Multinational Corporation, International Unions and Industrial Relations: The Canadian Case

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This paper highlights several generalizations about the conduct in Canada of both multi-national corporations and international unions. Their impact on Canadian collective bargaining is examined and sets the stage for a discussion of selected issues and problems growing out of their presence.

Canada might be said to have more than its share of multi-national corporations, especially of those headquartered in the United States. Differentiating the Canadian case even more obviously is the additional presence of so many international unions also headquartered in the United States, and perhaps therefore more appropriately termed American or, at best, bi-national unions. The dual presence of these twin phenomena makes Canada a particularly striking illustration of what may lie ahead if and when collective bargaining becomes truly international.

The limitations of this essay reflect the research methodology that has been employed. Aside from the author’s own earlier works on international unionism,¹ major reliance has been placed on a limited number

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of related studies, and on a continuing series of interviews with leading corporate, government and trade union representatives familiar with the impact of foreign institutional forces on Canadian industrial relations.

After providing some background data, the paper highlights several generalizations about the conduct in Canada of both multi-national corporations and international unions. This is followed by a section on their impact on Canadian collective bargaining, which, in turn, sets the stage for a discussion of selected issues and problems growing out of their presence.

BACKGROUND DATA

To set the stage for what follows, it is useful to have an overview of the current situation in Canada with respect to the presence of both multi-national corporations and international unions. This can be accomplished most easily by citing a brief passage from a recent article that the author wrote on this same general subject matter.

A statistical basis for concern about the impact of foreign institutions and pressures on Canadian industrial relations is not hard to come by. On both the corporation and trade union sides there is ample evidence to indicate just how pervasive the potential for foreign influences already is in Canada.

On the corporate side, foreign firms continue to play an increasingly dominant part in Canadian industry. Aggregate figures show that over thirty-five per cent of Canadian industry is owned outside the country. For particular industries, including oil and gas

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3 John CRISPO, «Multi-National Corporations and International Unions: Their Impact on Canadian Industrial Relations», prepared for a conference on Industrial Relations and the Multi-National Corporation, sponsored by the University of Chicago Graduate School of Business, in May 1973 (to be published by the University of Chicago Press).
mining, and selected parts of manufacturing such as automobile, chemical, and rubber, foreign ownership accounts for over seventy per cent of the activity. Thus, in many industries where collective bargaining is well established, the possible scope for foreign intervention on the management side is great indeed. Unlike the situation on the union side, however, not all of this potential influence flows from the United States, since between fifteen and twenty per cent of foreign ownership in Canada is held in countries other than the United States.

As for the union side, the historical situation is somewhat different, in that the proportion of Canadian workers belonging to international, or, better still, bi-national or American, unions has been diminishing over the past few decades. None the less, the figures for foreign—that is, international, bi-national, or American—union penetration into Canada are still very impressive. Although the Canadian members of international unions in Canada make up only about seven or eight per cent of those unions' total membership, they represent more than sixty per cent of the organized labour movement in Canada. Moreover, these unions represent eight of the ten largest unions in Canada and are dominant in many of the industries mentioned above in connection with foreign ownership. Except for Quebec, where a somewhat divided and dismembered Confederation of National Trade Unions represents between one hundred and one hundred and fifty thousand workers in a number of industries, the bulk of the significant national union membership is to be found in the public and quasi-public sectors of the economy.

MULTI-NATIONAL CORPORATIONS AND INTERNATIONAL UNIONS: THEIR CONDUCT IN CANADA

An attempt to summarize the behaviour of both multi-national corporations and international unions in Canada presents many problems, aside from the complex diversity of their performance in different situations. In the first place, it is important to try to distinguish between actual and potential involvement by the headquarters of these institutions in the affairs of their Canadian off-shoots. Equally important is the challenge of ascertaining their indirect as well as their direct influences in the Canadian setting. This reflects the fact that such interference as may exist—if that is the appropriate term—is not always as overt as one might hope from a research point of view.

4 Hereinafter, the term «international union» will be used throughout, if only because of the long-standing convention and tradition of so referring to such unions, even though they are at best bi-national and, in many cases, essentially American.
There are many common variables that help to explain the conduct of both multi-national corporations and international unions in Canada. One of these is the history and traditions of the organization in question, which can vary on both sides from almost complete centralization to the virtual granting of autonomy in most areas. On the corporate side, for example, there are centrally controlled, totally integrated operations at one end of the spectrum and quite independent profit-centred operations at the other end. On the union side, the spectrum is not as broad, especially at the centralized control end, for reasons that will be dealt with later. None the less, there is also a range of behaviour among the international unions, as best illustrated by the tendency for industrial unions to grant more autonomy — to their Canadian sections than has been the case with the craft unions.

The personalities and styles of the leaders of multi-national corporations and international unions also tend to have a bearing on their handling of the Canadian situation, as they do, of course, on the corporate side, on their handling of their other foreign operations as well. Here again, there is more potential for decisive foreign intervention in the Canadian industrial relations scene on the corporate, as distinct from the union, side, if only because of more authoritarian and hierarchical forms of organization in the former.

A third set of variables that is particularly pertinent to the Canadian scene is the common cultural, linguistic and social character of the country, with the exception of Quebec, in relation to its American neighbor, which is the base of most of the multi-national corporations and of all the international unions. This, along with all that characterizes the common continental heritage of the two countries, can give rise to the temptation to treat much of Canada as if it were no different from any part of the United States. Standing against this temptation, however, are not only the distinctive nature of the Province of Quebec, but the differing federal-provincial arrangements in the two countries as they apply to the field of industrial relations, and the spirit of nationalism that is abroad in Canada today.

A more prosaic set of characteristics that affect the handling of industrial relations in Canada by multi-national corporations and international unions includes the size of the Canadian operation, both in absolute and relative terms, and the degree of penetration of the United States market by Canadian-produced goods. On the corporate side, the more important the Canadian operation in terms of over-all production
and penetration of the American market, the more disposed the American headquarters will be to keep a watchful eye on the total operation in Canada. In the collective bargaining arena, this watchfulness will be the more pronounced, the more likely Canadian developments are to have an impact south of the border.

On the union side, the absolute and relative size of the Canadian operation is of great significance, if only in terms of the necessary base membership required to run a reasonably viable operation in Canada without continuing subsidization from south of the border. Assuming that base to be present, an autonomously-minded leadership and membership in Canada has a much greater chance of realizing its wishes. Even then, however, the international union in question cannot be expected to ignore the Canadian situation if its members in Canada are producing goods and services, many of which find their way into the United States. This can lead to some interesting contrasts, as in the United Automobile Workers, which are party to increasingly continental negotiations, at least with the « Big Three » of the automobile manufacturers, even though, as international unions go, the Canadian section of this union has a great deal of autonomy, which it is apparently more than willing to compromise when it comes to these particular corporate relations.

The latter illustration brings out another factor that can have a major impact on the way in which multi-national corporations and international unions treat their Canadian operations. Where both are headquartered in the United States, it stands to reason that each will tend to keep a sharper watch on Canadian developments, simply because both are, in most instances, leery of the tail wagging the dog, so to speak.

Finally, it is to be expected that both institutions will take a closer look at Canadian developments if and when their off-shoots in Canada become embroiled in strikes or lock-outs, especially protracted ones. In this event, multi-national corporations will become the more concerned, the more integrated their North American or world operations; and international unions will become more concerned, the more liable they are for strike benefits.

When one examines the comparative record of multi-national corporations and international unions in Canada from the point of view of the amount of autonomy and independence granted their Canadian wings, it is not surprising to find that on balance international unions have been more responsive to outcries for such autonomy and independence. This
follows from the basic nature of unions, which is democratic, as distinct from that of the corporation which, as already mentioned, tends to be more authoritarian and hierarchical in nature.

There are both advantages and disadvantages to the respective postures of these two institutions in relation to the question of Canadian autonomy and independence. On the corporate side, there is the danger that the pressures for such autonomy and independence may be unwisely ignored because of the corporations' essentially autocratic structure, but there is the compensating ability to respond quickly once a decision to do so is made. Because of their inherently more participatory and grass-roots structure, unions are usually in a better position to cope with nationalistic fervours of one kind or another, but are at a consequent disadvantage when such phenomena run counter to the need for an effective international response to the multi-national corporation.

Finally, to conclude this section, it should be stressed that despite the impression that may have been conveyed above, and subject to the qualifications that follow in the next section, many, if not most, multinational corporations and international unions have a fairly consistent record, in the field of industrial relations, of leaving matters in the hands of their Canadian operations until there is a crisis of some kind. One of those interviewed for this study referred to this trait as « management by exception, » which is to imply that, by and large, both the institutions in question leave their Canadian operations to run their own shows, unless they have a major reason for intervention.

IMPACT ON CANADIAN COLLECTIVE BARGAINING

The impact of multi-national corporations and international unions on Canadian collective bargaining varies immensely for reasons already cited in the foregoing section, as well as for others less important and too numerous to mention. The results, in terms of collective bargaining practices and procedures in Canada, range from what might best be described as continental negotiations to virtually independent negotiations in Canada.

Continental bargaining is really bargaining controlled south of the border and applies only in situations where both the multi-national corporation and international union involved are headquartered in the United States. Examples of such bargaining are few and far between. Initially, such bargaining appears to have begun in a few companies such as the
American and the Continental Can companies, the Marmoraton mine of the Bethlehem Steel Corporation, and the Union Drawn subsidiary of Republic Steel, where highly centralized management was the order of the day, or the Canadian operation was so small and insignificant that for collective bargaining purposes it was decided simply to deal with it in the United States negotiations. More recently, a much more significant case has been added to those now subject to continental negotiations in Canada. This is the Chrysler case, where negotiations with the United Automobile Workers were fully integrated, after the Canadian-United States Automobile Trades Agreement was enacted between the two countries, thereby creating a modified common market for automobiles and their parts, and thus an incentive on both sides to move towards a more joint approach to bargaining.

Closely related to continental bargaining, at least in terms of its impact on comparative conditions of employment in the two countries, are situations where there is fairly close following in Canada of the corresponding American contracts. This appears to be the case in Ford and General Motors, largely because they cannot expect to treat Canadian workers any less generously, relatively speaking, than does Chrysler. This is the general policy that the United Automobile Workers in Canada pursues not only with these companies but with all American subsidiaries with which it has relations, although, of course, with varying degrees of success. How widespread American pattern-following is in Canada is difficult to discern, but it is prevalent to some extent in almost every situation, if only because of the general tendency in Canada to look to developments south of the border for precedents.

This latter observation must be qualified, however, by the fact that in some ways Canada has shown more independence in the field of collective bargaining in recent years than in the past. On the wage front, for example, Canada has in general out-stripped the United States in a number of recent years, commencing even before Phases 1, 2 and 3 of the American wage and price restraint program were introduced. When it comes to fringe benefits, Canadian unions, including the Canadian sections of international unions, have yet to do much pioneering, although they do not seem as prone in some industries to follow American precedents as religiously as they once did. Thus, for example, the Canadian section of the United Steelworkers of America has not yet pursued sabbatical leaves, though they have been in effect in basic steel in the United States for some time.
To be differentiated from continental bargaining and close pattern-following are situations where, at least on the corporate side, the Canadian subsidiary handles its own industrial relations within fairly broad guidelines set by the company headquarters. Few such situations are to be found among international unions except in the sense of the concept of « more, more, more » being a possible guideline.

Last, but far from least, are those situations where negotiations take place quite independently in Canada despite the presence of multi-national corporations and/or international unions, although in these cases, more often than not, either one or the other, but not both, is usually present. All sorts of examples of this type of negotiations can be found, in everything from airlines and railways to construction and retailing.

Finally to be mentioned in this discussion of the impact of multi-national corporations and international unions on collective bargaining practices and procedures in Canada is participation by non-Canadians, and particularly Americans, in negotiations in this country. This is more common on the corporate side, especially where the Canadian operation is small, than on the union side, but on both sides it appears to be diminishing, largely because of increasing sensitivity about such involvement. Today, this kind of participation is being confined largely to crisis situations. In these and other cases, outside involvement by one side often invites similar involvement by the other. For the most part, however, foreign involvement, with the exception of continental negotiations, makes itself felt more indirectly than directly.

ISSUES AND PROBLEMS

The presence of foreign institutions on the Canadian industrial relations scene has long been a source of controversy. Debate began on the union side and on that front has covered every conceivable issue, from early opposition by Canadian management spokesmen to the presence of alleged foreign union agitators in Canada, to more recent allegations by some national union groups concerning the supposed profiteering by international unions at the expense of their Canadian members.

Criticism of multi-national corporations in Canada has been extensive of late, but little of this criticism has been directed at their industrial relations practices. This is surprising, given the importance of such corporations in industries where collective bargaining is prevalent, and given the controversy that has surrounded the international unions, which could
be construed in some ways as their counterparts. The explanation for this disparity in the degree of controversy these two institutions have generated may again be traced to the fact that one is essentially autocratic while the other is basically democratic.

Both multi-national corporations and international unions should expect to be subjected to increasing scrutiny, given the nationalism present in Canada. If for no other reason, both these institutions are vulnerable to criticism by nationalists because of the dual loyalty to which their Canadian off-shoots are subject. On the one hand, they are part of an international organization having its headquarters elsewhere. On the other hand, they are integral parts of a host country to which also they have some obligations.

In addition to the general question of dual authority, there are a number of more specific charges that can be levelled against multi-national corporations and international unions in the field of industrial relations in Canada. Many of these criticisms are confined to the union side, where they pertain to the purported adverse impact of the American labour movement on its Canadian counterpart. Although the net effect of international unions on the Canadian labour movement and on Canadian workers has doubtless been positive, there have been some negative repercussions. International unionism has periodically contributed to disunity in the Canadian labour movement, has given it an unduly fragmented structure, and has tempered its philosophy in such a way as to make it more conservative.

Of more concern in some quarters has been the impact of multi-national corporations and international unions on both the process and the results of collective bargaining. Procedurally, both institutions have probably tended to restrain industrial strife in Canada, although at times they are accused of just the reverse. Substantively, and probably with more validity, either or both could at times be charged with the imposition of inappropriate American precedents in Canada. Referring to the granting of wage parity in the automobile industry, for example, the New York Times once editorialized, quite appropriately:

> The bad part of it is that the decision was made, under coercion of a strike deadline, by American corporate and union leaders much

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more concerned with their own interests than the immediate consequences for Canada. This is a type of economic imperialism no country can welcome.

Finally to be mentioned in this brief catalogue of issues and problems is the mutual interdependence that can arise between multi-national corporations and international unions. Although this is hard to document, there is probably something to the notion that these institutions would prefer to deal with each other in Canada, as well as in the United States, if only because they know one another. This could conceivably lead each to take steps to mutually reinforce their respective positions in Canada.

SUMMARY AND CONCLUSION

Canada still presents such a unique case of industrial relations because of the presence of both multi-national corporations and international unions that it is hazardous to generalize from its experience. As unique as that experience is, however, it may well offer a preview of what is to come on a more world-wide basis, as production and trade become more international.

Assuming this to be the case, both multi-national corporations and international unions are going to have to find ways of operating that reflect both the trend towards internationalism in industrial relations and the nationalist sensitivities that are bound to remain operative in many countries. This means that both types of organization must come up with viable combinations of centralized operation, where that is essential, and notional autonomy and independence, wherever that is desired and feasible.

The author's past studies of international unionism have revealed at least four steps they must be prepared to take to respond to the nationalist aspirations of their Canadian leaders and members. These are the establishment of separate and distinct Canadian districts or sections; election by the Canadian membership of the Canadian officers; the convening of Canadian policy conferences to deal with Canadian matters; and the establishment of effective Canadian staffs to service the Canadian membership. On the corporate side, there are no doubt parallels to these steps, which should be taken by multi-national corporations, although the author does not yet feel sufficiently competent to comment on exactly what they should be.
Changes are clearly taking place in Canada in terms of the way in which both multi-national corporations and international unions conduct themselves in the country. Although some of these changes, such as continental bargaining, are hardly in the direction of more autonomy and independence for the Canadian sections of these organizations, the net effect of the changes they are introducing would seem to be in that direction. In that sense, these two important types of international institution may be learning in Canada to reconcile their dual loyalties and the potential conflicts of interest growing out of them. This challenge must be met both in Canada and elsewhere in the world-wide trend towards more internationalism in the industrial relations sphere is to continue.

Sociétés multinationales, syndicats internationaux et relations du travail (la situation au Canada)

Hôte naturel tant des sociétés multinationales que des syndicats internationaux, le Canada se présente comme un pays fort propice à l'examen des répercussions de ce double phénomène et qui offre l'occasion de méditer quelque peu au sujet de ce qui pourrait se produire si la négociation collective devenait vraiment transnationale et lorsque la chose adviendra.

Cet article consiste d'abord dans un examen de l'ampleur de la présence des sociétés multinationales et des syndicats internationaux. Il tente ensuite d'examiner les nombreuses variables qui aident à expliquer leurs modes respectifs de comportement au Canada. Les facteurs qui poussent ces institutions à accorder à leurs filiales canadiennes un degré plus ou moins grand d'autonomie et d'indépendance sont fort intéressants dans la présente étude comparative. Sous cet aspect, il n'est pas surprenant qu'il y ait eu plus de pressions et plusieurs mouvements en ce sens de la part des syndicats. En dépit de la croyance populaire contraire, tant les sociétés multinationales que les syndicats internationaux laissent une bonne marge de liberté et de latitude à leurs filiales canadiennes. Pour la plupart d'entre elles aujourd'hui, l'intervention est l'exception plus que la règle, et cela encore uniquement lorsque le rejeton canadien se trouve dans une situation difficile.

En dépit de la tendance générale à confier aux dirigeants canadiens les affaires canadiennes, la nature et les conditions de l'intervention des quartiers généraux étrangers d'un côté comme de l'autre de la table dans la conduite des négociations comporte un large éventail. À une extrémité, on trouve quelques exemples de ce qui équivaut à une négociation continentale, dont la meilleure illustration se trouve dans l'industrie de l'automobile à cause des ententes États-Unis-Canada. À l'autre extrémité, on trouve le vaste étalage de négociations qui se poursuivent comme s'il n'y avait aucune attache étrangère ni d'un côté ni de l'autre de la barricade.
À cause de l'influence dominante des États-Unis en ce qui concerne ces relations avec l'étranger et de la marée montante du nationalisme au Canada, il ne faut pas se surprendre qu'il se soulève beaucoup de critiques au sujet de la présence actuelle tant des sociétés multinationales que des syndicats internationaux. À quelques réserves près, le présent article tend à en rabattre sur la nature et le bien-fondé de ces critiques en suggérant plutôt d'attirer l'attention sur ce qu'on peut apprendre de l'expérience canadienne qui pourrait trouver à s'appliquer sur une base plus générale pour peu que la négociation au niveau international prenne de l'ampleur.

Tant dans le cadre canadien plus limité que dans un contexte universel, l'article précédent suggère que les sociétés multinationales et les syndicats internationaux s'efforcent, chacun de leur côté, de mettre au point des moyens de traiter leurs affaires de façon à réfléchir à la fois les tendances vers l'internationalisation des relations de travail et les susceptibilités nationalistes toujours vivaces ou en voie de le devenir dans beaucoup de pays. Ceci veut dire que les deux types d'organisations, sociétés et syndicats, doivent mettre sur pied un mélange viable où le processus décisionnel est centralisé là où la chose essentielle, et où est laissé à chaque pays liberté et indépendance, là où on le souhaite et où c'est possible.

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