradition of autonomous action by each national union is very strong, and the federations have only such limited authority as will enable them to establish clear demarcation lines among unions and to further labor's legislative objectives. Any effort to influence the wage policy of a particular union would certainly fail. (p. 317)

It is worthy of note that the same situation prevails since the AFL-CIO merger at the end of 1955, the new central body being the merger of two federations, not of individual unions.³

Much the same thing can be said about the one-year-old Canadian Labour Congress, a merger of the former Trades and Labor Congress of Canada and the Canadian Congress of Labour. The Constitution of the newly-created central labor body defines as some of its purposes "to assist affiliated and chartered organizations in extending the benefits of mutual assistance and collective bargaining to workers," "to promote the organization of the unorganized into unions," and "to secure legislation which will safeguard and promote the principle of free collective bargaining" (II, 2, (a) & (b), and 5); but it also hastens "to recognize the integrity of each affiliated union... (which) shall refrain from raiding" (II, 8).

Thus the CLC as such has no direct modes of control over the collective bargaining policies and practices of its affiliated bodies. But it is likely to exert an indirect, though potentially strong, influence mostly on the general share of wages in (aggregate) national income, but also on the wage structure of the country, if it is willing to make full use of its resources. To date, the "organize-the-unorganized" campaign of the CLC has hardly come to a slow stard, which is quite understandable — the AFL-CIO organizing campaign has not accomplished anything either. But union membership is far from having attained its saturation point, as yet — much remains to be done for white-collar employees, in chemicals, mining, forestry, etc. — ; and if the CLC makes definite headway in its organizing drive, there is little doubt that substantial and beneficial changes will occur in the relative wage rates, particularly with respect to a narrowing of differentials between occupations, regions and industries. The new Organizing Department, if seriously equipped with personnel and money, should be instrumental in spreading organization among individual unions.⁴ The Research Department, already headed and staffed by some good men,

(3) See, in this respect: Arthur J. Goldberg. *A.F.L. — C.I.O.: Labor United*. New York: McGraw-Hill, 1956.

(4) GOLDBERG (*op. cit.*) sees much point in eliminating nonunion competition in many U.S. industries — with its cutting into job opportunities of the organized — as well as the fear of such competition in an economic recession or depression. He believes, however, that under present conditions of prosperity, there is little chance of making much headway in an organizing drive, and that it would take under-employment and wage-cutting to spread organization in unorganized sectors.

should be reinforced and enlarged so as to efficiently cope with the multifarious and important demands which are likely to be made upon it. The Education, Political Education, and Legislation Departments should work in close co-operation, in order to bring political and economic "literacy" to the rank-and-file, and increased pressure on the governmental authorities at all levels. The various trade departments (building, metal, railway, needle, printing, etc.) which "may be established when deemed desirable and feasible" (XII, 1), may inject into the organization a greater unity of purpose and action by providing opportunities for contact and co-operation between former TLC and CCL leaders.

The CLC, moreover, is pledged to eradicate jurisdictional disputes between its affiliated unions; thus, if the central body is successful in its endeavor, fear of raiding from rival unions would cease to weaken or threaten a union's position in bargaining. The new organization has demonstrated its seriousness of intent by expelling the Canadian branch, 10,000 members strong, of the International Union of Operating Engineers which had been found guilty of repeated and extensive raiding.

A Centralized Wage Policy?

Under the assumption that (free) collective bargaining at the union level could not *per se* and systematically prevent depressions and mass unemployment, a policy of co-ordination of wage matters by the central labor body was put forward by a number of economists and social reformers, particularly in Great Britain during the war years and after. Doubtless, individual unions would continue to bargain and to fight for relative advantages for their members. But these partial efforts, which would establish relative levels of wages in the various industries, would have to be supplemented by central wage policy and action whose purpose would be to apply pressure for "increases in taxation on non-wage earners (to finance subsidies and to control total effective demand), in order to permit of a rise in the real consumption of workers... Stabilization of full employment depends upon hitting an *average* rate of increase of wages which is not more than can... be compensated by increases in taxation of non-wage earners. It is improbable that the outcome of a multitude of separate wage-bargains

will prove to be just right.”⁵

In other words, as FORSEY (14) puts it,

In a full employment economy, the unions will have to superimpose upon their traditional, sectional direct bargaining with employers for money wages a new type of indirect bargaining through government for redistribution of real income. Wage bargaining will become, in part, a political problem. (p. 312)

Such a drastic revision of union structure and policy as was advocated by Lord Beveridge⁶ in Great Britain was never truly undertaken, as Mrs. Wootton⁷ and Reynolds and Taft (9)⁸ have pointed out.

In the United States, ROSS (15) was one of the very few economists to advocate a nation-wide inter-industry master wage bargain, arguing that only with this “will negotiators be in a position to assume the responsibility for the consequences of their decisions, and only then will economic analysis be of substantial assistance to them.” (p. 98) Even such undoctinaire and pragmatic considerations do not find support in REES (16), who believes that

A master wage agreement would force negotiators to pay more attention to the effects of wage policy on the national economy. However, the misuse of purchasing power arguments by unions, and their frequent statements that deflation is always in an imminent danger, do not offer much promise in this direction. In creating greater concern for effects on the national economy, a nation-wide master wage policy would weaken or eliminate concern for effects on employment in particular firms and industries... (p. 147)

In Canada, despite the TLCC-CCL merger, hundreds of thousands of workers are outside the fold — in the CCCL or in independent

(5) WORSWICK, G.D.N. “The Stability and Flexibility of Full Employment”, *The Economics of Full Employment*. Oxford: Oxford University Institute of Economics, Blackwell, 1944,68-70. Quoted in Forsey (14).

(6) LORD BEVERIDGE. *Full Employment in a Free Society*. New York: W. W. Norton & Co., 1945, 200ff.

(7) WOOTTON, BARBARA. *Freedom Under Planning*. Chapel Hill: University of North Carolina Press, 1945, 105-6. She notes that the TUC is purely consultative and has no power to “make its affiliated unions toe the line in wage policy”, and she questions whether it seriously wants any effective power of the sort. Quoted in Forsey (14).

(8) “The notion of a central ‘wages policy’ which has been advanced... in Britain has been rejected as impractical and undesirable by most trade union officials... The government has consistently taken the line that its function is to reinforce voluntary methods of wage determination.” (p. 284).

unions. Absolute membership gains have increased by nearly 60% in the last decade, but membership has made practically no headway relative to paid workers in the labor force. Canadian unions, as Forsey (14) noted ten years ago,

...have only relatively short experience. Their resources are far from large. They have very few expert advisers. They do not enjoy an unquestioned position in the Canadian community. They are less accustomed to political action and have far less political power than their British counterparts. (p. 314)

It is surprising to realize how true these judgments still remain today. And Dr. Forsey was a good prophet when he wrote that

In both the United States and Canada, the chances of the unions achieving a unified general wage policy do not look very bright, though it is well to remember that by the time either country really established stable full employment the unions may well have changed considerably. The climate of public opinion in which they must operate may also, have changed. (p. 314)

If the unions accept the policy of coordination, individual unions, like individual nations, will have to sacrifice their "sovereignty" to save their essential freedoms. They will have to give their central organizations real power in matters of common concern. They will have to assume new functions. In Canada at least, they will have to provide themselves with a much larger, and highly competent, staff of expert advisers. (p. 315)

In a period of prosperity like the one in which we are now living, individual Canadian unions are certainly not inclined nor willing to relinquish any amount of their power in wage decision-making to a central body, and the CLC leaders are certainly not formally equipped — and most likely not very eager at this time — to force them to yield on this count. (Unlike the former CCL, for instance, the CLC does not have a wage coordinating committee.)

* * *

CONCLUSION

Thus, the CLC will follow in the wake of the two former congresses, but with increased power of representation in legislative and

political matters. It is likely to be more efficient in creating a political environment whereby the measures advocated by Labor will become part of a wider program for government underwriting of social welfare policies, for instance. Its demands for price controls in periods of rapid inflation are likely to be met by similar demands for wage controls (which exert no seduction on Labor), quite apart from the fact that price control is an extremely difficult task for any government, as many external factors intervene, such as the import of raw materials, foodstuffs and machinery whose prices are fixed on the world market.

The CLC will continue, with the added force that comes from the unification of demands, to strive to bring about social transfers through the government budget and favorable changes in the monetary-fiscal policy of the country. More generous social security measures will be sought on the argument that they will raise and stabilize purchasing power generally. The new central labor body will insist on higher minimum wages. With increased strength, it is likely — through its Government Employees Department — to insist on higher wage and salary scales for functionaries; it will finally strive to have inserted in government contracts “prevailing-wage” clauses which will tend to be interpreted as *the* union scale, thus reinforcing the wage levels set through the process of collective bargaining.

All these activities, of course, could be — and in fact were — performed in the past by the TLC and the CCL individually. But there is increased strength in unified and vigorous demands; and no one should regard lightly the moral and political power of a labor organisation over one-million-members strong whose actions directly affect millions of Canadians and indirectly the nation as a whole, and which would show a high degree of economico-political literacy and responsibility, together with a solid unity of purpose.

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SOMMAIRE

LA FUSION DU CMTCCCT ET LA REDISTRIBUTION DU POUVOIR ECONOMIQUE

La fusion du CMTCCCT, survenue il y a un an au Canada et cinq mois seulement après celle de la FAT et du COI aux Etats-Unis, soulève de nouveau et avec plus d'intérêt la question des conséquences du syndicalisme sur les salaires. En premier lieu, quelle est la situation actuelle en regard de l'évolution de la structure des salaires, ou des taux relatifs de salaires et du niveau général de salaires? Deuxièmement, jusqu'à quel point le syndicalisme est-il un facteur causal de tels mouvements dans les salaires? Troisièmement, cette fusion amènera-t-elle des changements dans la situation économique actuelle?

Comme une connaissance empirique de l'évolution des structures et des niveaux de salaires s'avère nécessaire avant de pouvoir déterminer des influences causales et qu'au Canada les chiffres dans ce domaine sont malheureusement rares, il faut jeter un coup d'oeil du côté des autres pays, et des Etats-Unis, en particulier, la nouvelle étude de Reynolds et Taft, intitulée *The Evolution of Wage Structure* et publiée en 1956, résume les récentes recherches faites dans ce domaine en France, en Suède, en Grande-Bretagne, au Canada et aux Etats-Unis. En France, la politique joue un rôle très important dans la détermination des salaires; ceci s'explique car c'est le gouvernement qui est le plus gros employeur du pays.

En Suède, au contraire, cette intervention gouvernementale est minime et les organisations de travailleurs et d'employeurs sont puissantes; la négociation à

l'échelle industrielle est très répandue. La Grande-Bretagne se rapproche de la Suède. Quant aux Etats-Unis, son système de négociation collective est moins étendu et moins national d'envergure; le pouvoir de décider des salaires est dans les mains des chefs ouvriers des fédérations surtout, et la centrale FAT-COI n'y a aucune influence directe; de plus l'intervention du gouvernement est plutôt limitée. Enfin, le Canada possède des institutions économiques semblables à celles des Etats-Unis; il se développe rapidement au point de vue économique et démographique; quelques-unes de ses sociétés industrielles sont étroitement reliées aux entreprises américaines, et la plupart des unions canadiennes, sauf celles de la CTCC, sont des succursales d'organisations-mères situées aux Etats-Unis; la négociation collective influe sur les salaires surtout dans les transports et communications, pulpe et papier, acier, automobile, construction, etc., et le gouvernement n'exerce qu'un faible rôle sur la structure des salaires.

Les taux des salaires sont fixés en s'appuyant sur certaines différences occupationnelles (entre occupations qualifiées et non-qualifiées, par exemple), géographiques, inter-industrielles, inter-usines et enfin personnelles (âge, sexe, race, etc.). En ce qui concerne le niveau général des salaires, nous ne disposons que de très peu de chiffres pour le Canada et les autres pays, même si les théories sur le sujet sont nombreuses.

La plupart des unions ouvrières ont tendance à modifier les « forces du marché » au moyen des décisions collectives en ce qui a trait à la structure des salaires; elles font converger leurs efforts vers une structure systématique et stable; elles essayent d'établir une certaine égalité concurrentielle dans les salaires et les coûts du travail et enfin, elles font tout en leur possible pour hausser les niveaux de vie au moyen d'augmentation de salaires qu'elles négocient. Toutefois, on ne peut alléguer que le syndicalisme (qui ne devrait pas toujours complètement être assimilé à la négociation collective dans ses effets) soit le seul facteur pouvant jouer sur la structure des salaires...; il y a aussi comme facteurs possibles, les fluctuations dans les conditions d'offre et de demande, l'inflation, certains contrôles gouvernementaux, certaines politiques utilisées par les employeurs et les unions dans le procédé de la négociation collective.

D'après les économistes du travail, il semble que les unions, surtout en Amérique du Nord, n'ayant peu de politique de diminution des différences occupationnelles, ne peuvent recevoir tout le crédit des bons résultats obtenus en ce sens; il en est ainsi pour les différences géographiques et les différences inter-industrielles et inter-usines. Par contre, leur revient le crédit d'avoir considérablement contribué à réduire les différences « personnelles » dans les établissements et les occupations.

Quelle que soit l'influence que le syndicalisme ait pu exercer sur la structure des salaires ou les niveaux de salaires, en Grande-Bretagne, aux Etats-Unis ou au Canada, elle a été le résultat d'efforts d'unions individuelles et non d'un corps central. La constitution de la nouvelle centrale exprime clairement son désir de reconnaître l'intégrité de chaque union affiliée. Toutefois, une politique en vue de la coordination des questions de salaires par un corps central a été prônée par un certain nombre d'économistes et de réformateurs sociaux, surtout en Grande-Bretagne; le but est de parfaire les politiques et tentatives individuelles dans ce sens et d'atteindre une hausse réelle de revenus des travailleurs. Cependant, contrairement à l'ancien CCT, le CTC ne possède pas ce comité de coordination des salaires.

Le CTC continuera d'appliquer la plupart des mesures législatives et politiques entreprises antérieurement et poursuivies individuellement par chaque congrès constituant; il n'y a aucun doute que la force morale et politique de ce nouveau corps sera plus grande et plus vigoureuse, à cause du nombre imposant de ses membres et de son sens de responsabilité économique-politique en plus de son grand désir d'unité durable.