

tons, an increase of about 36 million net tons over 1947. About 4 or 5 million net tons is expected from the United States. Europe, including Russia, hopes to increase production by about 30 million net tons to an output of about 96 million tons. Elsewhere, additions to production are not likely to be large. The target of 61 millions tons for the Western European countries alone involves continued recovery at a rate of about 17% per year, the rate actually achieved in 1947. However, the United States House Committee on Foreign Aid is of the opinion that Western Europe will fail to reach its 1951 target by about 4 or 5 million tons. Thus, the European and world steel shortage is likely to persist for some time into the 1950's, with consequent continued pressure on North American production. Canada's prospects for importing steel must be viewed in this light.

What is the prospect for an expansion of Canadian steel capacity? This depends on the one hand, on the industry's judgment about future markets in relation to present high costs of new facilities, and on the other, on the national interest in expanding the production of this industry which is basic to Canada's growing economy.

Summary

This article has attempted to outline briefly the importance of steel in our industrial economy and to provide background against which the current discussion concerning the expansion of steel capacity may be considered. It has pointed to the accelerated pace of industrialization in Canada which has brought us into the first rank of world industrial powers and the consequent new importance of the primary iron and steel industry to our economy. It has outlined the results of war-time expansion of this industry, the great increase in capacity and improvement of our steel making facilities. Withal the shortage is still acute and there is an apparent lack of balance at various stages in our steel-making facilities. Our heavy dependence on imports still persists and these supplies are now to be curtailed. The favourable prospect for the development of our iron ore resources has been noted; also the increased integration of the steel industry itself into the most industrialized region of Canada. Finally, in reviewing the experience of Canadian industries, the steel shortage has been seen as one of the most restrictive factors in our industrial development, and also, because of that restrictive effect, one of the important inflationary factors now affecting the economy.

Trade Unions in an Expanding Economy

By EUGENE FORSEY

OF trade unions in an expanding economy one thing at least is certain: the part they will play will be far greater than it was before the war. In numbers, and still more in power, they have already grown almost out of recognition, and if the economy continues

to expand, there can be little doubt that the unions will expand with it.

It is hardly too much to say that the growth of unionism since 1939 has changed the face of industrial Canada. Before the war there were less than 360,000 union members; now there are over 900,000. Before the war, most of the members were in unions which were

hardly more than dependencies of American organizations; now at least half, though still in the Internationals, are fully autonomous, and have developed a vigorous, independent life of their own. Before the war, most of the members were in craft unions; now about half are in industrial unions. Before the war, most of the basic industries were wholly unorganized; now most of them are predominantly organized. As late as 1940, the Mine, Mill and Smelter Workers had only 176 members, Packinghouse only 221, the Electrical Workers ("U. E.") 637, Rubber 1,085. By 1946, Mine, Mill and Smelter had about 21,675, Packinghouse 17,000, U. E. 22,000, Rubber 9,849. The United Automobile Workers had grown from 5,000 to 50,000, the United Steelworkers from 11,816 to 35,000. In industry after industry, big business now confronts, and bargains with, big unionism. Industrial disputes are no longer, to use the language of the British North America Act, "matters of a merely local or private nature in a province;" they have, in many instances "attained such dimensions as to affect the body politic of the Dominion", the "peace, order and good government of Canada." As the experience of 1946 proved, stoppages in a few basic industries can seriously cripple, if not paralyze, the economic life of the nation.

A Great and Growing Power

Before the war, it was possible to regard unions as a negligible factor in the economy as a whole. Their power was so small that it mattered little how they used it. They are certainly not negligible now. Their power is great and growing, and how they use it matters intensely.

Assuming that full employment continues, how much power the unions will have will depend mainly on two factors: their success in organizing the unorganized, and the extent to which they can achieve if not unity, at least effective

co-operation of the various sections of the union movement.

In spite of the spectacular gains of the last eight or ten years, about two-thirds of Canadian wage-earners are still unorganized. Since many of these are white-collar workers and women, both traditionally hard to organize, the task of bringing them into the unions is a formidable one. Good collective bargaining legislation—and the present Acts, except in Saskatchewan, leave much to be desired—will make it easier. But even then it will be a long, hard, costly undertaking.

The Need for Unity

Trade union unity will be another tough nut to crack. At present, besides the Big Four railway running trades (unaffiliated), there are three central organizations; the Trades and Labor Congress of Canada (T.L.C.), the Canadian Congress of Labour (C.C.L.), and the Canadian and Catholic Confederation of Labour (C.C.C.L.). The T.L.C. is rather larger than the C.C.L., and the C.C.L. is about four times as big as the C.C.C.L., which is confined to Quebec, and even there musters only about 40 per cent of the total union membership. A T.L.C.-C.C.L. merger would undoubtedly involve serious jurisdictional problems, but, given time, patience and freedom from outside control, these could probably be solved. The division between T.L.C. and C.C.L. is largely a by-product of the split between A.F.L. and C.I.O. in the United States and the special relationship of the T.L.C. to the A.F.L. The C.C.L. is completely autonomous. The T.L.C. is not. The A.F.L., in 1939, forced it to suspend the C.I.O. unions in Canada. But for the A.F.L., there would have been no C.C.L. As long as the split in the United States persists, the most that can be expected here is more co-operation between the two Congresses. Of this there have recently been some signs; but considerable

obstacles remain. The C.C.L. has been strongly critical of the new National Labour Code, the T.L.C. has warmly endorsed it. The C.C.L. is committed to political action through the C.C.F., the T.L.C. is not. The C.C.L. has declared war on Communism, the T.L.C., has not.

Between both Congresses and the Catholic unions the gulf is, of course, far wider, and though the Catholic unions are becoming decidedly more militant, and joint action is not unknown, the possibilities of any close rapprochement are slight.

As long as these divisions last, especially that between the two major Congresses, employers and Governments will be able to weaken the union movement as a whole by playing off one lot against the others. A single major Congress would command a much more respectful hearing, and its representations would have far more weight.

Factors Conditioning Labour's Approach

How the unions will use their power depends mainly on four factors: the attitude of employers, the attitude of Governments, the effectiveness of democratic control in the unions, and the extent to which the unions equip themselves to meet the new responsibilities which events are thrusting upon them.

Employers and Governments profess an eager desire for sound, responsible unionism. In this, they are no doubt perfectly sincere. But do they *really* want it, or *unreally* want it? Are they willing to pay the price for it?

So far, employers as a whole have shown a marked reluctance to do so. This has been clearly evident in their proposals for collective bargaining legislation. These have consisted mainly of attempts to impose a multitude of legal restrictions, most of them certain to weaken the unions, and almost all certain to provoke deep resentment.

Nor has the attitude of Governments been too hopeful. The infamous Prince Edward Island Act and the Dominion Government's failure, so far, to disallow it, are disquieting, to say the least. The numerous and crippling restrictions on the right to strike in the British Columbia and Alberta Acts particularly; the inclusion in the Dominion and the British Columbia, Alberta, Manitoba, Ontario and Nova Scotia Acts, of provisions making collective agreements enforceable in the courts; the equivocal Nova Scotia clause on union security and the failure, except in Saskatchewan, to make any positive provision on this subject; the inadequate provisions for enforcement everywhere except in Saskatchewan; the exclusion of civil servants, except in Saskatchewan; the exclusion of provincial Boards, Commissions and Crown companies, except in Saskatchewan; the Dominion Act's exclusion of Boards and Commissions, and its clause empowering the Government to exclude Crown companies, by Order-in-Council: all these hardly suggest enthusiastic recognition of trade unionism as a desirable social institution. They suggest much more strongly reluctant retreat, with stubborn rearguard actions, from an enemy too strong to be wholly defeated, but still distrusted and feared. If Governments want a healthy, constructive union movement, they will have to do better than this.

Partners, Not Enemies

One of the prime essentials for formulating sound union policies is full, accurate and prompt information on all relevant factors in the economic situation. Neither employers nor Governments, in general, have shown any marked anxiety to provide this. The C.C.L. has repeatedly asked for it, but the results have been meagre. American unions are much better served.

Until employers and Governments are prepared to treat unions as partners

rather than enemies, it will be impossible for unions to play the positive part they otherwise might. They will have to remain primarily fighting organizations, weapons of working-class self-defence. Treating unions as partners means running some risks and giving up some cherished prerogatives. But it is the only way of harnessing union strength for positive social ends.

Even a new attitude by employers and Governments, however, is manifestly not enough. It would give the unions their opportunity. Whether they would make full use of it would depend on themselves, and specifically on the reality of union democracy, and the adequacy of union equipment for the new tasks.

Members Must Be Well Informed

Keeping the union movement under the control of its own members is vital. It is, for one thing, the only condition on which Governments, employers and the community generally will trust it with power. Partnership with democratic organizations of workers will make our society more democratic; partnership with organizations run by dictators, or by outside forces for their own ends, would be the negation of democracy. Unions which cease to control their own affairs will be crippling themselves, putting weapons in the hands of their enemies, and inviting destruction. They will condemn themselves to a purely negative role.

Most Canadian unions are democratic. Where they are not completely so, it is due almost entirely to the inertia of the rank and file. The remedy lies with the rank and file. Interference from outside, by legislation or employer pressure, will generally do far more harm than good.

But even thoroughly democratic unions in a favourable environment will not be able to play the part they should without more research staff and far more workers' education. Unions in an expanding economy will have a dual function: to get as much as they can, for themselves

and the community, out of the economy as it is, and to transform it so that they can get more. They cannot do either adequately without knowing much more than they do. They must have the best information and expert advice they can get; and the general membership must understand the realities of the economic situation, at least in its main outlines. Without proper information and research, Labour will be acting in the dark or at best in twilight. Without workers' education there is almost certain to develop a fatal division between leadership and membership, with leadership drawing more and more authority into its own hands, yet without effective power because membership is bewildered, frustrated and in revolt.

Collective Bargaining Plus Political Action

Given the necessary opportunity and equipment, however, what are the tasks of unions in an expanding economy?

Collective bargaining will still be first. But it will be collective bargaining with a difference. It will have to take account of the economic situation as a whole: for example, prices, profits and productivity. It may mean some sacrifice of "sovereignty" by individual unions in favour of a co-ordinated wage policy framed in the light of these considerations. It should mean the abandonment of any notion that wage increases must be uniform for all industries, regardless of varying levels of wages and degrees of ability to pay.

But the depression showed that collective bargaining is not enough. Unions can achieve their aims only in a framework of full employment, maximum production and social security. That means joint production committees for the plant and joint councils for the industry. It also means political action.

Without political action, the fruits of bargaining will be stolen or eaten away by price increases, or destroyed by

depression. Without political action there can be no free health services, cheap housing and other forms of "socialized wages," which will help to keep wage demands within practicable limits. Without political action the economy certainly cannot be transformed.

Employers, most Governments, and probably a majority of the Canadian people at the moment, are likely to look on the development of Labour political action with misgivings. Attempts to transform the economy they will probably consider futile. But, even if they are right, Labour will have to find that out for itself; and there is always the possibility that in the process we may all learn a good deal and discover that

more things are possible than we had supposed. The final result may not be exactly what Labour now expects, but it may be equally different from what we now have, and better than either. Anyhow, democratic Labour political action is the most effective answer to Communism; and if the attempt to make that answer is suppressed, the Communists are probably the only people who will gain.

There is a place, and a most important one, for unions in the expanding economy. They will fill it if we all have the imagination, the courage, the faith in ordinary people and their possibilities, and the wisdom which the crisis of our times demands.

Incentives For Increased Production

By PHILIP STUCHEN

THE tremendous productive potentialities of the Canadian economy have become apparent during the years of World War II and subsequently. The ability of our system of production to make available more and more goods and services has by no means been an accidental process. Technologically, such a system necessitates a high state of perfection; its machinery, organization of production and quality of goods must be of the first order. Economically, unless we can sell or dispose of what we produce our technological development will largely remain meaningless. Sociologically, we are beset with a variety of special viewpoints which affect, and in turn are affected by these related problems of production and consumption.

It is these special viewpoints and interests which are becoming of increasing concern to the economist, the industrial

relations expert, and the engineer, in addition to the more immediate parties concerned—the employer and the employees. How to maintain people at work, how to keep them satisfied on their jobs, how to increase their efficiency and productivity, how to best extend work benefits and employment security are all very pertinent questions at any time. However, at a time of our fullest employment, when our physical volume of production has reached an all-time peak, or while we enjoy a standard of living which is the envy of most countries of the world, these same problems demand greater urgency in our attempt to find answers to them.

Types of Incentives

In a recent commentary¹ "The Economist" reduced the American economy—and, therefore, by implication our own—to "the carrot and stick" variety requiring either a carrot in front or a stick

EDITOR'S NOTE: Philip Stuchen of the Economic Research and Development Branch, Department of Trade and Commerce Ottawa, presents his personal views in this article.

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