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ROY. J. ADAMS, Ph.D.

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ROY. J. ADAMS, Ph.D.
FACULTY OF BUSINESS
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INDUSTRIAL RELATIONS SYSTEMS IN
EUROPE AND NORTH AMERICA: A COMPARISON

Perhaps the most significant fact of the age is the productive capacity of modern economies. Twentieth century man produces goods and service at rates which could only be fantasized during other eras of history. This situation is the result of the industrial revolution which "took off" in the latter part of the 18th century. In its wake, the process of industrialization produced enormous changes in society. Modern industrial relations systems are one result of the process.¹

In this essay we will limit our attention to the countries of Western Europe and North America which have proceeded through a similar industrial evolution and have arrived at comparable levels of industrialization. They all adhere to liberal democratic principles and depend upon the market for the production and distribution of goods and services. They all have a labour movement free from government and employer control. They all rely heavily on collective bargaining to establish terms and conditions of employment.²

Despite these similarities each country has developed a unique industrial relations system. In global perspective, however, two major system patterns stand out from the diversity of detail: The American pattern and the European pattern. Canadian practice is close to the American but on many dimensions Canada stands between Europe and the United States. Thus, an examination of these two general modes of conducting industrial relations may provide considerable insight into the system of industrial relations in Canada.

The Development of Labour Movement

Modern day labour movements trace their roots to local organizations which first began to appear in the 18th century. These organizations typically were founded by craftsmen such as printers, shoemakers, shipwrights, seamen, tailors, cigar makers and bakers.³ Many began as "friendly" societies. Their original purpose often was "mutual insurance" against death, unemployment, sickness and retirement. When they experienced problems with their employers as a result of inflation, recession or the introduction of new technology, these societies often chose spokesmen to present petitions to the employer regarding their situation. Work stoppages were often spontaneous protests sometimes directed towards the employer, sometimes towards government authorities. These organizations were fragile. They blossomed in good times and wilted during depressions. In the early years they were faced with substantial opposition from employers and from governments. As industrialization proceeded the economic concepts of free trade, free enterprise and competition began to win favour. In several countries trade unions were outlawed as conspiracies in restraint of trade.⁴ Employers often refused to deal with them arguing that they were an improper infringement on the legitimate rights of the owner. Before the industrial revolution, society had supported the concept of the "just wage"; now labour came to be thought of as a commodity to be purchased and sold on a free market. The protestant ethic, derived from Calvinism, suggested that one's "economic destiny depended solely upon one's ability to work and save". Poverty, once considered to be an inevitable phenomenon, now came to be regarded as the "reward for sloth".⁵ The unemployed were often arrested as

indigents and made to labour in "workhouses".

Despite these negative forces union membership and influence slowly grew. The "labour problem" was discussed intensively. Periodic outbreaks of labour protest resulted in the overturning of the various conspiracy acts during the latter part of the 19th century. The Right of Association and the Right to Strike were eventually won. In 1868 the first national trade union federation to endure was established in Great Britain. During the next 30 years union federations came into being in most of the countries of Europe and North America.

To counter the political and legal obstacles of the era these emerging movements required a "creed" or "philosophy" or "ideology" to justify their existence and provide them with direction. At this critical juncture Karl Marx put forth his grand socio-political theory of economic evolution.⁶ He argued that capitalist society was composed essentially of two classes: workers (those who depend on wages for their living) and the owners of the means of production. The income of the capitalist results from the expropriation of a part of the value added to raw products by labour; value which should, according to Marx, rightfully go to the worker. Over time the capitalist class would be reduced in size as a result of competition and economic cycles and workers would become "conscious" of the exploitative, classist nature of capitalist society. Eventually they would overthrow the remaining capitalists and set up a socialist government which would in time fade away into classless communism. Unionism in Marxist thought was a necessary step towards communism but a labour strategy designed only to win better terms and conditions of employment could not succeed because of the competitive

dynamics of the economic system. A political strategy was required. Moreover, because capitalist philosophy and power pervaded every aspect of society (education, religion, government, the press, etc.) capitalism could be replaced only by a complete and violent overthrow of the system.

Fundamental Marxism was challenged, embellished or limited by other socialist "intellectuals". Democratic Socialists, like the British Fabians, accepted the Marxist dictum that a political strategy was appropriate for labour but they believed that political change could be brought about by democratic means. They urged workers to seek change within the context of democracy.⁷ Syndicalists, contrarily, were opposed to party politics. They accepted the Marxist proposition that capitalism could only be defeated by drastic means but felt that the general strike should be used as the principal tool.⁸

Between about 1870 and 1920 the mainstream of the labour movements in Europe adopted some combination of these ideas as their "raison d'etre". In some countries labour or socialist parties acted as the central body for the unions for several years. In others the unions were instrumental in founding the party.⁹

The growing acceptance of socialist ideas gave rise to counter movements. The Catholic Church was particularly concerned with the anti-religious and pro-violence nature of the Marxist philosophy. In 1891 Pope Leo XIII issued the encyclical *Rerum Novarum* which stimulated the establishment of trade unions based on christian principles. The result was the development of a christian trade union movement which acquired importance in several European countries including France, Italy, Belgium, Holland and Germany.¹⁰

Marxists thought also inspired several North American union movements including the Industrial Workers of the World, The One Big Union and the Workers' Unity League. In the U.S. the American Federation of Labour in 1886 established the principles which would be adopted by the majority of American unionists. It rejected all variants of socialism. The AFL strategy was to organize skilled craftsmen into strong unions, one for each trade, capable of winning job and income security from employers by means of the application of bargaining power. It did not seek major social change. It accepted the capitalist system. It rejected the idea of any alliance with a political party. It distrusted any government action. On the political front it would seek to "reward friends and punish enemies".

Socialists condemned this "exceptional" approach for being misguided, elitist and hard-hearted. In the 1920's American "exceptionalism" found a champion. Selig Perlman, a reformed socialist, then a professor at the University of Wisconsin argued that socialist "intellectuals" were not really concerned with the well-being of "flesh and blood" workers.¹¹ Instead, they saw the world in terms of abstract forces and abstract masses of labour. European unionists, according to Perlman, had been beguiled by the elegant and grandiose schemes of the socialists and in doing so had failed to recognize the real needs of real workers. American unions were "mature". They had realized, contrary to socialist thought, that workers have no desire to capture the government or to manage industry. They are interested only in securing themselves from various environmental threats to their jobs and incomes. They had fashioned unions capable of meeting these modest ends.

Perlman also suggested that because of conditions special to the U.S. the AFL approach was appropriate. He implied that any other approach would not have been successful.

Over time the pillars of U.S. labour ideology would weaken and a few would fall. Thus, when the unskilled began to organize en masse during the 1930's the AFL decided to give up its elitist craft union approach and to take in unskilled and semi-skilled workers. The alternative was to become overshadowed by the rapidly expanding Congress of Industrial Organizations. The one union for one jurisdiction tenet was weakened substantially in 1955 when the AFL and CIO merged. In several industries (e.g. retail, electrical machinery) both an AFL and a CIO union were taken into the new AFL-CIO.

From its formation in the 1930's the CIO provided considerable support to the Democratic Party and since the 1955 merger the Democratic Party - Organized Labour alliance has held for the most part. On its own the AFL-CIO has been much more active politically than was the old AFL. However, the idea that the primary aim of unions is to win better terms and conditions of employment for its own members, an approach known as "pure and simple" unionism or "business" unionism, still pervades the thought of the American labour movement.¹²

By 1900 the labour movement in Canada had developed no firm philosophy. There were political reformist unions affiliated to the U.S.-based Knights of Labour; "pure and simple" unions some affiliated to the AFL and some purely Canadian; and unionists who adhered to various shades of socialism.

In 1902 the AFL pressured the Canadian Trades and Labour Congress to expel dual unions and adopt the craft union strategy. Congress reluctantly did so but it did not accept the anti-political attitude of the AFL. Many active Canadian unionists were British immigrants who brought their labour ideology with them. In 1906, when the British Labour Party officially came into being, largely as the result of the initiative of the British Trades Union Congress, the TLC gave its support to the formation of provincial labour parties in Canada. They were not, however, successful. In 1918 when the British Labour Party was re-organized and "accepted for the first time a socialist objective",¹³ the TLC gave its support to the development of a national labour party in Canada. A federal party was formed but in 1923 it was taken over by communists and union support was withdrawn. An enduring alliance between the Canadian Confederation of Labour and the Co-operative Commonwealth Federation (which had been formed in 1933 without significant union support) was forged in 1943.¹⁴ Today, the Canadian Labour Congress supports the New Democratic Party, the successor to the CCF, which has a philosophy similar to the British Labour Party or the Social Democratic parties of Scandinavia and Germany. Within Congress, however, there are both "pure and simple" unionists and many who subscribe to socialist objectives.¹⁵

Around the turn of the century, the Catholic Church in Quebec began to encourage the formation of Christian unions. The result was the Canadian and Catholic Confederation of Labour which after World War II evolved into the present-day Confederation of National Trade Unions.¹⁶

The "exceptional" strategy chosen by the U.S. labour movement has long been a focus of thought in America. The most comprehensive objective explanation has been put forth by Adolf Sturmthal.¹⁷ He considers three factors to be critical determinants of labour strategy: the nature of the problems faced by workers, the membership base of the labour movement and the state of the labour market. American workers considered their major problem to be job and income security. European workers had similar security problems but they also had political problems which American workers did not have. During the 19th century the great majority of workers in most European countries did not have the right to vote, did not have ready access to education and were treated by those in power as an inferior class of human beings. Differences of dress, speech, social behavior and other vestiges of feudal society emphasized adherence to classes. Contrarily the American equalitarian ethic "stressed the ideas of classlessness, individual initiative, and opportunity".¹⁸ Even though real upward mobility was probably no better in America than it was in Europe "equalitarian ideology has persisted in the face of facts which contradict it".¹⁹ The AFL considered its problem to be primarily economic rather than political. Therefore it decided to limit membership primarily to craft workers who had a critical position in the production process. Since the American economy was developing rapidly these workers were often in short supply and thus had significant economic bargaining power. On the other hand, because it was representative of only a small fraction of society the political power of the AFL was modest at best.

In Europe where the dominant problems were considered to be political the labour movements organized broadly. By doing so they weakened their potential economic bargaining power but became more influential politically.

Over time the labour movements on both sides of the Atlantic have changed strategies to some extent. Today the AFL-CIO is much more active politically than was the old AFL. In Europe trade unions are heavily engaged in economic bargaining with employers although they continue to pursue political objectives. One would expect these changes from Sturmhthal's theory. Since the 1930's the U.S. Government has intervened more deeply in the economy. Thus more worker issues are being determined politically. Moreover, in the 1930's the membership base of the American labour movement expanded significantly and it now is representative of a wider constituency. In Europe as the economies grew the forces of supply and demand for labour more often favoured unions and collective bargaining expanded.²⁰

These theoretical perspectives provide considerable insight. Post hoc theorizing is, however, rarely entirely satisfying. For example, one is left with the impression that the exclusionist, non-political approach of the AFL was inevitable. But was it? Might not a decision to organize broadly and pursue an active but non-socialist political strategy have attracted a wider following and been successful? The Knights of Labour, the first North American federation of importance, had considerable initial success. It faded away because of numerous problems including inadequate internal administration and opposition from the AFL. One wonders what would have happened if the AFL and the politically reformist Knights had reached an accommodation which drew on the relative

strengths of both organizations.

The state of the labour market was certainly an important factor in the development of collective bargaining but other factors were also of importance. For example the achievement by labour of political power put pressure on European employers to come to terms with the labour movement and establish regular patterns of interaction. Moreover, as Sellier has demonstrated, it was not the lack of economic bargaining power which thwarted the development of collective bargaining in France. Rather the continual intervention of the State in labour relations fostered a dependence on government action. Labour leaders imbued with the syndicalist ideology of direct worker action spurned the idea of developing administratively sound organizations and normalized labour-management negotiations.²¹

A fourth factor noted by Sturmthal - the migration of ideas - has been important in Canada. Since its emergence the labour movement has been pulled between the moderate, democratic socialism of Great Britain and the non-political approach of U.S. labour. Because of the British link perhaps, moderate socialism is more acceptable in Canada than in the U.S. despite similar objective conditions throughout North America. Nevertheless many Canadian unionists subscribe fully to the U.S. approach. The current situation is a compromise. The Canadian Labour Congress endorses the New Democratic Party as the one with policy objectives most consistent with the aims of trade unionists. However, there are no functional links at the central level. Local unions may affiliate to the party but the majority have chosen not to do so. Only a minority of Canadian unionists vote for the party in federal elections.

The union-party link remains controversial.²²

In Quebec, the Canadian & Catholic Confederation of Labour was part of a wider movement set in motion by Rerum Novarum. Over time the Federation has evolved from Church dominated, to "pure and simple," to quite radical during the 1970's. Interestingly, the Catholic Union movement underwent a similar evolution in France. Whether the similarity of development was coincidental or causal is yet to be determined.²³

Employers in Industrial Relations

The very different strategic decisions taken by labour movements in North America and Europe produced divergent employer reactions. On Continental Europe worker political action was successful. The vote was expanded. Labour-Socialist parties grew rapidly in the early decades of the 20th century.²⁴

Socialist ideology threatened the fundamental existence of the capitalist system. Realizing that they could not destroy the labour movement European employers established associations with the objective of stabilizing relations with the unions. These associations eventually drew together under national federations which represented the industrial relations interests of employers to government, to the public and to union federations. In many countries employer associations decided (often under government pressure) to recognize the unions as legitimate bargaining agents for workers on a broad scale. "Basic Agreements" providing such recognition were recorded in Denmark during the 1890's,

in Sweden in 1906, in Germany and parts of British industry in the post World War I era and in Switzerland and France during the 1930's.²⁵ In return for recognition the unions would be expected by the associations to negotiate agreements on an industry-wide basis.

A major objective of this strategy, in most cases, was to reduce or check the potential influence of unions at the workplace. European employers were prepared to negotiate industry-wide agreements with unions but they were not agreeable to allowing the unions to interfere with the day to day management of the firm.

The employer reaction to unions was entirely different in the U.S. Because the unions organized narrowly on the craft principle and accepted the maxims of capitalism they did not acquire political power and thus did not pose a threat to fundamental employer interests. As a result, employers generally concluded that they might indeed be able to check or destroy the unions. Where associations were formed their priorities were often first to stay "union free" if possible and only secondarily to negotiate with the unions if forced to do so.²⁶ Under such circumstances unions were generally forced to seek recognition on a plant by plant basis and the process of recognition took on the characteristic of a battle for the hearts and minds of the workers involved. Where the union won such a struggle it was typically powerful enough to require management to sign a collective agreement which over time became increasingly elaborated. This development gave "unorganized" companies more reason to oppose unions because, unlike Europe, union recognition did come to imply significant union incursion on day to day

management authority.²⁷ In Canada, the employer reaction and the resultant plant by plant struggle for recognition was very similar to the U.S. situation.

When worker protest grew during the 1930's the U.S. government set out to develop a procedure for orderly union recognition which was consistent with the pattern of collective bargaining which had developed to that point. The Wagner Act was the result. It created a procedure whereby union organizations could acquire government certification as bargaining agent for groups of employees on a plant by plant basis. Canadian governments were slow to follow the U.S. lead but during the war years the Canadian federal government issued an Order in Council (P.C. 1003) which contained principles similar to those in the U.S. This document became the basis of federal and provincial labour laws enacted after the war.²⁸

The U.S. Wagner Act of the 1930's initially encouraged employer recognition of trade unions. It was formally supportive of collective bargaining; it made illegal many "unfair labour practices" previously engaged in by employers and it provided unions with a method whereby intransigent employers could be compelled to negotiate. However, it also had the effect of sanctioning employer actions contesting union attempts to recruit members and acquire certification. Few employers would recognize unions voluntarily and union organizing campaigns would continue to be an open struggle for the loyalty of the workers involved. Rational personnel management and good employee relations moved up on the list of employer priorities. Unionization came to be thought of as a punishment for management failure. As a result, the possibility of

the U.S. system evolving in the direction of European models became very small. Since they had good prospects of remaining "union-free" non-unionized employers were provided with no incentive to associate with unionized employers and recognize unions broadly. Indeed, many formed groups openly hostile to the fundamental existence of trade unions, a development which would not be tolerated in Europe.²⁹

Thus, in the U.S. the extent of employer organization for industrial relations purposes is much less than in Europe. Although associations do exist in some industries, particularly those characterized by small unionized firms whose bargaining power relative to unions is low, most U.S. employers conduct labour relations policy individually.³⁰ There is no U.S. employer federation which has the prominence and authority regarding "social matters" of the federations which exist in most European countries.³¹

In Canada the situation is similar to that in the U.S. However, in recent years the gap created by the disunity of business has become an issue. Several provinces have legislated accreditation procedures whereby a group of employers may form an association for bargaining purposes and receive government sanction as a bargaining agent. In the construction industry employer fragmentation has been particularly problematic and some provinces had passed legislation requiring multi-employer bargaining.³² Recently the Federal Government struck a Commission whose task it was to recommend ways in which government might encourage more multi-employer bargaining.³³

The difficulties created by the lack of a national employer organization with authority to speak for business have also been realized and the Federal government has been encouraging business to move towards

a more unitary approach.³⁴ In 1977 the Business Council on National Issues an organization composed primarily of chief executive officers of large corporations was founded. Membership included representatives from the Canadian Manufacturers Association and the Canadian Chamber of Commerce. The objective of the BCNI is to pursue business interests in government policy at the national level. The organization has also pursued a consultative approach with organized labour and has reached consensus with the Canadian Labour Congress on some public issues.³⁵

In contrast to Europe, employer organization in Canada is still at a low level. The great majority of Canadian firms do not belong to the BCNI, nor does the organization have the will or desire to attract a significantly expanded membership. In the view of some business leaders the formation of a broad based National Employers Organization competent to express the views of business on employee relations matters would be a "de facto" acceptance of a classist interpretation of society.

Job Regulation

In Canada and the U.S. the dominant bi-lateral job regulation process is collective bargaining between a single union and a single employer. In some industries (e.g. shipping, construction, railways, hospitals) multi-party negotiations have developed but decentralized collective bargaining is characteristic of the North American industrial relations systems. Other typical attributes are written, formal collective agreements covering the entire range of negotiated issues; strong union organizations at the work place with important duties to

carry out; and well-developed grievance procedures ending in binding arbitration.

As one might expect from the developments chronicled above these arrangements are unusual in comparative perspective. To illustrate the common themes found in European bargaining we will begin with an example from West Germany.³⁶

The principal union federation in West Germany is the German Federation of Trade Unions (DGB). Unlike most of its European counterparts it is apolitical. However, its pre-Nazi predecessor had close links with the Social Democratic Party and many German union leaders continue to be active socialists. When it was re-constituted after World War II it decided not to officially endorse a political party in order to discourage factionalism and to encourage the widest base of membership. That goal was only partially met. West Germany also has a small Christian Federation (CGD), an Association of German Civil Service Officials (DBB) and a German Salaried Employees Union (DAG). However, about 80% of union members belong to DGB-affiliated unions.

The DGB is composed entirely of industrial unions, a decision taken after World War II. The largest industrial union affiliate is IG Metall, the Metalworkers Union.

On the other side of the labour market employer industrial relations interests are pursued by the German Employers Confederation (DBA). It is composed largely of associations of employers organized by industry. Approximately 90% of all German private enterprises (employing about 95% of the work force) belong to an employer's association and most are affiliated to the DBA.

Union-management collective bargaining is typically conducted between an industrial union and an employer's association. Resultant collective agreements are binding on employers in given provinces or regions of the country. In the metalworking industry bargaining for wages typically takes place annually between the Employers' Association and IG Metall. For steel companies jobs in the industry are broken into eight categories and minimum wages and average increases are negotiated for each category. Overtime rates and other generally applicable wage issues are also negotiated. In addition to the wage contract IG Metall has ten or more other contracts with the association on specific issues. There are, for example, agreements regarding the procedures which an employer must follow if a layoff appears to be warranted, vacations, technological change, apprenticeships, union shop stewards and the humanization of work. These agreements do not expire at the same time. Some of them last for up to 5 years.

The Employers' Association also negotiates with a DAG white-collar union. However, most white-collar workers are, in fact, in IG Metall and the negotiations with the white-collar union tend to follow the Metall pattern. Legally, collective agreements apply only to union members. As a matter of practice, however, the terms are applied to all relevant employees irregardless of union status. As in Canada, unions are not permitted to strike for higher wages while a wage agreement is in effect and illegal (wildcat) strikes are uncommon.

Within the metalworking industry white-collar workers have a choice of joining IG Metall which is affiliated to the DGB or the white-collar union affiliated to the DAG. The workers might also become a

member of the Christian trade union. Thus in a small office one might find one clerk who is a member of Metall and a second who is a member of DAG, a third who belongs to the Christian union and a fourth who belongs to no union. There are no legally-sanctioned mandatory union membership provisions in German collective agreements. German unions do not believe in coercing people to join who do not want to join and such an agreement would probably be an illegal infringement of the right of free association. The German labour courts have ruled that "collectively agreed advantages for union members are illegal".³⁷

Most relevant employers in the metal working industry belong to the Employers' Association. However, the terms of the agreement may be legally extended to those who do not on the joint application of the union and the association to government.

Within each individual enterprise numerous additional employment issues need to be worked out: actual hours of work, wage payment procedures, holiday scheduling, piece rate systems, recruitment and selection standards, job classification, transfers and individual dismissals. In West Germany such issues are negotiated not by a local union. Instead they may be established unilaterally by the employer or be negotiated by a works council elected by all relevant employees whether union members or not. German law requires the establishment of such councils. However, since enforcement procedures are lax there are many companies (especially small firms) in which there is no functioning council. These bodies have no formal connection with the union but IG Metall is entitled to nominate councillor candidates and in practice most councillors are active trade unionists. The councils are

not permitted to strike but impasses concerning most issues may be taken to binding arbitration. In addition to negotiating substantive terms and conditions of employment the councils also monitor the collective agreements and the application of employment law.

If a German worker has a grievance he may turn to his supervisor, his works counsellor or a shop steward, or he may go directly to the local union office. In recent years Metall has made strenuous efforts to establish a network of union shop stewards in plants but even where they do exist their functions and stature are restricted. The worker may also take his grievance to the labour court if no satisfaction is received from his/her initial efforts. If he/she does so most likely the worker will ask the union to present the case. The courts are manned by professional judges, familiar with labour law and practice, who are appointed only after consultation with employers and unions. The Labour Courts will entertain grievances not only over the application of the collective agreement but also on alleged infringements of law or Works Council-Employer agreements. Before handing down a judgment the Courts attempt to conciliate disputes.³⁸

The major union federation (DGB) does not negotiate collective agreements with the Employers' Federation (DBA) but in several European countries bargaining at this level does take place. In Sweden, for example, the LO (the Socialist Labour Federation) negotiates a "Frame" agreement with the Swedish Employers Confederation.³⁹ This agreement calls for an average increase in the wage bill of employers and may have more detailed provisions for certain categories of workers such as women, youth and supervisors. Within the "frame" more detailed agreements are negotiated at the industry level and within the confines of the industry

agreements still more detailed agreements are reached between local union "clubs" and enterprise or plant management. Works councils set up not by law but by union-management agreement also exist in the enterprise. Their function is to discuss non-conflictive issues of joint concern to workers and companies rather than to negotiate distributive issues of substance. In addition to periodic wage bargaining the LO and the SAF has also concluded several long term agreements on such issues as the procedure for avoiding industrial conflict, safety, training, layoffs and work study.⁴⁰

Over and above their direct negotiations trade-unions and management organizations are able to exert a considerable amount of influence on "social" policy. Formal, tripartite consultation regarding government policy takes place in several countries. In Holland, for example, a Social-Economic Council consisting of union, management and Crown-appointed public members advises the government on policy initiatives. The government is required by law to consult the Council on all important social and economic issues. Consensus recommendations from the Council generally become government policy.⁴¹ In Sweden, important employment issues are investigated by ad hoc Commissions on which union and management organizations always have representation. As in Holland, government rarely rejects consensus recommendations.⁴² Through such agencies labour and management in many European countries engage in what amounts to the negotiation of socio-economic policy.⁴³

In recent years a more explicit form of what has been called "political bargaining" has come into existence.⁴⁴ This type of bargaining always includes trade unions and the government as parties and may

include employers and other interest groups such as farmers and professions. "Political bargaining" leads to a "social contract" which may or may not be included in one or more specific documents. A "social contract" typically consists of two parts. The unions agree to hold down wage demands and strikes in pursuit of their demands and government agrees to some package of social legislation which may consist of "action on agricultural and other prices, corporate dividends, food prices, housing, rents, industrial relations arrangements, industrial government, aids to industry, private and public investment policy, profits and other incomes, social benefits and services, and taxes".⁴⁵ For example, the "Social Contract" which was in effect in Great Britain during the mid-1970's called for union wage restraint in return for the abolition of the Industrial Relations Act which had been introduced over union objectives by a Conservative government, food subsidies and a rent freeze, pension and tax reform, the establishment of a Conciliation and Arbitration Service, an Employment Protection Act, and an investigation of income distribution and wealth and of workers' participation on boards of directors.⁴⁶ National negotiations in Sweden recently resulted in a strike which was settled when the government agreed to changes in the law which would improve the economic situation of workers.⁴⁷

These examples are indicative of general European patterns. Throughout Europe industrial bargaining is typically conducted between an Employers' Association on one side and one or more unions on the other. There may be one or several agreements. Typically the wage agreements provide for minimum terms or general increases with elaboration left up

to employer discretion or to local negotiations.

Works Councils are found in most European countries. In some cases they have their basis in law, in others through collective agreements.⁴⁸ In several countries they came about because of the vacuum created by the generally successful employer strategy of seeking multi-employer bargaining. In Germany, Holland and France the unions were not able to establish a viable shop floor presence. When councils were first proposed the unions were suspicious of them because they feared that the councils would usurp their collective bargaining functions and therefore reduce union influence. Employers feared that they would make inroads into managerial prerogatives. On the other hand the council idea was consistent with the socialist philosophy of class representation. From the employers' perspective it was better to deal with a council of representatives elected by all of his employees rather than with outsiders.

For many decades the arrangement worked in favour of the employer who, by and large, was able to dominate the councils and conduct his business pretty much as he had done previously.⁴⁹ Political pressure for reform built up during the 1950's and 1960's and during the 1970's these councils were strengthened significantly in several countries. Moreover, European labour movements began to demand significant worker input into more general management policy dealing with production lines and schedules, plant closures, financial administration, investments, mergers, and organizational changes. To socialist labour movements, workers' participation in management if not worker's control of industry, had long been an objective. During this period unions began to mobilize their energies to advance towards this goal. The result has been laws

regarding the appointment of workers' representation to the directing boards of large corporations much to the chagrin of management.⁵⁰

The process has gone furthest in West Germany where workers have parity with stockholders in choosing directors in the Coal and Steel Industry and near parity in other large companies. Despite the fears of business, labour-management parity on German boards has not resulted in economic disadvantage to the firms. The workers' representatives have acted responsibly. In fact explosive situations have been avoided because the employment implications of issues such as the introduction of new technology or plant closures have been seriously taken into account at an early stage.⁵¹

Multiple unionism is another common feature of European industrial relations systems. It has resulted from the controversial choice of socialism as labour movement doctrine and the ensuing proliferation of counter-socialist and apolitical union organizations as well as the fragmentation of the Left. This development has made North American-type union security clauses and exclusive representation unworkable.

Another notable characteristic of European practice is the existence of extension of agreement provisions. Such procedures free employers from low wage competition and allow the unions to be of benefit to more members of the class. Moreover, the existence of these clauses help to explain why employer associations in Europe have generally been successful in attracting most large corporations into membership. In order to influence decisions which affect their work force companies must be association members. Moreover, if they stay out of the association the unions may be able to concentrate pressure on them to grant concessions

over and above industry standards. Characteristically, small employers are less well associated. Even if they were to join they would still wield only a small influence on association bargaining policy.⁵² Contrarily employer associations in North America are most prevalent in industries characterized by small employers who individually have little power against strong unions. Extension of agreement provisions and the propensity of employers to apply union rates to everyone also reduces the attractiveness of union membership. Thus, in Holland, Germany and France where unions do not have a strong position in the workplace and non-union members receive all of the benefits of collective bargaining without having to pay union dues, union membership is relatively low despite widespread union recognition.

Labour Courts are also found in most European Countries. They perform functions similar to private arbitrators or arbitration boards but their jurisdiction is much broader. In most countries the Labour Courts will hear cases regarding disputes over the application of the "Rules of Work" whether those rules were established by law, collective agreement or works council-employer agreement.

Since union recognition is not a significant issue throughout most of Europe, agencies similar to North American labour relations boards are rarely found. Great Britain, whose industrial relations system more closely resembles those of North America, does have an Advisory Conciliation and Arbitration Service which entertains union recognition cases. The service was only established recently, however.

Until the past few decades "voluntarism", the establishment of union-management arrangements free of government regulation, was the watchword of the British system.

As in Sweden, national collective bargaining takes place in several European countries including Austria, Norway, Denmark, Belgium, Holland, France and Ireland. It was a logical step in a long term process of bargaining rationalization. In these countries it is clearly understood that collective bargaining may have a serious impact on the operation of the economy. Thus negotiations which apply to the entire economy and take the likely impact of collective bargaining on the economy into account make sense. National negotiations are also a logical concomitant of socialist ideology. If one purports to represent an entire class it is sensible to negotiate agreements equally applicable to the entire class.

Policy consultation and "political bargaining" are also characteristic of general European practice. As noted above, influencing public policy has long been a labour priority. Union-management bargaining and public policy are alternative methods for achieving the same result. Thus, to the individual a tax decrease may have the same effect as a wage increase. However, since provisions introduced by legislation are usually more universal, they are often preferred by European unions.

In North America there are no tripartite consultative mechanisms with the stature and influence of those in Europe. Many consultative bodies, such as the Economic Council of Canada, do exist. However, no tradition has been established which obliges government to seek consensus and to follow through on the decisions arrived at as a result of consensus decisions.

Recent North American developments have been moving to some extent in a European direction. During the 1970's the Canadian Labour Congress argued forcefully for a greater say in policy making and the federal government in Canada has consulted with the unions to a much greater extent during the 1970's than previously. To date, however, little of concrete substance has emerged.⁵³

In 1979 a form of social contract labelled the "National Accord" was worked out in the U.S. between the AFL-CIO and the federal government.⁵⁴ Although the AFL-CIO did not give firm assurances of wage restraint by all of its affiliates it did agree to participate on a tripartite Pay Advisory Committee which established wage guidelines. In return the Carter administration committed itself to several policy objectives including a full employment strategy, action to protect American jobs from foreign competition and improvement of the quality of the human environment. Although not explicitly stated in the "Accord" it is clear that organized labour expected prompt action on full employment. However, in an election year the winds of politics convinced the administration that a balanced budget strategy was more important than a full employment strategy and it reneged on the understanding. At last report the Accord was still in effect but neither side was honoring it.

European style vehicles of "industrial democracy" such as works councils and worker representation on boards of directors generally have not been considered necessary or attractive to North American unions. Most believe that strong local unions and hard bargaining provide workers with a substantial say in establishing those "rules of work" in which they are most interested. Nevertheless recent developments have been

tending toward European models. Several Canadian provinces have recently passed laws requiring the establishment of health and safety committees in all relevant workplaces whether a union is involved or not.⁵⁵ These committees are similar to works councils in Germany, although they have a very limited mandate. The idea of union representation on boards of directors also gained a foothold as a result of the recent Chrysler negotiations in which the president of the United Auto Workers was provided with a board seat.

The convergence has not been all in one direction. Thus, the push by European unions to establish a firmer presence at the workplace is a move in the direction of the North American norm. Moreover, several European unions have, in recent years become concerned about "free-riders", workers who receive all of the benefits of union efforts without contributing to the union financial base which makes those efforts possible. As a result, they have been experimenting with various forms of "union security".⁵⁶

Industrial Conflict

The number of man days lost due to industrial conflict in Canada and the U.S. exceeds that of most of the industrialized countries. (See Table 1). This widely publicized observation has given rise to much popular discussion. On the basis of such figures it is often stated that "Canada's industrial relations record is the worst among industrialized nations except Italy".⁵⁷ However, when one disaggregates the available strike data a clearer picture of Canada's situation emerges.

Data on the frequency and length of strikes is presented in Table 2. Three patterns of strike activity stand out. In France, Italy and Australia strikes are frequent but are usually very short. In Sweden, Holland and Norway strikes are very infrequent and of moderate length. Strikes in Canada and the U.S. do not occur with inordinate frequency. Of the eleven countries included in the table, Canada ranks fifth and the U.S. seventh in the incidence of strikes per million wage and salary earners. In short, the popular conception that Canada and the U.S. are very strike prone in contrast to other industrialized countries is a fallacy. Strike volume (e.g. man days lost due to strikes) in North America is high because of the combination of moderate strike frequency and long duration.⁵⁸

The position of Canada and the U.S. near the top of the strike volume charts is of relatively recent origin. Before World War II many countries including Sweden, Norway, Britain, Denmark and Holland experienced higher overall levels of industrial conflict.⁵⁹

By the late 1950's it appeared that strikes were "withering away".⁶⁰ Hibbs, however, has recently demonstrated that since World War II strike

WORKING DAYS LOST DUE TO INDUSTRIAL CONFLICT,
ANNUAL AVERAGES, 1969-1978

	A	B	
	Days Lost	Wage Earners & Salaried Employees (000's)	Days lost per 1000 Paid Workers (A+B)
Canada	7,312,893	7,918	924
U.S.	40,532,922	75,217 ¹	539
Italy	21,420,365	13,362	1,603
U.K.	10,607,700	22,533	471
Australia	2,945,250	4,880	604
France	3,414,940	16,622	205
Denmark	486,310	1,920	253
Belgium	756,720	3,058 ¹	247
Sweden	170,155	3,585	47
West Germany	1,141,385	21,401	53
Netherlands	135,957	3,850	35
Norway	65,822	1,405	47
Austria	24,765	2,307	11

Source: Days lost: International Labour Office, Yearbook of Labour Statistics, Geneva, 1979; Paid Workers: OECD, Labour Force Statistics, 1967-1978, Paris, 1980.

1) 1969-1977 only.

FREQUENCY AND DURATION OF INDUSTRIAL CONFLICT,
ANNUAL AVERAGES, 1969-1978

	Number of Strikes Per Million Wage & Salary Earners	Days Lost Per Worker On Strike
Belgium	63 ¹	10
Denmark	75	6
France	210	2
Italy	294	3
Netherlands	6	6
Norway	11	10
Sweden	20	9
U.K.	120	8
Canada	105	14
U.S.	72 ¹	17
Australia	1,029	2

Source: Derived from International Labour Office, Yearbook of Labour Statistics, Geneva, 1979 and OECD Labour Force Statistics 1967-1978, Paris, 1980.

1) 1969-1977 only.

volume has decreased to very low levels in some countries and has increased in others. (See Table 3). He has also shown that the level of industrial conflict is closely related to the change in Socialist-Labour and Communist party cabinet representation and to the size of the public budget. In countries with a high "social wage", Hibbs argues, "political competition and conflict between left-wing and right wing parties in the electoral arena (and political market place) has, to a great extent, replaced industrial bargaining and conflict between labour and capital in the private sector (the economic market place) as the process shaping the final distribution of national income". On the other hand in "countries governed more or less continuously by bourgeois parties of the centre and right, the state budget or public economy remains comparatively small", and "the economic marketplace is therefore the primary locus of distributional conflict in these nations".⁶¹

From an industrial relations perspective Hibbs' findings may be interpreted somewhat differently. In low conflict European countries, a large part of the "total labour package" is legislatively determined.⁶² In part this is the result of political party competition. However, much social legislation is the result of labour-management-government consensus agreements given effect through law. In very broad terms European industrial relations decision making begins at the national level where general consensus is sought over the distribution of the national product. Consensus agreements at the national level are fleshed out at the industry level and are further elaborated at the local level. For several reasons strikes are an unlikely result of high level negotiations. National bargaining requires a high degree of professionalism. The parties are constrained to take the consequences of their decisions on the economy

MEAN STRIKE VOLUME
BEFORE & AFTER WORLD WAR II

	1918-1938	1944-1972	Change
Norway	2,079	100	- 1,979
Sweden	1,713	40	- 1,673
U.K.	1,210	210	- 1,000
Netherlands	700	50	- 650
Denmark	810	170	- 640
Belgium	500	370	- 130
Italy	690	710	+ 20
France	500	630	+ 130
Canada	400	550	+ 150
U.S.	500	700	+ 200
Finland	510	730	+ 220
Japan	50	300	+ 250

Source: Derived from Douglas A. Hibbs, Jr., "On the Political Economy of Long-Run Trends in Strike Activity", British Journal of Political Science, April, 1978.

into account. If they did not do so they would lose credibility and, therefore, political and social support. Moreover, an irresponsible use of power could result in higher rates of inflation, or the precipitation of recession, outcomes which would have negative consequences for their constituents. Failure to agree at the national level might result in the shutdown of the economy.

The available data suggest that few breakdowns occur at high levels of bargaining in Europe. If they did so one would expect many thousands of workers to be involved in each strike. However, the data indicate that the size of strikes in Europe is about the same as in North America. (See Table 4). One may conclude that when strikes do take place they generally occur at lower levels of the bargaining structure. Since many issues have been taken out of contention at higher levels the range of issues in dispute is likely to be narrow.

In Canada and the U.S. where bargaining is concentrated at one level the scope of the issue to be negotiated is much wider. Thus, the "stakes" are higher, bargaining process is probably more complicated and agreements are larger and more detailed. Under such circumstances North American bargaining works remarkably well. However, when strikes do occur they tend to be long and drawn out. On the other hand, strikes which occur at lower levels of multi-level bargaining systems are relatively short. In the most successful multi-level systems both the duration and incidence of strikes are lower than in predominantly single-level systems.

North American industrial relations experts have long presumed that conflict is primarily a problem of bargaining process. They have, therefore, spent an enormous amount of time and effort seeking to develop

THE SIZE OF INDUSTRIAL CONFLICTS,ANNUAL AVERAGES, 1969-1978

	Number of Workers Involved Per Strike		Number of Workers Involved Per Strike
Belgium	375	Sweden	255
Denmark	582	U.K.	489
France	539	Canada	618
Italy	2,086	U.S.	448
Netherlands	979	Australia	556
Norway	426		
		Mean	668

Source: International Labour Office, Yearbook of Labour Statistics,
Geneva, 1979.

techniques such as conciliation, arbitration, med-arb, fact-finding and final offer selection. In international perspective, however, the problem appears to be largely one of the structure of bargaining. As long as so much is expected of decentralized decision making it is unlikely that the overall level of conflict in North America will be reduced to levels common in Northern Europe.

Terms and Conditions of Work

Workers in the U.S. and Canada who belong to strong trade unions receive total compensation which is equivalent to or better than that of workers in most other nations.

Average wages in the U.S. and Canada have historically exceeded those in other nations. During the 1970's, however, the North American wage advantage over Europe eroded substantially. In some European countries manufacturing wages now exceed those in the U.S. and Canada and most countries have closed the gap substantially. (See Table 5).

A better indication of economic welfare than wage rates is purchasing power level. In terms of the ability of wages to purchase goods and services, Table 6 indicates that North American workers still have a solid advantage over workers in most other countries.

North American unions have also been successful in negotiating extensive fringe benefits: vacations, holidays, sickness insurance, pensions, supplementary unemployment insurance and severance benefits. Through collective bargaining and grievance procedures unionized North American workers have been able to participate in the establishment and administration of procedures for job classification, discipline, transfers, layoffs, promotions, subcontracting, manning schedules, plant location and

INDICES OF HOURLY WAGES
IN MANUFACTURING, 1967-1977

	1967	1972	1977
Belgium	36	50	85
Denmark	57	73	116
Finland	39	42	64
France	30	38	55
Italy	25	36	43 (1976)
Canada	79	94	106 ¹
Netherlands	34	50	84
Norway	49	65	108
Switzerland	43	57	87
Britain	41	49	48
Sweden	64	82	103
U.S.	100	100	100
West Germany	41	60	85
Austria	24	33	55

Source: Wages and Total Labour Costs for Workers, International Survey 1967-1977, Stockholm, Swedish Employers' Confederation, 1979. Hourly wages include time rates, piece rates, shift supplements, overtime payments, regularly paid bonuses and premiums, and payments for leave, public holidays and other paid individual absences. Data from which the indices were calculated are presented in Swedish currency (öre) per working hour.

- 1) Canadian rates temporarily exceeded those in the U.S. in the mid-1970's largely because of a short-term Canadian exchange rate advantage.

INDICES OF PURCHASINGPOWER LEVELS, 1979

<u>U.S.</u>		<u>EUROPE</u>	
Chicago	110	Amsterdam	86
Los Angeles	106	Brussels	74
New York	90	Copenhagen	70
San Francisco	103	Dublin	62
		Dusseldorf	78
Mean	102	Geneva	88
		Helsinki	55
		London	55
		Milan	55
<u>CANADA</u>		Oslo	60
Montreal	94	Paris	64
Toronto	98	Stockholm	71
Mean	96	Vienna	75
		Zurich	100
		Mean	71

Source: Prices and Earnings Around the Globe, Geneva, Union Bank of Switzerland, 1980.

Purchasing Power levels refer to the ratio of labour expended (measured in terms of the number of working hours) to the costs of a standardized basket of goods and services. Data are based on a survey of twelve occupations: primary school teachers, bus drivers, auto mechanics, construction workers, toolmakers/lathe operators, cooks, department managers, electrical engineers, bank tellers, secretaries, saleswomen, textile workers (female).

the effects on employees of technological change.⁶³ Most North American experts consider the grievance procedure and the body of private workplace law flowing from published arbitrators reports to be a major accomplishment.⁶⁴ Decentralized bargaining provides individual workers with the opportunity to participate closely in decision-making regarding these issues.⁶⁵ Thus, the strategy of North American unions to focus most efforts on winning concessions from individual employers has provided significant benefits to the workers involved. These benefits have been most substantial in those cases where union bargaining power is strongest. North American legislation (unlike works council law in West Germany, for example) does not require management to reach agreement with worker representatives on issues in dispute. Where management power exceeds that of the union involved many of the issues listed above have remained within the discretion of the employer. Contrary to Europe where works council legislation and board representation provide most employees with a legal right to participate in managerial decisions via elected officials a large percent of North American workers have no collective representation rights whatsoever. They may opt for unionization if they choose but to do so is generally to be disloyal, insulting and openly critical of the employer.

The majority of employees in North America do not belong to trade unions largely, as noted above, because of employer opposition and the structure of the law. As a result, most workers depend on individual bargaining and the action of legislators as their methods for participating in employment decisions. Table 7 presents estimates of comparative union density in several countries. The Europe-North America differential in terms of worker coverage under collective agreements is, however, much

TRADE UNION DENSITY

Country	Percent	Country	Percent
Belgium	70	Netherlands	39-40
Canada	37	Norway	63
Denmark	65	Sweden	82-83
Finland	78	Switzerland	37
West Germany	40	United States	28-29
Great Britain	51-52	France	25

Source: Everett M. Kassalow, "Industrial Conflict and Consensus in the U.S. and Western Europe", in B. Martin & E.M. Kassalow (eds.) Labour Relations in Advanced Industrial Societies, Issues and Problems, New York, Carnegie Endowment for International Peace, 1980. The data are estimates by the author of union membership as a percent of non-agricultural wage and salary earners in 1976. The estimate for France is from Hugh Clegg, Trade Unionism Under Collective Bargaining (Oxford: Basil Blackwell, 1976).

larger than the table would suggest. For example, in Germany and the Netherlands most workers are covered by collective agreements even though the level of unionization is low.

Until recently North American unionists had a clear advantage over their European counterparts in terms of their ability to hold management accountable for its decision and to participate in those decisions. Although European coverage of the work force was greater the participatory procedures were weaker. However, with the introduction of new legislation granting works councils more rights and providing workers' representatives on boards of directors as well as union efforts to strengthen their workplace organizations, the situation may be significantly changing. Clearly the ability of European workers to participate in management decisions has been improved considerably while there have been few such gains in North America.

The early, intensive and continuous political efforts of European labour have produced substantially better social benefits than have the relatively recent and more modest efforts of the U.S. and Canadian labour movements. The U.S. spends considerably less on social security as a percent of gross domestic product than other industrialized countries. (See Table 8). In Canada, where a unified labour movement has pursued a consistent policy of lobbying and party support for the past 20 years, the "social wage" is somewhat higher. Unlike the U.S., for example, Canada has universal medical coverage and legally mandated holidays and vacations.

In European countries the labour political strategy was put into effect earlier and was more thorough. It was also more successful. Labour

TABLE 8

EXPENDITURES ON SOCIAL SECURITY BENEFITS
AS A PERCENT OF GROSS DOMESTIC PRODUCT, 1973-1974

COUNTRY	PERCENT	COUNTRY	PERCENT
Canada	13.5	West Germany	19.4
U.S.	11.7	Sweden	23.9
Austria	17.4	U.K.	13.6
Belgium	19.4	Norway	17.2
Denmark	20.5	Italy	19.7
France	19.1	Holland	23.9

Source: The Cost of Social Security, Ninth International Inquiry, 1972-1974, Geneva, International Labour Office, 1979.

and Social Democratic parties have contested the primacy of moderate and conservative parties at the national level for several decades. As a result, the "social wage" in most European countries considerably exceeds those of both Canada and the U.S.

North American workers also have less job security than their European counterparts. Unemployment rates in Canada and the U.S. have exceeded those in Europe for many years, although recently unemployment in a few European countries has climbed. (See Table 9). To some extent the differences are due to factors originating outside of the industrial relations system. For example, labour forces have been growing faster in North America than in Europe. But industrial relations customs and laws are also, in part, responsible. Thus, employers in Canada and the U.S. regularly lay off workers during brief downturns in the economy whereas such practices are considered unacceptable in many European countries.⁶⁶

The political strategy of European labour has also paid off in other ways. For example, the labour movements in Europe are more integrated into society. They are considered to be essential institutions in democratic society. Labour and management in Europe are often referred to as "Social Partners". Although both sides vigorously pursue their own interests in the industrial relations arena, they also respect the public interest and attempt to cooperate in pursuing compromises in the general interest.

Contrarily North American Industrial Relations systems are adversarial in nature. Organized labour's position in society is less well assured. Self-interest is pursued more narrowly and the public interest

TABLE 9

UNEMPLOYMENT RATES1967-1979

	U.S.	CANADA	FRANCE	W.GERMANY	ITALY	SWEDEN	NORWAY	U.K.
1967	3.7	3.8	1.8	1.7	5.3	2.1	0.7	2.0
1968	3.4	4.4	2.1	1.2	5.6	2.2	1.1	2.1
1969	3.4	4.4	2.3	0.7	5.6	1.9	1.0	2.0
1970	4.8	5.6	2.4	0.6	5.4	1.5	0.8	2.2
1971	5.7	6.1	2.6	0.7	5.4	2.5	N/A	2.9
1972	5.4	6.2	2.7	0.9	6.3	2.7	1.7	3.2
1973	4.7	5.5	2.6	1.0	6.3	2.5	1.5	2.3
1974	5.4	5.3	2.8	2.2	5.3	2.0	1.5	2.1
1975	8.3	6.9	4.1	4.1	5.8	1.6	2.3	3.4
1976	7.5	7.1	4.4	4.1	6.6	1.6	1.8	5.1
1977	6.9	8.0	4.9	4.0	7.1	1.8	1.5	5.5
1978	5.9	8.3	5.2	3.8	7.2	2.2	1.8	5.5
1979	5.7	7.4	5.9	3.3	7.6	2.1	2.0	5.1

Source: 1967-1978: OECD, Labour Force Statistics, 1967-1978, Paris, 1980. 1979: OECD, Labour Force Statistics, Quarterly Supplement, Paris, May, 1980.

in union-management relations is less often and less explicitly taken into account. As noted above, recent research suggests that the level of overt conflict is largely a function of systems differences.

In the low conflict European countries, trade unions are more legitimate, labour and management pursue a cooperative strategy taking account of the public interest, collective bargaining is more centralized, and a larger part of the "total package" is decided in the political arena.

In summary, the vigorous political strategy pursued by European labour has produced a "social wage" and general benefits considerably higher than those of the U.S. and Canada where the dominant emphasis of organized labour has been on decentralized bargaining with employers. On the other hand North American business unionism has produced more worker influence on managerial decisions at the workplace but only for a minority of workers. This situation has been changing during the past few decades. North American labour has become more politically active and European labour has more forcefully pushed for more workers' participation in management.

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