

# Industrial Relations and Social Security

## Labor Policy in War-Time

By TOM MOORE

SINCE the outbreak of war Organized Labour, as represented by The Trades and Labor Congress of Canada, has kept before it two definite responsibilities. First, to assist to the utmost in the maintenance of production on a level that would meet all requirements of the armed forces, military, naval or air; and secondly, to secure observance of established labour conditions so far as this can be done without interfering with the effective carrying out of the war effort.

In numerous instances modifications of existing conditions have been accepted where such has been shown to be really necessary. Labour has not objected to making any essential sacrifice but has resented and will continue to resist being exploited under the guise of patriotism. The imposition of unfair conditions merely on the say-so of some employer or Government official has been a constant source of friction and at times resulted in stoppages of work that could have easily been avoided, had the principles for the regulation of labour conditions during the war enunciated in Order-in-Council P.C. 2685 of June 20, 1940, been observed.

As early as October 5, 1939, a delegation from The Trades and Labor Congress of Canada met with the Prime Minister and a number of his colleagues to give assurance of unwavering support in Canada's war effort and to offer their co-operation in maintaining the greatest degree of industrial harmony and the prevention of dislocation of production during the war period. At that time it was emphasised that the extent to which this desire could be made effective, would depend upon the degree to which Labour was recognized as an equal partner in production activities and also as to the

adequacy of means taken by the Government and employers for preventing disputes arising, and settling those which did occur.

To this end it was agreed that the most effective way of reaching industrial accord if disputes arose that could not be settled by mutual agreement would be by the extension of the Industrial Disputes Investigation Act to all industries engaged in war production and that coincident with this, a declaration of principles for the regulation of labour conditions during the war should be issued by the Government. In willingly accepting the extension of this Act, which was made effective almost immediately following the interview above referred to, Labour voluntarily surrendered its right to strike until the dispute had been investigated by a board and then only if an unacceptable award was rendered and subsequent efforts at conciliation failed. Having made this concession, it was a keen disappointment that no action was taken by the Government to make a declaration of principles for the avoidance of disputes and it was not until six months later, when discontent had become widespread, that the Government ultimately carried out its promise and issued Order-in-Council P.C. 2685.

According to the Minister of Labour, non-observance of the policies set out in that Order has been responsible for most of the disputes that have subsequently arisen.

Particularly have the sections been ignored which definitely restate the legal right of workers to freely organize into trade unions and to negotiate collective agreements through representatives of their own choosing, and because of the numerous applications for boards to deal with disputes arising from that cause, the Government has considered it necessary to recently establish a special commission with power to promptly deal with such cases. Again, obstacles placed in the way of prompt action under

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the Industrial Disputes Investigation Act, have led the Government to appoint still another board, known as the Industrial Inquiries Commission, whose function it is to examine the facts immediately an application for a board is received and where possible, to remove the necessity for setting up of a board by securing a settlement of the dispute through direct negotiation.

A further factor which has frustrated the effective working of the extended Industrial Disputes Investigation Act has been the passing of the much discussed Order-in-Council P.C. 7440. By this measure boards established under the Act are definitely restricted in their usefulness and to comply with its formula have been compelled in some instances to issue awards which it was known at the time would not achieve the object of settling the dispute in question. The recent amendments to Order-in-Council P.C. 7440 have somewhat modified its iron-clad provisions and restored to a slight extent the opportunity for a board to issue an award more in accord with the merits of the case.

The theory on which this Order was based, that a freezing of basic wages would prevent rising costs of living, has not, so far, proven correct, as the cost of living during the period between the outbreak of war and the end of June this year is shown to have risen practically as much as it did during the similar period following the declaration of war in August, 1914, when workers and employers were left free to negotiate their own agreements. This is readily understandable by those who recognize that there are factors which are far more important than wages in governing the cost of living.

In many instances industrial peace has only been maintained by overriding the provisions of Order-in-Council P.C. 7440 and allowing basic wage rates to be raised to a fair and equitable level. Though it has been in effect since December last year, the different interpretations given to the Order have been so numerous as to make it difficult as yet to judge what the ultimate effect

will be of this endeavour to prevent what the Minister of Labour defines as "the vicious spiral of wages and prices which is detrimental during the war and disastrous afterwards." An examination of the wage changes that have occurred during that period is sufficient, however, to cause doubt as to whether the aggregate increases in the nation's wage bill are any less than would have been the case had a real effort been made to apply the provisions of Order-in-Council P.C. 2685, and follow the British practice of trusting to employers and employees to recognize their responsibilities to keep wages at a level which would not jeopardize national interests.

One thing Order-in-Council P.C. 7440 does do, however, is to make certain that wage earners will rarely, if ever, be reimbursed for the full increases in cost of living.

The Order provides that only when that rises by not less than five points are bonuses to be paid and not even then unless a period of at least three months has elapsed since the last increase of wages or bonus was granted.

In practice it would be only on rare occasions that the additional bonus would meet the full increase in cost of living and for most of the time wages would lag behind in amounts varying according to whatever increases occurred in living costs between the time when a bonus adjustment was made to the time when the next one could be claimed. This, as stated above, cannot be until another full 5% or more increase is recorded, and therefore could be for an indefinite period, though not less than three months.

It should not be overlooked that while workers are willing to meet whatever conditions are necessary to achieve victory, it is unreasonable to expect that they will leave their regular occupations to take jobs away from home at less than their current wages, which, in most instances, have been barely sufficient to maintain a decent standard of living. The attempt to have them do so, as in the case of skilled mechanics required for shipbuilding, aircraft, muni-

tions plants, etc., has naturally created dissatisfaction and intensified the problem of securing an adequate supply of competent skilled mechanics. The whole question of labour supply for these war industries has been further complicated by the refusal of employers to accept Labour's offers to negotiate blanket agreements for zones or areas. Following their individualistic policy, employers sought to solve their difficulties by offering inducements to workers to leave one job to go to another. Men naturally gravitated to the place where best conditions prevailed, but instead of striking at the core of this problem, the Government sought to remedy the situation by the passing of another Order-in-Council prohibiting employers from engaging those already employed in a war industry, and now there is further suggestions that this is to be implemented by still greater restrictions on the liberty of workers to change their place of employment. As a result men are often anchored to jobs where their full skill is not being made use of.

Looking back over the experiences of the past two years, serious doubts are raised as to whether the mere passing of a law or Order-in-Council is the proper way to seek solution of a difficulty. Labour would like to see a more frank recognition of its importance as a partner in industry, and will, given the opportunity, cooperate with employers and Government. To this end it has constantly sought, though with few exceptions, unsuccessfully, to secure representation on the numerous commissions and boards established to formulate industrial policies, or manage Government enterprises.

It objects strongly, however, to being classified as either unpatriotic or obstructionist when it presses its claims and firmly convinced that only by proper consideration of these can civilian morale be maintained and strengthened.

In recounting some of the opportunities which lay open to improve industrial relations, it is not the intention to give the impression that nothing worthwhile

has been accomplished. The magnificent record of completion of construction projects required in connection with the air training plan, the army camp huts, and the many huge munition plants, and the development of our aircraft and shipbuilding industries, all well ahead of schedule, are unmistakable evidences that in spite of all difficulties, Canada's war production is forging rapidly ahead. What should be remembered, however, is that in many instances this splendid record could have been considerably improved upon, and further that the smoldering discontent which exists because of failure in so many instances to observe proper policies is a canker that is undoubtedly seriously undermining civilian morale.

When it became apparent that additional skilled workers would be required, Organized Labour did not hesitate to give every assistance to the numerous training plans inaugurated, both for youth and older age workers. Labour has, where necessity was shown, readily agreed to temporarily set aside apprenticeship restrictions and lend its aid to up-grading of semi-skilled workers and the breakdown of skilled occupations into divisions so that these can be carried out by less skilled operatives. Female workers have been accepted into industry, though Labour has endeavoured to secure for them equality of treatment with male workers and used its full influence to secure for them equal pay for equal work. As a result of the conference held for a few months ago between employers in the building industry and representatives of the trade unions concerned, machinery has been set up to avoid conflict and, as a result of this, many difficulties that otherwise would undoubtedly have resulted in strikes have been satisfactorily adjusted.

Given equal representation with employers on the National Labour Supply Council, trade union representatives have co-operated to the full in endeavouring to reach mutually satisfactory decisions on the matters referred to that Council. Much more could have been done, how-

ever, through that means had the Council been made better use of than it has.

That Labour is anxious and willing to do its part is again demonstrated by the generous response to the numerous appeals that have been made for the Red Cross, auxiliary war services, and other worthwhile community efforts. Workers have accepted, without protest, the heavy impositions of the National Defence Tax and the inclusion of many previously exempt among the income tax groups. In fact, they have supplemented these financial demands of the Government by voluntarily agreeing to wage roll deductions for the purchasing of War Savings Stamps, Certificates and Bonds. Added to these is the contributions now being made to the unemployment insurance funds. In view of acceptance of all these added financial burdens, it is foolish to denounce wage earners as profiteers. Labour's loyalty is unquestioned. It seeks not to retard the war effort, but to intensify it. While recognizing that it is better to temporarily accept any essential modification of its established conditions than to lose all, Labour does insist that these shall be effected by consultation and accepted only when the need for same is shown. In doing this it looks ahead and sees no reason why even in the midst of war, foundations should not be strengthened on which a more just and equitable democracy can be built in the post-war reconstruction period.

### Canada's Health

The survey of Canada's health services, published by the National Committee for Mental Hygiene, has revealed a shortage of both curative and preventive facilities and the inability of a large percentage of the population to pay for adequate health care. Not only is there a deficiency of doctors, nurses, dentists, hospitals, and public health units, but they are badly distributed—the wealthier urban areas getting far more than a proportionate share of all facilities. As a result, infant and maternal mortality

rates are high almost everywhere in Canada and tuberculosis, mental illness, typhoid, venereal diseases, and many other curable and preventable diseases take an unduly high toll.

R. S. Lambert, in a pamphlet entitled "*How Healthy is Canada*" published by the Canadian Association for Adult Education, analyses the findings in this report and makes some remedial suggestions. The first is a system of socialized medicine for Canada under federal control which would include increasing the number of health workers, distributing them systematically throughout the country and paying them on a salary basis.

The second suggestion would mean less drastic changes and recommends that the general shortage of doctors be offset by admitting refugees. To correct the uneven distribution of health services between central urban areas and outlying districts it is recommended that the government subsidize a sufficient number of young doctors, nurses and dentists to provide medical care in these isolated and sparsely settled places. The subsidy should be sufficiently generous to permit the health workers and their families to live in reasonable comfort and a fund should also be set aside to allow them to return periodically to the larger centres for post-graduate courses to keep their knowledge and practice up to date. A similar system might be applied to provide health care in low-income sections of large cities.

Both suggestions look toward the curative side of health services and would have to be coupled with more extensive preventive measures through public health departments. In any case, the facts are at hand and clearly indicate the need for Canadians to begin thinking in terms of positive steps to be taken toward a complete program of reform.

### Overtime Pay in Relation to Costs and Profits

Increased production and the increased demand for workers in defence industries in the United States has caused a con-

siderable rise in the amount of overtime. Forty hours is the maximum work week at straight-time rates of pay and overtime must be paid one and one half times the regular rates. This increased labor cost has led some contractors to ask for higher prices or indemnities for the overtime wages paid. The Bureau of Labor Statistics, to determine the validity of this claim, has made a study of the effects of overtime wage payments on profits and costs for 260 corporations in 26 defence industries. The findings indicated that, in general, the increase in income from sales without an increase in prices is more than adequate to absorb overtime charges and all other costs incurred as a result of the expansion. There may be exceptions, especially in a marginal firm or industry, but in the main the payment of overtime rates is more than counter-balanced by the increased utilization of plant facilities and the absorption of fixed overhead expenses in a larger volume of production.

### **Canada's New Industrial Disputes Inquiry Commission**

Since the Industrial Disputes Investigation Act has been extended to cover all defence industries the work of conciliation Boards established under the Act has been multiplied and delays in dealing with disputes have been inevitable. A considerable amount of time must elapse between the first occurrence of the dispute and the report on the findings of the board, during which the circumstances surrounding the dispute may change and a work stoppage may not be averted. In the interests of speed and efficiency Orders in Council of June 6 and July 2 have established an Industrial Disputes Inquiry Commission consisting of three members of whom one or more may deal with any dispute.

When a dispute occurs in any industry to which the Industrial Disputes Investigation Act applies this new com-

mission is empowered to enquire into it at the request of the Minister of Labour and need not wait until either of the parties has requested an investigation. Their function is to investigate promptly and then if a satisfactory settlement is not reached the dispute may be submitted to a regular Board of Conciliation and Investigation. The Commission, at the request of the Minister, may also investigate cases of alleged discrimination on account of trade union membership or alleged intimidation to induce workers to join trade unions. In these cases they report directly to the Minister and he makes the rulings deemed necessary.

### **Reinstatement of Enlisted Men in Civil Employment**

In order to meet the problem of rehabilitating service men after the war and to relieve men wanting to enlist of worry about their post-war status the dominion government has passed an Order in Council requiring employers to reinstate such men. Some employers have voluntarily undertaken to do so but this Order will protect all employees who are honourably discharged or demobilized from the services. It is necessary, of course, that they be permanent employees and present themselves for reinstatement within a certain period after their discharge or demobilization. It is the duty of the employer to reinstate such men under conditions not less favourable than those which would have been applicable if they had not enlisted. Having been reinstated, the former employee may not be discharged for a period of six months unless the employer can prove that he has reasonable cause for such action. The Regulations have been made to apply retroactively to persons who have already been discharged from the forces and apply within three months after the date of the Order for their former positions.