COLLECTIVE BARGAINING IN THE PUBLIC SERVICE: A STUDY OF UNION-MANAGEMENT RELATIONS IN ONTARIO HYDRO AND TVA

by

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A STUDY OF UNION-MANAGEMENT RELATIONS
IN THE ELECTRIC INDUSTRY AND THE
INDUSTRIAL RELATIONS

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Abstract of Thesis

COLLECTIVE BARGAINING IN THE PUBLIC SERVICE:
A STUDY OF UNION-MANAGEMENT RELATIONS
IN ONTARIO HYDRO AND TVA

John H. G. Crispo

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Judging by the increase in the number of employees and the growth of labour organizations in the government sectors of both Canada and United States, the question of the propriety of collective bargaining in the public service is likely to become an increasingly controversial issue in both countries in the years ahead. In spite of long-standing contrary policies with respect to the employees of private institutions, most governments on the North American continent continue to advance a variety of reasons for not extending any form of bargaining rights to their own employees. A number of government agencies do, however, provide exceptions to this general rule. Two outstanding cases in point are the Hydro-Electric Power Commission of Ontario and the Tennessee Valley Authority. Both of these organizations have dealt with their employees on a collective basis for many years.

In Ontario Hydro, some form of collective representation has characterized relations between employees and management ever since the Commission agreed to establish the Employee Representation Plan in 1935. Since that time their relationship has undergone a gradual but profound change. Evolutionary in its development, what was once an independent company union today is an affiliated union of considerable stature and significance. The parallel transition in the relationship between the parties was not marked by any significant strain until comparatively recently. Lately, however, reflecting a variety of factors, relations between union and management in the Commission have deteriorated. Superficially, this change could be attributed to associated developments which have taken place within both parties and especially within the Commission. Perhaps more important, in the long run, have been the structural defects in the relationship itself. Especially significant in this respect has been the failure of the parties to structure their bargaining procedures so as to take advantage of their propensity to be pattern followers. This deficiency becomes most apparent when one contrasts their progress in this area with that of their counterparts in TVA.

In the Tennessee Valley Authority, collective bargaining matured much earlier than it did in Ontario Hydro. Taking advantage of the Authority's early Employee Relations Policy, the AFL craft unions were
soon to unite into a Council for the purpose of entering into formal collective relations with TVA management. White-collar unionism, on the other hand, was somewhat slower to emerge and develop. In both areas, however, in contrast to the Ontario Hydro experience, a great deal of emphasis was placed on the deliberate structuring of their relationships so as to facilitate the resolution of their differences where their interests were bound to conflict. This achievement, along with the joint cooperative programs which were established, provided the parties with a firm foundation upon which to build what now appears to be a sound and durable relationship.

By comparing and contrasting the experiences of union and management in these two agencies, this study attempts to shed some light on the problems which are likely to arise if, as, and when governments afford civil servants in general the right and opportunity to engage in some form of collective bargaining. Particular attention is devoted to a selected number of aspects of union-management relations in the public service. The questions of wage determination and geographical wage differentials, for example, are singled out for special consideration. Also explored are some of the unusual features which are likely to impinge upon the overall accommodation process under such circumstances. The advantages of union-management cooperation in public undertakings are discussed as are the political dimensions of the subject matter. It is concluded that in all of these areas the experiences of union and management in Ontario Hydro and TVA are of relevance with respect to potentially similar problems in the public service as a whole. Because of the advantages available to each of these agencies, on the other hand, a number of possible qualifications are reviewed with respect to the insights their experiences would seem to provide. It is concluded, however, that none of these qualifications are serious enough to destroy the basic relevance and validity of the study's findings. Thus, they should be of interest in the context of the search for an appropriate labour-relations policy in the government service in general.

Thesis Supervisor: Charles A. Myers

Title: Professor of Industrial Relations
Acknowledgements

A study of this nature could not have been undertaken without the active encouragement and cooperation of the organizations studied and of the individuals who serve them. This is especially true with respect to the Hydro-Electric Power Commission of Ontario (Ontario Hydro) and the Ontario Hydro Employees Union, National Union of Public Service Employees, an affiliate of the Canadian Labour Congress. In spite of the depth and intensity of my year-long research into the internal affairs of both of these organizations and into the relationship which exists between them, I experienced little or no feeling of resistance or resentment even when the most confidential and/or controversial of matters were being discussed. The nature and degree of the help and assistance which both parties extended to me can best be illustrated by the position I maintained throughout their protracted negotiations of 1958-1959. During the course of those negotiations strike action became a distinct possibility. In view of the seriousness of the situation, the Ontario Minister of Labour felt compelled to intervene in the dispute. Yet even at this delicate stage in their relationship, I attended all joint sessions and was freely admitted by each of the parties to their separate deliberations. This was typical of the confidence I enjoyed throughout the year.

It was a pleasure and a privilege to have encountered and been associated with a union-management relationship in which both parties

1 The Canadian Labour Congress (CLC) corresponds to and is affiliated with the AFL-CIO in the United States.
felt so free and at ease in sharing their experiences with an outside observer. From a research point of view such an environment provided a most enticing and stimulating opportunity.

With respect to the related study of union-management relations in the Tennessee Valley Authority (TVA), it must be emphasized that the field work involved was limited to one month. Consequently it did not entail as detailed and exhaustive an investigation as did the Ontario Hydro study. Nevertheless, it did involve over forty formal interviews, observation of seven local union-management cooperative meetings, and attendance at one of their valley-wide cooperative conferences. In all of these areas I was received, almost without exception, in the same spirit of interest and cooperation as was my experience in Ontario Hydro.

Innumerable individuals in all of these organizations contributed greatly to this study. Unfortunately, however, because of the numbers involved and because of the nature of the study and of information gathered, I am unable explicitly to acknowledge my debt to these many individuals. Because of the time and effort they devoted to assuring me a proper interpretation and understanding of the facts and incidents involved, this study is, in many respects, as much theirs as mine. I can only hope that my personal and individual thanks have conveyed my very real and deep appreciation for their tireless efforts. I likewise hope that where my observations and conclusions appear critical, they will be taken in the constructive spirit in which they are intended.

This study was made possible by pre-doctoral research grants from the Ford Foundation for the academic year 1958-1959, from the
Department of Labour, Canada, for the summer of 1959, and from the Canada Council for the academic year 1959-1960. Without their generous assistance I would not have been able to undertake the extensive field research which is so essential to a study of this kind. None of these organizations, however, bear any responsibility for the actual content of the thesis.

In the organization of the research material, I have been fortunate in having the benefit of association with the staff and the graduate students of the Industrial Relations Section of the Department of Economics and Social Science at the Massachusetts Institute of Technology. I am particularly indebted to Professors Charles A. Myers and Abraham J. Siegel, of the aforementioned Section, and to Professor Donald J. White, Visiting Professor of Industrial Management at M.I.T. during 1959-1960. I am also grateful for the constructive suggestions made by other members and students of the Section and especially for those of Professor Robert Evans, who had the misfortune to share an office with me during the formulation and final drafting of the entire thesis.

I must also acknowledge the patient and efficient efforts of Miss Grace Locke who took upon herself the typing of the complete manuscript.

When all is said and done, however, my first and greatest debt is to my wife. Throughout the time which it has taken to complete this study, she has constantly counselled and encouraged me in my efforts. Whether proofreading or putting up with my repeated readings of difficult passages, her contribution was always willing and invaluable.
Table of Contents

List of Tables xii
List of Charts xiii

PART I
INTRODUCTION 1

Chapter 1 - Introduction 2
Labour Relations in the Canadian Public Service 3
Statement of the Problem 12
An Important Qualification 24
The Scope and Method of Study 31
Organization of the Study 34

PART II
A HISTORY AND ANALYSIS OF UNION-MANAGEMENT RELATIONS IN THE HYDRO-ELECTRIC POWER COMMISSION OF ONTARIO 37

Chapter 2 - The Environment for Union-Management Relations in the Hydro-Electric Power Commission of Ontario 38
Introduction 38
The Hydro-Electric Power Commission of Ontario is Established 38
Ontario Hydro Today 39
The Organization and Administration of the Hydro-Electric Power Commission of Ontario 43
The Legal Environment 45
Economic Considerations 48
The Political Element -- An Introduction to the Problem 54
A Summary Analysis 55

Chapter 3 - Early Employee Relations in the Commission 57
Employee Relations Prior to 1935 57
The Establishment of the Employee Representation Plan 60
### Chapter 4 - The Employee Representation Plan -- 1935 to 1944

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Basic Framework</td>
<td>64</td>
</tr>
<tr>
<td>The Formal Organization of the Plan</td>
<td>64</td>
</tr>
<tr>
<td>An Evaluation of the Plan</td>
<td>66</td>
</tr>
<tr>
<td>The Historical Significance of the Plan</td>
<td>68</td>
</tr>
<tr>
<td>A Change of Legislation -- PC 1003</td>
<td>80</td>
</tr>
<tr>
<td>A Summary Analysis</td>
<td>81</td>
</tr>
</tbody>
</table>

### Chapter 5 - The Emergence and Development of the Employees Association -- 1944 to 1956

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>86</td>
</tr>
<tr>
<td>The Early Years of the Employees Association</td>
<td>86</td>
</tr>
<tr>
<td>Raiding by the International Brotherhood of Electrical Workers</td>
<td>91</td>
</tr>
<tr>
<td>The Effect of the Commission's Relations with Other Labour Organizations</td>
<td>95</td>
</tr>
<tr>
<td>Internal Developments in the Employees Association</td>
<td>97</td>
</tr>
<tr>
<td>Affiliation with the National Union of Public Service Employees -- CLC</td>
<td>100</td>
</tr>
<tr>
<td>The Commission's Reaction to Affiliation</td>
<td>109</td>
</tr>
<tr>
<td>A Summary Analysis</td>
<td>112</td>
</tr>
</tbody>
</table>

### Chapter 6 - The Ontario Hydro Employees Union, NUPSE - CLC

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>114</td>
</tr>
<tr>
<td>Membership Participation -- The Delegate System of Representation</td>
<td>119</td>
</tr>
<tr>
<td>Representation by Population</td>
<td>130</td>
</tr>
<tr>
<td>Representation by Occupational Group</td>
<td>135</td>
</tr>
<tr>
<td>The Organization of the Union Staff</td>
<td>139</td>
</tr>
<tr>
<td>The Staff Union</td>
<td>146</td>
</tr>
<tr>
<td>The Development of a &quot;Union Civil Service&quot;</td>
<td>149</td>
</tr>
<tr>
<td>General Administration and Accountability in the OHEU Employees</td>
<td>151</td>
</tr>
<tr>
<td>Relations with the National Union of Public Service Employees</td>
<td>154</td>
</tr>
<tr>
<td>A Summary Analysis</td>
<td>157</td>
</tr>
</tbody>
</table>

### Chapter 7 - Personnel Administration in the Hydro-Electric Power Commission of Ontario

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction and Early History</td>
<td>159</td>
</tr>
<tr>
<td>Decentralization</td>
<td>160</td>
</tr>
<tr>
<td>The Personnel Branch in Ontario Hydro</td>
<td>163</td>
</tr>
<tr>
<td>Disunity Within the Personnel Branch</td>
<td>171</td>
</tr>
</tbody>
</table>
The Role of the Personnel Officer
The General Problem of Communications
The Staff-Line Relationship in Ontario Hydro
A Summary Evaluation

Chapter 8 - The Current Relationship Between Union and Management in Ontario Hydro

Introduction and Background
Signs of Deterioration in the Relationship
Stabilizing Forces in the Relationship
Some Recent Bilateral Achievements
A Summary Note

Chapter 9 - The Nature and Trend in the Current Relationship Between Union and Management in Ontario Hydro

Introduction
The Nature of the Change in the Union-Management Relationship in Ontario Hydro
Changes in Both Union and Management
The Trend in the Relationship Between Union and Management in Ontario Hydro
The Long-Run Implications of the Trend in Their Current Relationship
The Public Policy Implications of the Trend in the Relationship
The Future Outlook
A Concluding Note

PART III

LABOUR RELATIONS IN THE TENNESSEE VALLEY AUTHORITY

Chapter 10 - A Review of the Significant Characteristics of the Union-Management Relationship in the Tennessee Valley Authority

Introduction
The Employee Relationship Policy
The Tennessee Valley Trades and Labor Council
The Salary Policy Employee Panel
The Personnel Function in TVA
Consultation -- Accommodation -- Cooperation
The Current Relationship Between Union and Management in TVA -- A Summary View 302
A Concluding Note 306

PART IV

LABOUR RELATIONS IN THE PUBLIC SERVICE:
THE IMPLICATIONS OF CERTAIN EXPERIENCES OF UNION AND MANAGEMENT IN ONTARIO HYDRO AND TVA 308

Chapter 11 - Wage Determination in the Public Service 309

Introduction 309
A Possible Criterion for Wage Determination in the Public Service 310
The Advantages Inherent in a Prevailing Rate Criterion for Wage Determination Purposes 319
The Institution and Application of a Prevailing Rate Criterion, I -- The Ontario Hydro Experience 327
The Institution and Application of a Prevailing Rate Criterion, II -- The TVA Experience 331
The Possible Application of the TVA Procedures in Ontario Hydro 345
A Summary Evaluation 349

Chapter 12 - Geographical Wage Differentials Within the Public Service 350

Introduction 350
The Advantages of Geographical Uniformity in Wages and Working Conditions 353
The Advantages of Local Prevailing Rates 355
Community Wage and Salary Differentials Based on a Zoning Formula 357
A Summary Analysis 366

Chapter 13 - The Overall Accommodation Process in the Public Service 367

Introduction 367
The Nature of Employee Organizations in the Public Service 368
The Nature of the Employer in the Public Service 378
Third Party Intervention in Disputes Between Union and Management in the Public Service 384
Concluding Comments 393
# Chapter 14 - Union-Management Cooperation in the Public Service

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>395</td>
</tr>
<tr>
<td>The Prerequisites of Union-Management Cooperation</td>
<td>396</td>
</tr>
<tr>
<td>Organization for Cooperation</td>
<td>399</td>
</tr>
<tr>
<td>The Value of Formal Union-Management Cooperation</td>
<td>407</td>
</tr>
<tr>
<td>A Critical Evaluation of Union-Management Cooperation in TVA</td>
<td>413</td>
</tr>
<tr>
<td>Joint Training and Apprenticeship Programs in TVA</td>
<td>418</td>
</tr>
<tr>
<td>Union-Management Cooperation in Ontario Hydro</td>
<td>420</td>
</tr>
<tr>
<td>A Summary Analysis</td>
<td>429</td>
</tr>
</tbody>
</table>

# Chapter 15 - The Political Dimensions of Union-Management Relations in the Public Service

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>433</td>
</tr>
<tr>
<td>Patronage in the Government Service</td>
<td>434</td>
</tr>
<tr>
<td>Other Forms of Political Interference</td>
<td>445</td>
</tr>
<tr>
<td>Political Activity on the Part of Government Employees, Their Representatives and/or Their Unions</td>
<td>448</td>
</tr>
<tr>
<td>The General Problem</td>
<td>459</td>
</tr>
</tbody>
</table>

## PART V

### SUMMARY AND CONCLUSIONS

# Chapter 16 - The Relevance of This Study -- Collective Bargaining in the Public Service

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>462</td>
</tr>
<tr>
<td>The Relevance of this Study</td>
<td>463</td>
</tr>
<tr>
<td>Collective Bargaining in the Public Service</td>
<td>476</td>
</tr>
</tbody>
</table>

Selected Bibliography 491
List of Tables

| Table I  | Personnel Employed by the Dominion of Canada and by the Province of Ontario (For Selected Years to 1956) | 13 |
| Table II | A Comparison of the Average Costs of Various Types of Electricity in Cities in Ontario and in Comparable Cities in the Areas Served by Certain Large American Utilities (Average Cost of Electricity in Cents per Kilowatt-Hours -- 1959) | 42 |
| Table III | A Comparison of Ontario Hydro Wage Increases with Those of the Canadian General Average -- 1939-1948 | 90 |
| Table IV | Total Membership of the Employees Association of the Hydro-Electric Power Commission of Ontario -- 1948-1953 | 98 |
| Table V | The Occupational Composition of the Membership of the Ontario Hydro Employees Union -- August, 1956 | 116 |
| Table VI | The Geographical Distribution of the Membership of the Ontario Hydro Employees Union -- October 16, 1958 | 118 |
| Table VII | The Membership Distribution of the Chief Stewards and Divisional Chairmen of the Ontario Hydro Employees Union -- October, 1958 | 132 |
| Table VIII | The Distribution of Commission Employees by Zones -- 1955 | 359 |
| Chart I -- The Organization Chart of the Ontario Hydro Employees Union -- September 1959 | 121 |
| Chart II -- The Organizational Framework of the Personnel Branch in the Hydro-Electric Power Commission of Ontario -- 1958-1959 | 164 |
PART I

INTRODUCTION
Chapter 1 - Introduction

In most jurisdictions in Canada and the United States, governments that have long encouraged and fostered collective bargaining in private industry are now engaged in serious disputes with their own employees as to the propriety of their engaging in some form of collective bargaining. As a result, while the parallels are far from exact, it is not unfair to compare the present state of union-management relations in the public service with the situation that prevailed in private industry some twenty-five years ago. This can be illustrated by a brief examination of the current situation in Canada.

By reviewing the existing state of union-management relations in the Canadian public service, the first section of this chapter suggests the motivation for a study of this kind. The purpose of the study is then explained in a more explicit fashion in the second section. This is followed by a tentative discussion of the implications of a basic distinction between the collective bargaining constraints in public as opposed to private institutions. The Introduction then concludes with two brief sections; one on the scope and method of the study and the other on its organization.
Labour Relations in the Canadian Public Service

Labour relations at the municipal level in Canada tend to be more advanced than at either the provincial or federal levels. This distinction appears to stem primarily from the fact that municipal employees are not legally deemed servants of the Crown, in the sense that provincial and federal employees are, and have therefore generally been accorded the same trade union rights as employees of private institutions. As one authority has commented:

The elusive issue of legal sovereignty with respect to a municipality's contractual commitments does not seem to have become a factor in the sphere of municipal labour relations.\(^2\)

The municipal labour relations picture is made more complex, on the other hand, by the same feature which complicates labour relations in general in Canada. Under the British North American Act (which is, in some respects, the Canadian equivalent to the United States constitution) the courts have narrowly defined the jurisdiction of the federal government. The power to enact most labour relations legislation has thus been ruled a provincial prerogative.\(^3\) As a result, there are, in

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3 For an account of the history and significance of this interpretation see: Stuart Jamieson, Industrial Relations in Canada, published as part of a series of Studies in International Labor, edited by Adolf Sturmthal (Cornell University Press, Ithaca, New York, 1957), especially Chapter IV.
effect, ten different statutes regulating municipal labour relations in Canada. In practice, however, three basic frameworks have emerged. The most common practice, as established in seven provinces, is to treat municipal employees in the same manner as employees of private firms. Two other provinces employ a unique procedure under which each municipality determines for itself whether or not its employees are to be covered by the general legislation. Regarding this unique type of provision one view is:

In practice, we find that most municipalities opt for the provincial legislation, as this provides the simplest and most effective machinery for labour relations.2

This claim, however, is frequently disputed by labour officials closest to the situation. The final procedure followed is that of the Province of Quebec which treats municipal employees, among others, as a special category subject to compulsory arbitration in the event of a breakdown in relations.

Although Canadian experience in the municipal field has been varied, it has, as the above review suggests, been generally conducive to union activity. As a result unions have made substantial inroads and there has accumulated considerable experience with collective bargaining.3

1 Excluding police and fire personnel who are usually treated as a separate category.


3 For a comprehensive treatment of this experience see: S. J. Frankel and R. C. Pratt, Municipal Labour Relations in Canada (Published Jointly by The Canadian Federation of Mayors and Municipalities and The Industrial Relation Centre, McGill University, Montreal, Quebec, May, 1954).
At the provincial and federal levels, however, there is a
decidedly different atmosphere. Employees and their organizations at
these levels are in an ambiguous position. Although allowed to organize
collectively and to affiliate freely, only in one jurisdiction have
they been accorded the right to bargain collectively and, indeed, the
right to strike. Generally confronted by governments which are loathe
to permit their employees any form of bargaining rights, the various
staff associations and federations are further handicapped by serious
doubts within their own ranks as to their appropriate role in the public
service. Although they are becoming increasingly active, they lack
cohesiveness and strength because of their varying philosophies as to
the most effective methods of organization.

Organized labour in general, as represented by the Canadian
Labour Congress, has established a Government Employees Department but,
to date, has had only partial success in its overtures to the existing
civil service organizations. Most of the latter appear more interested
in the threat of affiliation than in affiliation itself. As a threat,

1 For excellent accounts of certain aspects of labour-management
relations at the federal level in Canada see the following articles by S. J. Frankel: "Staff Relations in the Canadian Federal Public Service:
Experience with Joint Consultation," The Canadian Journal of Economics
and Political Science, Vol. XXII, No. 4 (November, 1956), pp. 509-522;
and "Staff Relations In The Civil Service: Who Represents The Govern-
ment?" The Canadian Journal of Economics and Political Science, Vol. XXV,
No. 1 (February, 1959), pp. 11-22.

2 While this is not so apparent at the provincial level, where there
is a tendency for one organization to represent all employees, it is a
serious problem at the federal level because of the multiplicity of
staff organizations in that jurisdiction.
it has considerable value, not only because of the added strength it would lend the civil service organizations, but also because of its political ramifications. The CLC, unlike the AFL-CIO in the United States, is actively promoting a Canadian equivalent to the British Labour Party. That civil servants should in any way be affiliated to a political party is viewed with alarm in many, and especially in government quarters. Resulting from this interplay of forces and pressures, statements such as the following are not uncommon:

It would appear that our people are not prepared to admit that there are any advantages in consultation with representatives of the civil service. On the other hand, our Government is careful to point out, and this appears to be their present thinking also and I quote: The Service itself must scrupulously avoid connections which are or which can be political and avoid affiliations with political parties or political organizations directly or indirectly. I think the majority of our members would be prepared to agree with this, but perhaps we should point out to our Government that the surest and swiftest way to drive us into the arms of other organizations is to continue to ignore the rights which are inherent with representation and to disregard or to give little attention to the submissions of the Association.

That such threats are not idle is indicated by the two large civil service groups now affiliated to the CLC. One of these organizations, the British Columbia Government Employees Union, has

1 Remarks of the Executive Secretary of the Civil Service Association of Ontario before a mass meeting of its membership held in Toronto on March 22, 1959. (Published by the Civil Service Association of Ontario, Toronto, Ontario, March 22, 1959), p. 6.

2 Several departmental staff associations at the federal level, as well as two relatively small provincial units (the Newfoundland Government Employees Association and the Civil Service Association of Alberta) have also affiliated to the CLC.
also shown that such groups are not averse to militant tactics if they are deemed necessary. After coming close to a walkout in 1957, history was made on March 13 of 1959 when British Columbia's 11,200 employees brought the government to a standstill except in those areas which the union ruled essential to public health and welfare. While wages were involved in the dispute, the central issue was the union's demand for bargaining rights. Although the government secured an injunction ending the strike, this has not resolved the problem. In fact, if anything it has aggravated the situation; both sides having become even more entrenched in their respective positions. In contrast to the British Columbia situation is that which exists in the Province of Saskatchewan. Here a quasi-socialist government has been in power for many years, and the civil servants, represented by the Saskatchewan Civil Service Association (also affiliated to the CLC) have enjoyed full and complete bargaining rights since 1944. To date they would appear to have maintained an amicable relationship.

The overall picture is further complicated by the fact that many indirect government employees (primarily those working for Crown corporations) now enjoy bargaining rights to the same extent as do private employees. Probably the best example in this area is that of Ontario Hydro, the study of which serves as the central core of this thesis. Situations such as this are prompting representatives of direct government employees to ask more vocally:

1 For an early account of this relationship see: C. W. Rump, "Collective Bargaining in the Saskatchewan Civil Service," Civil Service Review, Vol. 18, No. 3 (Canada, Fall, 1945).
What's the difference between Crown company workers who have bargaining rights and civil servants?¹

Government reaction to these developments has been mixed. The exceptional position has been that taken by the government of Saskatchewan which has not only permitted its employees to engage in collective bargaining but has actually encouraged them to do so. The remainder of the provincial governments, as well as the federal government, have been far more hesitant and conservative in this area. Apparently reluctant to concede their employees any form of bargaining rights, in the traditional sense of that concept, they have, at the same time (probably for political and tactical reasons) been equally reluctant to completely ignore the various civil service organizations. As a compromise they have generally tended to promote a consultative role for such groups.² In general, such arrangements have not satisfied the demands of the latter and they continue to agitate for a more direct voice in the determination of the wages and working conditions of their members. The nature of the present controversy in Canada, and the respective positions of the various governments and civil service organizations, are exemplified by recent developments in Ontario.

¹ A question posed by a top official of the British Columbia Government Employees Union, cited in "Civil Service Rights May Boil To Hot Issue," The Financial Post (Toronto, Ontario, November 15, 1958), p. 12. The question was raised with reference to the fact that employees of the government owned power company enjoy bargaining rights in British Columbia whereas most direct employees of the government do not.

² By way of example see: S. J. Frankel, "Staff Relations in the Canadian Federal Public Service: Experience with Joint Consultation," op. cit.
Beginning as a cooperative purchasing agent in 1911, the Civil Service Association of Ontario (CSAO) is now an effectively organized trade union type of operation representing over 26,000 of the province's 40,000 employees. Although the CSAO early sought recognition as a type of bargaining agent, this has become a serious goal only comparatively recently. As early as 1943, however, the government responded to such a demand by agreeing to the establishment of a Joint Advisory Council. Although this Council was supposedly modeled after the Whitley Councils in the British civil service, there was, as the Association was later to point out, a fundamental difference between the two systems. While there was provision for third party arbitration under the British Whitley Council system (in the event that the parties could not agree among themselves), no such recourse was present in the Ontario procedure. Although the Association has employed every means at its disposal to seek the inclusion of such a provision, the government has remained firm in refusing to so commit itself. The position taken by the government was clearly stated in a letter to the Association in 1950:

It is not the intention of the Government to alter the present employer-employee relationship. As has been intimated, in the past, the Government does not regard the Civil Service Association as an agency for collective bargaining in the ordinary sense. While it is not necessary for me to elaborate on the reasons for this, I may say that this is the generally accepted policy of

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1 For an early but excellent account of experience under the Whitley Council system in the British civil service see: Leonard D. White, Whitley Councils in the British Civil Service (University of Chicago Press, Chicago, 1933).
all major governments. The late President Roosevelt explained this situation very clearly when he said: "All government employees should realize that the process of collective bargaining, as usually understood, cannot be transplanted to the Public Service. It has its distinct and insurmountable limitations when applied to public personnel management. The very nature and purposes of Government make it impossible for administrative officials to represent fully or to bind the employer in mutual discussions with Government employee organizations. The employer is the whole people who speak by means of laws enacted by their representatives... Accordingly, administrative officials and employees alike are governed and guided, and in many ways restricted, by laws which establish policies, procedures, or rules in personnel matters."

Of late the Association has become more insistent in its demands in this area. Convinced that "mere consultation" will not solve the civil servants' problems, it has launched a province wide campaign for bargaining rights. As the President of the Association proclaimed to the first of a series of mass meetings:

This is why we are here: to gain public recognition of the true position of the Association and of its public service. We are here to impress upon the Government the need for action. Not discussions without end; not promises without meaning; but bargaining, bargaining with signed contracts.2

1 Letter from the Prime Minister of Ontario to the President of the Civil Service Association of Ontario (Toronto, Ontario, July 5, 1950) in the files of the Association.

2 Remarks of the President of the Civil Service Association of Ontario before a mass meeting of its membership held in Toronto on March 22, 1959. (Published by the Civil Service Association of Ontario, Toronto, Ontario, March 22, 1959), p. 2.
Recent developments, as witnessed by the following report, suggest that such pressure is beginning to have some effect on the government:

Members of the Public Service Grievance Board, in effect a court of last resort for Ontario civil servants, were announced yesterday by the Provincial Treasurer...

The executive secretary of the Ontario Civil Service Association, commended the government's choice of board members.

The board will be the independent and impartial final arbiter in grievances about working conditions or terms of employment...

It is, of course, too early to judge the implications of this concession. It does indicate, however, that the government is becoming more flexible on these matters than it has been in the past.

Although the situation in Ontario does not reflect in detail developments in other jurisdictions in Canada, it is representative enough to provide a rough pattern. At present then, in most provinces in Canada, as well as at the federal level, governments and representatives of their employees are deadlocked over the issue of bargaining rights. On the one hand we have employee organizations determined to win full and complete bargaining rights; on the other, governments equally determined to resist pressures to obtain such rights.

Statement of the Problem

As the issue of collective bargaining in the public service becomes more contentious, the real problems involved and their possible resolution are likely to become clouded in the emotional exchanges and arguments that such an issue so readily provokes. The implications are too far-reaching to permit this to happen. This is suggested not only by the absolute numbers now engaged in government employment but, more significantly in the long run, by the upward trend in such employment. Available figures on those employed by the Government of Canada and by the Province of Ontario are indicative of the trend in this area. These are shown in Table 1.

In view of the nature and magnitude of these trends, some of the major arguments advanced for and against the extension of collective bargaining rights to such groups deserve brief but critical appraisal. Labour's position on this question suffers from a tendency to ignore some of the fundamental problems involved, but it has the advantage of being straightforward and concise. In effect, the labour movement simply asserts that there is no basic difference between public and private employees and that, therefore, there is no justification for

1 The difficulty which one experiences in compiling reliable data on government employment is, in itself, suggestive of the insignificance which has been attached to such trends and to the potential problems inherent in them.

2 The literature of the field provides a number of comprehensive analyses of the issues involved in this question. Most of the major works listed in the bibliography at the end of the thesis provide excellent starting points for those interested in pursuing such matters in more detail.
### Table 1
Personnel Employed by the Dominion of Canada and by the Province of Ontario
(Selected Years to 1957)

<table>
<thead>
<tr>
<th>Year</th>
<th>Dominion of Canada</th>
<th>Province of Ontario</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Direct Permanent</td>
<td>Employees of Crown</td>
</tr>
<tr>
<td></td>
<td>and Temporary</td>
<td>Corporations and Other</td>
</tr>
<tr>
<td></td>
<td>Employees</td>
<td></td>
</tr>
<tr>
<td>1925</td>
<td>38,946</td>
<td>***</td>
</tr>
<tr>
<td>1930</td>
<td>44,175</td>
<td>***</td>
</tr>
<tr>
<td>1935</td>
<td>40,792</td>
<td>***</td>
</tr>
<tr>
<td>1940</td>
<td>49,739</td>
<td>***</td>
</tr>
<tr>
<td>1945</td>
<td>115,908</td>
<td>***</td>
</tr>
<tr>
<td>1949</td>
<td>123,924</td>
<td>***</td>
</tr>
<tr>
<td>1950</td>
<td>127,196</td>
<td>***</td>
</tr>
<tr>
<td>1951</td>
<td>124,580</td>
<td>***</td>
</tr>
<tr>
<td>1952</td>
<td>131,167</td>
<td>143,438</td>
</tr>
<tr>
<td>1953</td>
<td>137,270</td>
<td>145,909</td>
</tr>
<tr>
<td>1954</td>
<td>143,150</td>
<td>137,818</td>
</tr>
<tr>
<td>1955</td>
<td>145,083</td>
<td>145,717</td>
</tr>
<tr>
<td>1956</td>
<td>148,000</td>
<td>145,909</td>
</tr>
<tr>
<td>1957</td>
<td>153,759</td>
<td>136,146</td>
</tr>
</tbody>
</table>

1. These figures include all regular and temporary employees who are direct employees of the Province; but exclude indirect employees such as those of Provincial Crown Commissions. Reliable and comparable figures are not available prior to 1949.

2. Exclusive of Prevailing Rate Employees (labourers and tradesmen), casual employees and ships' crews.

3. This includes employees of the Canadian National Railways, Trans-Canada Airlines, the Canadian Broadcasting Corporation and other similar government undertakings. Total employment in such corporations is not readily available prior to 1952.
Sources:

**Dominion of Canada Data**


NOTE Although the statistical basis upon which the figures in the first column of the table were derived was revised in 1952, this does not appear to have significantly affected their comparability with the earlier figures available.

**Province of Ontario Data**

discriminating between the two. Referring to legislation in the Province of Ontario which permits the exclusion of certain groups of public employees from the right to engage in collective bargaining, the Ontario Federation of Labour stated in 1957:

The legislation has the effect of denying to one class of employee the rights and protection of those rights granted to all other employees in the Province. The Act thus discriminates between employees, not on the basis of race, colour, creed, nationality, ancestry, or place of birth, but on an equally unacceptable basis of type of employment. If the basic philosophy of the legislation is valid (that is, to foster collective bargaining and strengthen collective bargaining relationships) then it applies equally as well to public employees as to employees of private concerns.1

Although labour officials are adamant in their criticisms of the existing dichotomy in the treatment of public and private employees, they do appear to recognize that unions representing government employees have a moral obligation to the community, if nothing more, to forgo the resort to strike action. Indeed, many unions of government employees, both in Canada and in the United States, have formally renounced the use of the strike sanction.2 In this connection, a recent report of the Civil Service Commission of Canada is instructive. Although it reported:


2 For additional information on this point see: Morton Robert Godine, The Labor Problem In The Public Service - A Study In Political Pluralism (Harvard University Press, Cambridge, Massachusetts, 1951), especially Chapter VII.
On the side of the employees, the associations have, over a considerable period, advocated the introduction in one form or another of negotiating procedures and collective bargaining.1

It also observed that:

No recognized association has asserted on behalf of civil servants the right to strike.2

This is not to say, of course, that they have renounced such a right. In fact, many of them have not. But this can be readily explained. Civil service union officials in Canada claim that even where their organizations are not formally recorded as renouncing the use of the strike weapon, they would be willing to give it up in return both for the right to engage in collective bargaining and to appeal to arbitration in the event that the parties could not resolve their differences.

Before they publicly renounce the use of the strike weapon, however, they want some assurance of the aforementioned rights in return. In other words, they interpret their willingness to give up the strike sanction as a trump card in their demands for recognition as properly constituted bargaining agents.

Most governments in Canada continue to insist that there are fundamental differences between public and private employment, and that inherent in these distinctions is the need and justification for differentiating between the collective rights of public and private

1 Civil Service Commission of Canada, Personnel Administration in the Public Service - A Review of Civil Service Legislation by the Civil Service Commission of Canada. (Published by the Commission, Ottawa, Canada, December, 1958), p. 132.

2 Ibid.
employees. Speaking to this point a recent Prime Minister of Canada stated:

From the very nature of employment in the public service, there can be no bargaining agent for the nation comparable with the employer in private industry who has at his disposal funds derived from payments for goods or services. The funds from which salaries are paid in the public service have to be voted by parliament and parliament alone can discharge that responsibility.¹

This statement would appear to suggest at least two major reasons why the government could not agree to bargain collectively with its employees. In the first place, there is the contention that because government revenues are derived by a different means than are those of private enterprises, this in itself, in some unexplained fashion, rules out the possibility of such bargaining. It is also stated that the financial ramifications of any form of collective bargaining would be so great that parliament could not delegate the responsibility to conduct the necessary negotiations with representatives of the civil servants. It is also implied that it could not even delegate such responsibility subject to its ultimate right to review and pass upon the results of those negotiations. Even more disturbing, however, is the argument, which is clear from the context if not the content of the statement, that not even a committee of parliament or parliament

¹ A statement by the then Prime Minister of Canada in the House of Commons on February 21, 1951; cited by S. J. Frankel, "Employee Organization in the Public Service of Canada," op. cit., p. 249.
itself could negotiate a collective agreement with its employees. According to the former Prime Minister, therefore, there would appear to be no way in which collective bargaining could be adopted and applied to the public service.

A more common rationale for not extending the rights of collective bargaining to civil servants is the argument that their work is essential to the public welfare. As a result work stoppages are deemed intolerable and, since, or so the argument usually runs, collective bargaining and strikes are for practical purposes almost inseparable, there is likewise no room for collective bargaining. But is such an argument valid? In the first place one could question whether all, if indeed most, government services are that vital. The implications of a shutdown in many government services would probably be no more disastrous than similar action in some private industries. A stronger repudiation to the validity of such an argument, however, is the fact that we discriminate between different groups of public employees. We grant bargaining rights to some groups (e.g. employees of certain government agencies) yet deny them to others, in spite of the fact that in some cases the service provided by those participating in collective bargaining is just as essential, if not more so, as that provided by those excluded from such participation. An outstanding and obvious example of such discrimination exists in Ontario, where, as was noted above, the employees of Ontario Hydro enjoy bargaining rights, including

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1 This is, of course, completely contradicted by experience under the Whitley Councils in the British civil service.
the right to strike, whereas the provinces' civil servants enjoy neither. Yet few would argue that anything provided by the civil service is any more vital than electric power. Leaving aside such inconsistencies, one can still question the manner in which the essential services argument has been applied. Because a service is vital to the public welfare it does not automatically follow that employees providing such service cannot enjoy some form of collective bargaining. Just as the need for and the desirability of collective bargaining do not hinge on the nature of one's employer, neither do they hinge on the degree of essentiality involved in one's work. The essential services argument, instead of being an argument for or against collective bargaining as such, appears rather to be an argument in favour of some form of compulsory arbitration if and when collective bargaining breaks down. This aspect of the problem is reviewed in the next section and in later chapters of the thesis.

In the last analysis most governments resisting the extension of bargaining rights to their employees seem to rely more heavily on legal and constitutional grounds than on any form of logic. Depending on the traditional sovereignty of the state this argument runs about as follows. Since civil servants are technically servants of the Crown, the Crown being the symbol of government, it is argued that legally and constitutionally they cannot deal collectively with it, since as servants to it, they are a fundamental part of it. The conservative Globe and Mail covered this point most succinctly in an editorial during a campaign of the Civil Service Association of Ontario for bargaining rights:
It should be recognized that the civil service is not and cannot be a union... The essential point is that the civil service is not separate from the Government, as employees are from management in private companies, but part of it.¹

Based on the essential sovereignty of the state, this argument can be readily abused. Again a distinction must be made between the collective bargaining process itself and the traditional sanctions associated with it. It is not difficult to argue that a strike by government employees would involve a violation of state sovereignty. It is, therefore, reasonable to conclude that strikes cannot be tolerated in the public service.² It is not reasonable, however, to conclude from this that consequently collective bargaining must also be forbidden in the public service. In fact, the likelihood of eliminating strikes in the public service depends largely on our ingenuity in developing alternative forms by which to make collective bargaining meaningful and effective.³

As one authority has commented:

To believe that such proscriptions prohibiting strikes by government employees automatically eliminate the possibility of strikes in public employment is to indulge

² This assertion is considered more extensively in the following section.
³ In this connection it is interesting to note the findings of David Ziskind in One Thousand Strikes of Government Employees (Columbia University Press, New York, 1940). He found that the great proportion of these strikes had only occurred after undue and extreme provocation. This would seem to suggest that many of them could have been avoided had there been an effective alternative means whereby the employees involved could have attempted to gain redress for their grievances.
in dangerous self-deception in matters where the public interest demands the highest degree of realism...

* * * * * * * * * * * * * * * *

Laws which are directed toward the prohibition of conduct by organized masses of people must be based upon a discriminating awareness of the possibility of group nullification... If strikes are to be really eliminated in public employment, they must not only be declared illegal but the moral basis must be established for the mass acceptance of their illegality and social defensibility. At the very minimum this demands the creation of procedures for the fair and orderly consideration of staff grievances.¹

That none of the arguments advanced against some form of collective bargaining for public servants are as sound or serious as they are usually made out to be is best illustrated by the experience of the one jurisdiction in Canada which has engaged in collective bargaining with its employees. Referring to the province of Saskatchewan, an official of the Civil Service Association of Ontario recently observed:

Whatever arguments there may be for or against on this subject there is the outstanding example before us in Saskatchewan where the government of the day bargains with the civil servants through the Association and invariably manages to reach agreement which proves to be beneficial for both the civil servants and the Province. That has been in effect for some years now. If it were unconstitutional it would have been ruled out. If it were not beneficial for the people of the Province it would not have lasted. If it were not acceptable to the civil service we would have heard about it.²

² Remarks of Executive Secretary of the Civil Service Association of Ontario, op. cit., pp. 7-8.
In addition to the Saskatchewan example, there are, as we have already noted, numerous instances where governments now deal on a collective basis with specific groups of their employees. Although such groups are technically not considered civil servants, nevertheless, they are government employees. It may well be, therefore, that by examining the experiences of various unions and managements under such circumstances, some light can be shed on the possible application of collective bargaining in the civil service proper. This is the purpose and intent of this study. Based on an analysis of union-management relations in the Hydro-Electric Power Commission of Ontario and the Tennessee Valley Authority (both of which are government agencies and both of which early afforded their employees the right to engage in collective bargaining) the study seeks partial and tentative answers to a number of fundamental questions. All but the last of these are principally concerned with the experiences of union and management in these two agencies. Although this orientation tends to limit their significance to other public undertakings of like characteristics, the questions were framed and are discussed with the public service as a whole in mind. The question of the validity of this type of implicit and, indeed, explicit generalization is specifically raised by the ninth and final question.

1. Do union and management in these agencies actually engage in collective bargaining as we traditionally conceive of that process?

2. If so, has it proved feasible?

3. Further, can there be real collective bargaining and an atmosphere of creative peace and industrial health between organized employees and the management of public agencies?
4. In this connection, are there any special advantages accruable to union and management in such agencies by the very nature of the fact that they are engaged in the public service?

5. To the extent that there are such advantages, have union and management in these agencies actually benefited from them?

6. Are there, on the other hand, any problems peculiar to union-management relations in public institutions?

7. If so, how have they been handled in Ontario Hydro and TVA?

8. What is the likelihood of overt industrial strife in such agencies? What can be done to avoid it? What is to be done if and when such strife breaks out?

9. Finally, and most important of all, is it valid to generalize from the experiences of union and management in these two agencies to the field of labour-management relations in the public service as a whole? This question will not be considered until the concluding part of the thesis. If such a generalization is not valid, the preceding and more specific questions are limited in their significance to government agencies similar to Ontario Hydro and TVA. If, on the other hand, there are sufficient parallels between the latter and the government service in general, then the answers to these questions will be of considerably broader interest—and perhaps application.
An Important Qualification

At this point it is appropriate to consider a distinctive feature which is likely to characterize any form of collective bargaining in the public service as a whole. Although the possibility of compulsory arbitration has already been raised, and will be considered again in Part IV, it merits separate and distinct discussion in this section as well. Running through the first two sections of this thesis has been the suggestion that if and when collective bargaining is extended to the public service in general, the resort to the usual weapons of industrial strife will likely be barred to both union and management. Throughout much of this thesis it is assumed that this, indeed, is likely to be the case. It is taken for granted, in other words, that in the public service, the sanction of the strike or the lockout will — either in law or in fact — be absent. This assumption is based on two considerations; the one relating to the essential nature of certain facets of the government service and the other to the public's attitude towards the government service in general.

1 By this I mean that if the right to strike, for example, is not legally withheld from unions of public employees, it is likely to be a right which exists in name only. In this respect it will be akin to the situation which exists on the Canadian railroads. In this situation it is frequently implied that the railroad unions enjoy the right to strike "just so long as they do not exercise it." There is reason to believe, as will be noted in Chapter 8, that a similar situation exists in Ontario Hydro.
1. The nature of some of the services provided by the government are such that they cannot be interrupted without jeopardizing the public health and safety. The problem of drawing a line between essential and non-essential government services need not concern us here since this is not crucial to the central argument. To the extent that there are services provided by the government which can be designated as vital to the public health and welfare, the situation is analogous to that which exists in certain private industries. The most appropriate comparison is with those privately owned public utilities which have already been subjected to legislation restricting or prohibiting the resort to the ultimate weapons of industrial conflict. Although the trend in this area is not decisive, it is certainly not conducive to the early elimination of such measures. Indeed, judging by the postwar trend in Canadian public opinion, the reverse would appear to be the more likely development:

Seven years ago, just less than half the Canadian electorate thought workers in public utilities should not be allowed to strike. Today six in 10 feel this way.

1 For those who consider that nothing provided by public servants is as vital as I have suggested, I must rely on the second and more important point to convince them of the validity of my assumption. I might also remind them, however, that it is not individual thoughts but rather public opinion in general which is the significant factor in these matters.


3 Wilfred Sanders, "A Pollster Looks At Canadian Opinion," Public Relations in Canada (Canada, August, 1959). Mr. Sanders is co-owner of the Canadian Institute of Public Opinion.
Although this is certainly not a very decisive shift in public opinion, it does support the assumption that the public is growing less and less tolerant of interruptions caused by labour disputes in public utilities. This changing emphasis is likely to be reflected in more government intervention in these areas. The argument for such intervention, whether in public utilities proper or in essential industries in general, can be most persuasive:

Objections to compulsion should not obscure the basic point that the government must in some way be able to prevent interruptions to production which would imperil the public health or the public safety. To hold otherwise would be to argue that the right of employers and unions to settle their differences by a fight is more important than the public health and the public safety. That is a proposition that no community can accept. Production cannot continue, however, unless there is a way of determining wages and working conditions. If the parties cannot agree on wages and working conditions and will not arbitrate them, then the government or its representatives must fix them.

It is not enough to say that one is against compulsion. The crucial question is what procedure does one favor after negotiations have broken down and after the refusal of the parties to arbitrate jeopardizes the public health and the public welfare. That is the insistent question which requires an answer. The most constructive step that could happen in industrial relations would be for the organized employers and the trade unions to cease merely telling the community what they are against and to join in proposing to the country constructive arrangements which will assure continuous production in essential industries.1

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To the extent that such arguments are inducing the public to become more intolerant of such interruptions in public utilities in general, it can be expected that their attitude with respect to similar interruptions in vital government operations will be equally, if not more, negative. This brings us to the second and more important point.

2. The nature of public opinion with respect to the possibility of industrial conflict in the government service as a whole is a more persuasive factor underlying the assumption that such conflict will not be permitted. The strike sanction, in particular, tends to be associated with a type of defiance which is thought to be incompatible with the essential sovereignty and integrity of the state. And this applies regardless of the nature and importance of the service affected. Whether this is, or is not, a logical interpretation is not the point at issue. The point is that such a view is prevalent.\(^1\) And as long as it is, the usual and ultimate sanctions associated with the collective bargaining process are not likely to be available to union and management in the public service.

If this is, indeed, the case and the parties should reach an impasse in their relations, there then follows one of two possible

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\(^1\) It is reflected in the legislative prohibitions which normally apply to strikes by government employees in the United States and Canada. Typical of such measures is Section 305 of the Taft-Hartley Act in the United States, which unequivocally states that: "It shall be unlawful for any individual employed by the United States or any agency thereof, to participate in any strike." (Public Law 101, 80th Congress, 1st Session, as amended)
alternatives. The government might simply choose to settle the dispute by legislative fiat. To resort to this expedient, however, would entirely negate the concept of collective bargaining. It therefore does not require serious consideration in this study. Suffice it to say that such an alternative is to be avoided.

A less innocuous and more likely alternative would be to employ the services of expert mediators or conciliators and -- if necessary in the final analysis -- that of third party arbitration. To some of course such a proposal is itself tantamount to the surrender of the sovereignty of the state. This has not proven to be the case in Great Britain, nor would such a conclusion seem to logically follow from a careful consideration of the issues involved. It is a question, however, which deserves far more attention than it has apparently received to date. ¹ It is presumed throughout this study that it is perfectly conceivable (and not incompatible with its ultimate sovereignty) for the state to agree voluntarily to abide by the recommendations of a third party as a means of resolving disputes between itself and representatives of its employees.

Of more immediate interest and concern is the effect which the threat of compulsory arbitration is likely to have upon the nature of the collective bargaining process. If binding third party

intervention is the inevitable outcome of a complete breakdown in the relations between a government and representatives of its employees, can we really say they are engaged in a collective bargaining relationship? In other words, can meaningful collective bargaining exist in the absence of the right to resort to a strike or lockout?

Almost all of the literature in the field supports the view that there is a basic and fundamental incompatibility between collective bargaining and compulsory arbitration. The latter is said to reduce if, indeed, it does not completely eliminate the value and effectiveness of the former. Under the heading of "Compulsory Arbitration Versus Collective Bargaining," Reynolds, for example, observes:

It must...be noticed that, if a government board which the author equates with compulsory arbitration is given power finally to determine all disputes, genuine collective bargaining over terms of employment will soon cease.

Typical of the reasoning behind such an assertion is the following:

When the rights to strike and lockout are withdrawn, as during a war or under compulsory arbitration, a most important inducement to agree is removed. The penalty for failing to agree -- stoppage of production -- is waived. Even more devastating consequences result. Each party is reluctant to make any concessions around the bargaining table. That might prejudice its case before whatever board is set up to deal with labor disputes. In addition, the number of issues is kept large and formidable. Demands that customarily wash out in negotiations are carefully preserved for submission to the board. Why not? There is everything

to gain and nothing to lose by trying to get one’s usual demands approved without cost.\textsuperscript{1}

Although both of these quotations refer specifically to the arbitration of labour-management disputes in private enterprises, it is easy to see how the same arguments could be advanced in connection with the arbitration of similar disputes in the public service. In the latter context, however, there are reasonable grounds for suggesting that such an argument is not as clear-cut and concise as it may at first appear. One study, for example, which was generally critical of experience with compulsory arbitration of utility disputes in two American states, did, on the other hand, observe:

\begin{quote}
The results in both states would seem to indicate that bargaining relationships which were functioning successfully before the enactment of the laws were not disrupted greatly by the statutes...\textsuperscript{2}
\end{quote}

Compulsory arbitration need not, therefore, necessarily have an adverse and drastic effect upon the nature of the collective bargaining process. Indeed, as one authority has argued:

\begin{quote}
It is illogical to conclude that the possibility of collective negotiation between managerial personnel and employees is precluded because of the inadmissibility...
\end{quote}

\textsuperscript{1} George W. Taylor, "Is Compulsory Arbitration Inevitable?" Proceedings of the First Annual Meeting of the Industrial Relations Research Association (December 29-30, 1948).

of strike action. The right to strike may be curtailed or even denied in certain instances in private industry, as in public employment, and yet permit substantial scope for collective bargaining.\(^1\)

The question of the compatibility of compulsory arbitration and collective bargaining in public enterprises is an issue of central significance to this study. A later section of the thesis will, therefore, be devoted to a further consideration of this matter in the light of related experiences in Ontario Hydro and TVA.

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**The Scope and Method of Study**

This study centers around a history and analysis of union-management relations in Ontario Hydro. Although publicly owned and operated, Ontario Hydro is not part of the civil service and in personnel matters is completely autonomous. With a long tradition of collective bargaining, it thus affords an excellent setting for the study of union-management relations in a public institution.

While there are a total of seventeen unions and two societies representing Ontario Hydro employees, this study concentrates on the relationship between the Commission and the Ontario Hydro Employees Union (OHEU). This union, which represents the vast majority of the Commission's regular employees, is by far the single most important union with which it deals. The OHEU has also bargained with the

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Commission for the longest period of time. The sixteen other unions involved are international craft unions which have united into an Allied Council to bargain for most of the Commission's regular and for all of its temporary construction employees. One of these unions, the International Union of Operating Engineers (IUOE), also represents the operators and tradesmen in the Commission's two steam plants. In addition there are the Society of Ontario Hydro Professional Engineers and the Society of Supervisory Employees of Ontario Hydro which represent many of the engineers and supervisors, respectively, in the Commission. The Commission's relations with these various organizations will be referred to where relevant but the relationship with the OHEU will serve as the core of the study.

Paralleling the study of union-management relations in Ontario Hydro, a less intensive analysis was made of labour relations in TVA. This encompassed a study of TVA relations with both the Tennessee Valley Trades and Labour Council and the Salary Policy Employee Panel. The composition of both organizations is explained in Part III. For the moment it is sufficient to note that the Council represents the trades and labour employees and the Panel the majority of the white-collar, professional and custodial workers in the Authority.

In the study of union-management relations in Ontario Hydro three major sources of information were utilized. For historical purposes the files of both organizations provided an excellent starting point. In studying the current relationship, on the other hand,
primary reliance was placed on firsthand observation. In both areas the hundreds of interviews arranged during the course of the field work were of inestimatable value. Although many of these interviews were quite formal in nature, more occurred quite casually during a lunch break or recess or in the course of an even more informal gathering. In connection with the vast majority of these interviews there was a remarkable willingness to answer all manner and type of questions freely and frankly. A patterned questionnaire was frequently used, but more often than not it proved expedient to digress towards the interests of those interviewed. Among those selected for formal interviewing were the union staff, many of its elected officers, most of the Commission's industrial relations staff and personnel officers, and a broad cross section of line management.

Since much of the information in the files of both union and management was somewhat confidential and because many of the matters discussed during interviews were controversial, the author has endeavored to protect the anonymity of all those who assisted in this study. As a result, sources and quotations will often be given no specific reference. Where such material has been heavily relied upon, however, it has been carefully verified by some form of cross reference.

1 With respect to the union this included all manner of meetings; from formal Executive Committee sessions to unofficial caucuses in convention hotel rooms. A similar but somewhat less diverse description would characterize the range of research on the management side of the relationship.
While the same circumstances were prevalent in the TVA study, there are differences in the methods of approach which facilitate greater documentation of observations and conclusions reached. A primary reason for this is the extensive literature already available on union-management relations in TVA. This not only facilitates documentation but greatly enhanced the effectiveness of the brief time spent with TVA union and management representatives. It should be added, however, that insofar as interview material is utilized the same anonymity must necessarily prevail as in the Hydro study.

Organization of the Study

The thesis is divided into five major parts. The first of these encompasses the Introduction to the study and concludes with the present section. The second part presents a detailed history and analysis of union-management relations in Ontario Hydro. It is complemented by the much less intensive review of labour relations in TVA, which follows in Part III. In Part IV the experiences of union and management in the two agencies are compared and contrasted in certain basic and fundamental areas. The relevance and implications of the study are then tied together and summarized in the final part of the thesis.

To this brief perspective of the study as a whole, one or two additional comments about each of its major component parts should be added. Because of the organization of the thesis no one of its parts is self-contained. This proved to be a particularly serious handicap.
in the handling of Part II. Necessarily a long and somewhat detailed part of the thesis, it is, by its very nature, as much a case study as anything else. Yet even in this respect it should be read in the context of the thesis as a whole. Wage determination in the Commission, for example, is not fully discussed until Part IV. A balanced interpretation of the union-management relationship in Ontario Hydro cannot be realized, therefore, without reading at least Part IV in conjunction with Part II. This also suggests, of course, that the importance of the latter to the study as a whole — in spite of its essential case study orientation — should not be discounted or minimized. Part II illustrates, in the first place, the variety and complexity of the issues and problems confronting union and management in a large public agency. More important, however, is the contribution which it makes to the meaning and significance of the last two parts of the thesis. In addition, and not to be neglected, are the broader implications of some of the material included in Part II. Of particular interest, in this respect, is the chapter dealing with the internal organization of the union and the later section pertaining to the nature of the grievance procedure in the Commission.

Similar qualifications apply to the third part of the thesis. They are considerably less restrictive than in the case of Part II, however, because Part III concentrates only on those aspects of the union-management relationship in TVA which are indispensable to a proper understanding of the related material used in the following parts of the thesis.
In Part IV of the study certain issues considered especially relevant to the question of labour relations in the government service in general are discussed in some detail. Included are the following subjects: wage determination; the question of the propriety and practicability of geographical wage differentials; the nature of the overall accommodation process; union-management co-operation; and the political dimensions which impinge on collective bargaining in public institutions. The method of analysis is that of the comparative case study approach. By comparing and contrasting the experiences of union and management in Ontario Hydro and TVA, in these selected areas, this part of the thesis seeks knowledge pertinent to the handling of similar problems in the public service in general. Although the primary reliance throughout Part IV will be on material developed from the Ontario Hydro and TVA studies, additional information from other sources will also be introduced where particularly relevant.

In the final part of the thesis the relevancy of the study is explored in considerable detail and a summary of its major results and findings is provided.
PART II

A HISTORY AND ANALYSIS OF UNION-MANAGEMENT RELATIONS IN THE
HYDRO-ELECTRIC POWER COMMISSION OF ONTARIO
Chapter 2 - The Environment for Union-Management Relations
in the Hydro-Electric Power Commission of Ontario

Introduction

Before beginning the history and analysis of union-management relations in Ontario Hydro, it will be useful to briefly review the history and significance of Hydro itself, and to outline the major environmental features -- legal, economic and political -- affecting the relationship between union and management in the Commission.

The Hydro-Electric Power Commission of Ontario is Established

Strategically located in the heart of the Dominion of Canada and abundantly endowed with natural resources, the Province of Ontario was destined to become the industrial, commercial and financial centre of Canada. Lacking suitable domestic energy resources, however, Ontario was unable to fully exploit its otherwise favourable position until comparatively recently. Manufacturing interests in the Province, extremely conscious of their dependence on imported sources of fuel, early developed an interest in the hydraulic power potential at Niagara Falls. By the turn of the century, as rapid progress was being

1 For those interested in a detailed account of the early and fascinating history of the Commission a number of books are available. Probably the most imaginative and well-documented account is that provided by W. R. Plewman in his book Adam Beck and Ontario Hydro (The Ryerson Press, Toronto, 1947). Other references are listed in the bibliography at the end of the thesis.
made in the technology of power generation and transmission, there emerged a public power movement in the Province. Known as "The Hydro Movement," it rapidly became a political force and, in 1906, after a series of legislative studies and enactments, was instrumental in securing passage of the legislation creating the Hydro-Electric Power Commission of Ontario.

Under the dynamic leadership of its first Chairman, Sir Adam Beck, Commission affairs dominated the economic and political life of the Province. At times, indeed, it appears difficult to discern just who was supposed to be serving whom; Hydro the Province, or vice versa. Bitterly denounced by private power interests in both Canada and the United States, Hydro was, at the same time, staunchly defended by business interests in Ontario. Despite the controversy which periodically engulfed it, the Commission's expansion was never seriously affected. That expansion has continued almost without interruption to this day.

**Ontario Hydro Today**

The Power Commission Act of Ontario\(^1\) establishes the Commission as a self-financing independent agency of the participating municipalities\(^2\) in the Province. In practice, since the Provincial Government must

\[\text{1 Ontario, Revised Statutes of Ontario (Chapter 281, and amendments thereto, 1950).}\]

\[\text{2 Participating municipalities are those having contracts with the Commission for the wholesale supply of power at cost. Each such municipality normally establishes a municipal public utility commission to handle the retail distribution of such power.}\]
approve and guarantee all Commission bond issues, and since the participating municipalities have as yet only accumulated a relatively small equity in the Commission (approximately 10 per cent), it is more realistic to assume that actual ownership and control of the Commission is vested in the Ontario Government and Legislature. This is reflected in the fact that the Provincial Cabinet appoints the members of the Commission, who, in turn, must submit an annual report to the Legislature of the Province. Nevertheless, as will be noted in later sections of the thesis, the influence of the participating municipalities is not to be neglected.

As laid down in the Power Commission Act, the essential function of the Commission is the provision of electric power to the Province at the lowest possible cost. To this end, the Commission generates, transmits and wholesales or retails\(^1\) over 86 per cent of the power used in the Province.\(^2\) It encompasses one of the largest integrated power systems in the world.\(^3\) In 1957, for example, it produced over 28.5 billion kilowatt-hours of energy and sold this, either directly or indirectly, to approximately 1.7 million customers. To provide this service the Commission maintained and operated 65 hydroelectric and 2

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1 The Commission wholesales power to the participating municipalities, sells power directly to certain large industrial customers, and retails power throughout the rural areas of the Province.

2 The remaining power is produced by private industrial concerns almost exclusively for their own use.

3 Much of the following data was ascertained from various Commission reports and with the kind assistance of the Ontario Hydro Information Division.
thermal-electric generating stations; 16,717 miles of transmission lines; 45,375 miles of rural distribution lines; and 124 transformer, 13 switching and 570 distributing stations. Reflecting the tremendous costs of these facilities, total assets of the Commission were valued at 2.250 billion dollars at the end of fiscal 1957. This compared with an outstanding funded debt of 1.526 billion dollars and total liabilities of 1.721 billion dollars. During the same year the total operating revenue of the Commission was $197,000,000. After deducting all expenses, including interest on outstanding debt and liberal allowances for debt retirement, replacement and contingencies, this left an operating surplus of just under $200,000.

The Commission's power rates are among the lowest in North America. While such comparisons are extremely deceptive without careful analysis, the comparisons shown in the accompanying table do serve to indicate the relatively low rate structure prevailing in Ontario. In Table II, the average cost of electricity in certain large Ontario cities, for the various categories indicated, is compared with similar data for comparable cities served by two of Ontario Hydro's large neighbouring utilities. Somewhat less comparable TVA data are also included because of their relevance to this study and because TVA power rates are known to be among the lowest in the United States. It should be emphasized that these rates do not necessarily reflect the relative efficiency of the four utilities. A number of other variables are also involved.

To conclude this section, a brief note on the importance of the service provided by Ontario Hydro is in order. Although electrical
Table II

A Comparison of the Average Costs of Various Types of Electricity
in Cities in Ontario and in Comparable Cities in the
Areas Served by Certain Large American Utilities

(Average Cost of Electricity in Cents
per Kilowatt-Hours -- 1959)

<table>
<thead>
<tr>
<th></th>
<th>Ontario Hydro</th>
<th>TVA 1</th>
<th>Niagara Mohawk</th>
<th>Detroit Edison</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential or</td>
<td>1.15</td>
<td>1.04</td>
<td>2.31</td>
<td>2.75</td>
</tr>
<tr>
<td>Domestic Rate</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial Rate</td>
<td>1.49</td>
<td>1.39</td>
<td>1.86</td>
<td>2.68</td>
</tr>
<tr>
<td>Industrial</td>
<td>.69</td>
<td>.71</td>
<td>.78</td>
<td>1.19</td>
</tr>
<tr>
<td>Power Rates</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

1 The TVA rates are average rates for the entire area served by TVA and not just for comparable cities.

Sources:

For the Ontario Hydro, Niagara Mohawk and Detroit Edison Data

The Chairman of the Hydro-Electric Power Commission of Ontario, Remarks to the Legislative Committee on Government Commissions (Toronto, March 10, 1959).

For the TVA Data

power provides less than 10 per cent of the energy used in the Province, the significance of its contribution is much greater than this would imply.

Because of its flexibility and other special characteristics electric power has made a contribution to the Ontario economy far in excess of its proportion of the total energy consumed...¹

Its tremendous importance springs primarily from the fact that unlike coal, oil or gas electricity is a form of energy which, in many ways, has no adequate substitute. Electric power is therefore vital to Ontario.²

Hydro is essential not only to the industrial but also to the domestic and commercial life of the Province. Indeed, in every aspect of life in Ontario, it is not difficult to envisage the catastrophic effects which would follow from anything more than a temporary interruption of power. The essential nature of the service it provides has obvious implications for both union and management in the Commission.

The Organization and Administration of The
Hydro-Electric Power Commission of Ontario

The Commission itself is composed of five men who are appointed by the Provincial Cabinet to hold office during pleasure. Its composition


² Ibid., p. 9.
is noteworthy. One Commissioner, but not the Chairman, is always a member of the Provincial Cabinet. This means he is also a member of the Legislature. He provides a liaison between the Government and the Commission, ensuring that the policies of the two are not, in any fundamental manner, inconsistent. Three other Commissioners are normally drawn from the Ontario Municipal Electric Association and the Association of Municipal Electric Utilities.¹ The Chairman is usually a prominent public figure with considerable business experience.

Reporting to the Chairman and the Commission are the Chief Engineer and the General Manager. These are the top administrative positions in the Commission. The former is responsible for the major engineering problems in the Commission; the latter for its overall administration. Directly beneath the General Manager are the Regional Managers and the Assistant General Managers.² Each Regional Manager is responsible for the overall Hydro function in one of the nine operating regions which were established in 1948 when the administrative structure of the Commission was reorganized on a decentralized basis.³ In the

¹ The former is an organization of the Commissioners serving on the municipal electric utility commissions in the Province while the latter is an organization of the managerial and technical personnel serving those commissions.

² A recent innovation was the creation of the post of Deputy General Manager. Above the level of Regional or Assistant General Manager, the purpose of the position was never fully apparent. It was discontinued shortly after it was introduced.

³ The 1948 reorganization is sometimes said to have divided one Provincial Hydro into "Nine Little Hydros." That this has an element of truth in it can be seen in the field of union-management relations as well as in many other aspects of the Commission's internal operations.
Head Office of the Commission, there are the six Assistant General Managers; one each for services, administration, engineering, accounting, production and sales, and personnel. Reporting to each of the latter, in turn, are the various Divisional Directors and Managers. At lower levels in the line structure, there are the innumerable plant managers, chief operators, area managers, department heads, foremen, section heads, and so on.¹

In addition to his other responsibilities, each Assistant General Manager is expected to provide "functional guidance" to his lower level counterparts in the regions. There is in every region, for example, a Regional Accountant. His line responsibility is to his Regional Manager. Yet he is, at the same time, functionally responsible to the appropriate Assistant General Manager in Toronto. This arrangement has not been without a good deal of friction.²

The Legal Environment

Two pieces of legislation are significant to an understanding of union-management relations in Ontario Hydro. The first of these, the Power Commission Act of Ontario, establishes the general objectives, 

¹ By any standard one would probably characterize the line organization in Ontario Hydro as being "tall" rather than "flat." This probably reflects the geographical dispersion of its operations more than anything else.

² These frictions, particularly as they pertain to the personnel function, are discussed more fully in Chapter 7.
prerogatives, powers and rights of the Commission. For the purpose of this study only one section of the Act is of particular importance:

The Commission may appoint and employ upon such terms of employment as it deems desirable a general manager, chief engineer, secretary and such other officers and employees as it may deem requisite. 1

What this means, in essence, is that Hydro employees are employees of the Commission itself and not of the government. They are not, in other words, considered members of the civil service proper. More important, however, is the fact that neither this nor any other section in the Act prohibits the Commission from engaging in collective bargaining with representatives of its employees. 2 This is, of course, what it chose and still chooses to do.

Just as significant as the above provision in the Power Commission Act, for an understanding of union-management relations in Ontario Hydro, is the Ontario Labour Relations Act. 3 The details of this Act are not important to the study. It represents, in many respects, a compromise between the early Wagner and the later Taft-Hartley approaches to labour-relations in the United States. It guarantees the right of employees


2 This appears to have been an oversight on the part of earlier governments. It is difficult to conceive of the Legislature deliberately permitting such a development when it would so directly contradict the government's treatment of its own employees, especially when the two groups of employees are such close cousins. Confronted later by the emergence of a relatively strong union in the Commission, the government could not easily reverse the situation. The contradiction thus remains.

3 Ontario, Revised Statutes of Ontario (Chapter 194, as amended by Chapter 42, 1950). (For reasons which have already been mentioned, the power to legislate in the field of labour-management relations in Canada is largely a provincial prerogative. Consequently, it is not necessary to review existing federal legislation.)
to organize themselves into unions for collective bargaining purposes; provides for formal certification of unions; establishes "rules of the game" for both union and management; and in general determines the legal boundaries of union-management relations in the province. A distinctive feature of the Act, and one which is especially important in essential industries such as Hydro, is the provision requiring compulsory conciliation before a union can strike or an employer can lock out his employees. Under the law neither party can resort to such sanctions until they have exhausted the conciliation machinery available in the Province. This normally entails a two-stage procedure. The first stage employs the services of a full-time Conciliation Officer from the Provincial Department of Labour. If he is unable to resolve the dispute, a tri-partite Conciliation Board is established. Each party nominates one member to the Board and they in turn try to agree on the third member. In the event that they are unable to select a mutually acceptable chairman, one is appointed by the Ontario Minister of Labour. Proceedings before such boards often tend to be legalistic. Their effectiveness depends, to a large extent, upon the ability of the chairman involved. Should the Conciliation Board fail to resolve the dispute, it normally submits its findings, including recommendations, to the Minister of Labour and then disbands. The recommendations of such boards are sometimes given wide circulation by one or other of the parties involved in an effort to gain public support for their particular point of view. Because of their significance there is often both a majority and a minority report. Following the submission of these
reports, the union is free to strike and the employer is free to lock out his employees.

Since Ontario Hydro employees are not prohibited from striking and the Commission is legally free to lock them out in the event of a labour dispute, both union and management in the Commission are subject to and are vitally affected by these procedures. Their concern with such measures is heightened by their desire to avoid the strike or lockout sanction because of the moral obligation they feel to the public. There is, in addition, a general feeling that should a strike or a lockout occur, it would not be tolerated. As one union official commented:

*We are like the railroad unions in Canada... We have the right to strike just as long as we don't use it.*

It is because of these considerations that conciliation or mediation can be so important to both union and management in the Commission.

**Economic Considerations**

A brief consideration of some of the economic constraints affecting union-management relations in Ontario Hydro is also important to a proper understanding of their relationship.

1. **The Technology and Growth of the Commission**

These matters require only summary attention. An earlier section revealed the vast amounts of extremely expensive and highly technical equipment employed by the Commission. The technology of the power industry has always been highly complex and it is likely to become even
more so as the industry in general places increasing emphasis on conventional-fuel and thermo-nuclear steam generation plants. Due to the persistent expansion of its load requirements and the dwindling supply of accessible hydraulic sites in the Province, such a trend is clearly evident in the recent history of the Commission.

Since its inception the Commission has enjoyed a rapid rate of growth. Between 1922 and 1955, for example, its primary power requirements increased at an average annual rate of 6.56 per cent per annum.\(^1\) Reflecting the continuing industrialization and expansion of the Province this growth is expected to be maintained. Thus, by 1980, the Commission expects its primary power requirements to reach between 19 and 22 million kilowatts.\(^2\) With the exhaustion of the accessible hydraulic sites in the Province, this will necessitate increased reliance on the relatively high cost conventional-fuel plant. The Commission's concern in this area is reflected by the role it is playing in the development of nuclear power in Canada.\(^3\) To maintain its relatively low rate structure, in view of these developments, is undoubtedly the greatest challenge now confronting the Commission.


\(^2\) Ibid.

\(^3\) Ontario Hydro, in cooperation with other government agencies and private firms, soon will have in operation a pilot nuclear energy plant. Shortly thereafter it will open a full-scale plant with an initial capacity of 200,000 kilowatts.
The Size, Composition and Turnover of the Work Force

Employing about 20,000 employees on the average, the Commission has a substantial investment in the various skills of its staff. Many of the skills required of its employees are not common in the Province. The Commission, for example, must train almost all of its electrical operators and linemen. The work force, in general, is composed of a highly skilled group of workers, a fact which is reflected in both the educational requirements of the Commission and the average income of its employees.

These characteristics have had an impact upon both union and management in the Commission. The nature of the union's leadership, for example, has been affected by the relatively high educational level of its membership. An observer cannot help but be impressed by the general calibre and intelligence of the average union officer in the Ontario Hydro Employees Union. While the nature of its membership may not fully explain these characteristics of its leadership, there is an obvious relationship between the two features.

The characteristics of the employee body also affect management. With a high investment in its work force, management cannot afford to be niggardly in the treatment of its employees since a high rate of labour turnover would be extremely costly. The Commission does not seem to have been plagued by a serious problem in this area. Between 1953 and 1957, for example, the rate of turnover in the Commission fluctuated between a high of 9.70 per cent per year and a low of 7.30 per cent.1

1 The figures from which these rates were derived were provided by the Commission. They do not include temporary employees. The turnover (Continued)
Although such rates may at first strike the observer as being high, it must be remembered that they are annual rates and not monthly average rates for each year in question. It should also be noted that a large proportion of the Commission's staff is female and that a large percentage of these are married women. Confidential Commission studies of similar data for comparable groups of employees in other large firms indicate that the Commission record is exceptionally good in this respect.

(3) Labour Costs in the Commission

Available American statistics indicate that wages and salaries average approximately 18 per cent of revenues in the electric utility industry in the United States.¹ Labour costs in Ontario Hydro account for a much higher proportion of its revenues because of a number of considerations. On the accounting side, the smaller allocations for taxes and the absence of any profits automatically raise the share of all other costs in the distribution of the revenue of the Commission. Equally important is the fact that the Commission handles the retail distribution of power throughout the rural parts of the Province and still continues to do much of its own design and construction work.

Footnote continued
rate used is defined as the number of regular and probationary employees leaving the Commission for all reasons expressed as a percentage of the average number of regular and probationary employees on staff. In 1957, if we had excluded those retiring due to death or retirement, the turnover rate would have been reduced from 7.30 to 6.53 per cent.

The latter considerations illustrate the danger of using such data to compare the relative efficiency of different operations in industries where the degree of vertical and horizontal integration can vary so widely. Although the Commission has steadily reduced the scale of its own construction activities in recent years, labour costs continue to represent over 40 per cent of its total costs. The exact figures are confidential to the Commission, but rough calculations suggest that 40 to 45 per cent is a reasonable approximation of the present situation. The magnitude of this figure suggests the degree to which management must concern itself with labour costs.

(4) The Nature of the Commission's Product Market

Until recently Ontario Hydro enjoyed a highly protected market. With an electric power monopoly in a Province where it had only to compete with costly imported fuels, it was not subject to strong competitive pressures. With the completion of the trans-Canada natural gas pipeline, however, the Commission's preserve has been invaded by a very effective competitor. Although such competition is restricted to a limited number of industrial and home applications, it is likely to upset the existing utilization of electrical power in the Province and, therefore, the existing rate structure of the Commission. As a result, the Commission now appears much more cost and especially wage conscious than it could afford to be in the past.
The Commission as a Pattern Follower

Both union and management in Ontario Hydro are strongly influenced by the role which Hydro wages play in the general wage structure of the Province. As it turns out, wages in the Commission tend both to follow and to set certain patterns. Since Hydro must compete for its labour across the whole of Ontario, it cannot ignore the general wage level in the Province. In that sense, therefore, it tends to be a pattern follower. Reflecting these circumstances there is an unwritten policy in the Commission to pay wages and salaries "within the upper quartile of those paid by leading industries in the Province."

Although the Union subscribes to this policy, both parties have found it easier to state such a principle than to agree to its specific application and to implement it. The advantages, the disadvantages and the problems associated with such a wage policy receive specific attention in Chapter 11 of Part IV.

The Commission as a Pattern Setter

Since Ontario Hydro is the parent, as it were, of all the local municipal utilities in the Province, it is logical for them to recognize Hydro standards as having a major bearing on the determination or the negotiation of their wages and working conditions. The relationship, however, is sometimes reversed. Some of the larger municipal utilities, for example, occasionally embarrass the Commission by going beyond its standards. This, of course, sets precedents which the OHEU is quick to try to exploit. Nevertheless, this is the exception rather than the rule. Since the Commission is normally the pattern setter, it is
not surprising that the participating municipalities should closely follow Hydro negotiations and do their utmost to persuade the Commission to be as conservative as possible. Due to these various considerations, formal liaison between the Commission and the more important municipal utilities has been increasing of late.

With an understanding of the economic environment within which union and management in Hydro must operate, the detailed history and analysis of the relationship between the two will prove more meaningful. Especially important to remember are the wage patterns affecting the parties and the increasingly competitive pressures confronting the Commission.

The Political Element — An Introduction to the Problem

As the impact of political considerations is better left to a later point in the study, this section will only serve to introduce the problem. One of the interesting things about union-management relations in public agencies, and more so in the government service itself, is the extent to which political considerations may impinge upon those relations. While it is probably naive to look for the complete absence of such influences, it is encouraging to note the degree to which a collective bargaining agency can limit the extent and intensity of such influences. Indeed, it may be this consideration, above all others, that explains the reluctance of governments, or more particularly of the politicians who compose governments, to concede bargaining rights to government employees. There is, on the other hand, some justification
for being concerned about the offsetting and possibly equally detrimental effects of unions of public employees utilizing political means to achieve their objectives. There is, in other words, a political dimension to union-management relations in the public service. This dimension and some of its possible ramifications and consequences will be analyzed in Chapter 15. In this connection, some thoughts on the appropriate role of individual public servants and their representations, vis-a-vis political action, will also be discussed.

A Summary Analysis

Ontario Hydro was established as an autonomous public agency to provide power, at the cheapest possible cost, to the Province of Ontario. It is today one of the largest integrated power systems in the world. The service it provides is essential to the economic and social life of the people of Ontario. Union and management in the Commission must co-exist with this consideration in mind. Legally, their relationship is governed by the same rules which apply to other unions and managements in the Province, but morally they have an obligation to forego the ultimate sanctions usually associated with collective bargaining. It is because of this that the conciliation services available in the Province can be so important to both parties. Subject to limitations on the manner in which they can resolve their differences, union and management in Ontario Hydro are also constrained by a number of economic considerations. Not the least of these are the position of the Hydro wage structure in the general wage structure of the
Province and the competitive situation confronting the Commission. And finally, there are certain political considerations which also have a bearing upon their relationship.

Having reviewed the environment within which union and management in Hydro must try to accommodate their differences, we may now proceed to an examination of the relationship which exists between them. After reviewing the history of labour relations in the Commission, and having described the present nature and characteristics of both union and management, we will then conclude Part II with a comprehensive analysis of the current relationship between the two.
Chapter 3 - Early Employee Relations in the Commission

Employee Relations Prior to 1935

Before 1935, collective relations between the Commission and groups of its employees were the exception rather than the rule. Although sporadic attempts were made to organize specific groups of employees, these were either totally unsuccessful or were very short-lived. As for personnel administration within the Commission, there was no central personnel department and most personnel matters were handled informally at the employee-supervisor level. Even on salary matters there was little or no central direction. As one oldtimer described it:

Things were pretty informal in those days. The boss used to go down to Toronto each year to arrange our raises. The senior employee used to get five dollars per month more than the second-senior man, the second-senior man five dollars more than the third, and so on... There was no appeal system then. We just didn't do things that way.

Although there were signs of organization among the Commission's linemen and operators as early as 1914, the first significant union activity did not occur until four years later. It then developed among the Commission's temporary construction forces on the giant Queenston-Chippawa Power Development Project at Niagara Falls. Labour unrest on the project first involved the Frontier District Council of the United

1 For an account of this early attempt at union organization see: The Toronto Daily Star, May 12, 1914, p. 2.
Carpenters and Joiners of America but quickly spread to most of the other trades. The central issue was the unions' insistence that project rates and working conditions be the same as those negotiated locally. When matters came to a head, the Ontario Legislature appointed a special commission to fully examine and report on the situation. The following quotation describes related and subsequent developments:

Employees of several crafts engaged on the Chippawa-Queenston development project of the Hydro-Electric Power Commission went on strike on June 16th in protest against the re-introduction of a ten-hour day at straight time. The Ontario Legislature appointed a Commission to investigate and report on the situation. The result was a divided report. On June 15th, notices were posted at the construction camps that the conditions of work would be a ten-hour basis with straight time wages to be paid at ten cents per hour above last year's rate. Over one thousand employees struck the next day. A few days later, the Hydro-Electric Power Commission completely closed down all construction. This was the situation at the end of the month.¹

Settled by a compromise two weeks later, this dispute was the Commission's first important contact with organized labour.

With the completion of the Queenston-Chippawa project, union activity among the Commission's employees once again became insignificant. This can be attributed to a number of factors. In the first place, the sporadic attempts at organization which did take place were neither effectively planned nor adequately financed. A more important factor, however, was the nature of the employer. Ontario Hydro was

certainly not a niggardly employer. Although the Commission's wages and salaries did not compare as favourably to outside industry as they do today, this was more than offset by its liberal employee benefits. In this respect the Commission resembled and, indeed, probably followed the pattern set by the Ontario Civil Service. The advanced nature and features of the Commission's fringe benefits can best be illustrated by referring to the pioneering role which it played in the pension and insurance field. In 1923, Ontario Hydro introduced a pension and insurance plan which, even if unamended since then, would compare favourably with many plans now in existence. Administered by a Board which included elected representatives of the employees, the plan assured a retired employee a pension equal to the product of one-eighth of his average yearly earnings for the five consecutive years when his earnings were greatest times the number of years of his service. The Commission paid the administrative costs of the Plan plus two-thirds of the actuarial costs. The Plan was fully vested, including interest to the extent of the employee's contributions, and included liberal provisions for early retirement and total disability. There was also built into it an insurance provision in the event of death before retirement or prior to the payment of an employee's accumulated pension rights. The paternalistic nature of the Commission was also apparent in its sick leave plan and, indeed, in its general treatment of all employees. Also to its advantage was the nature of the employment it offered. Because of the nature of the service it rendered most jobs in the Commission were relatively secure. They
were, in a very real sense, as the thirties were to prove, depression-proof.

Considering these features as a whole, especially in contrast to the more stringent conditions prevailing in other industries in the Province at the time, it was hardly to be expected that anything short of a concerted and well-financed organizational campaign could have hoped to make any headway among the Commission's regular employees. Since this was not a period in which such campaigns occurred anywhere, let alone in Ontario Hydro, it is not very surprising that the Commission should have entered the mid-1930's almost untouched by union activity.

The Establishment of the Employee Representation Plan

A number of factors appear to have contributed to the Commission's acceptance of the suggestion by a group of its Toronto employees that some sort of machinery for the collective representation of the employee body be established. As in all such decisions, there was probably a mixture of positive and negative thinking involved.

On the negative side one cannot ignore the rising tide of international unionism. These were the early years of the CIO and a period of renewed activity on the part of the AFL. The International Brotherhood of Electrical Workers (IBEW), in particular, was beginning to show considerable interest in the employees of the Commission. Further to this, circumstances within Hydro were making it more vulnerable to organization. As generous as it may have been in its overall
treatment of its employees, the lack of central personnel direction was not conducive to good employee relations. As one management official explained:

The employee was completely at the mercy of his supervisor.

Viewing the Commission as a whole, the result was a chaotic lack of uniformity which readily lent itself to charges of personal favouritism and discrimination. Further aggravating the situation was the discontent engendered by the salary reductions of 1932. Although the Commission proved depression-proof in the sense of employment, it did not prove likewise in terms of the level of remuneration. Paralleling but less sharp than similar reductions in the civil service, these cuts could probably be justified "due to the prevailing economic circumstances." Regardless of their merits, however, these reductions could hardly be expected to endear the employees to the Commission. Summing up the negative motivations which might have influenced the Commission to accept some form of employee representation, one former employee representative, now in management, concluded:

It was the only thing to do as far as the Commission was concerned. There was the IBEW about to rap on the door. - What else could it do? No one admitted it openly but we all knew why it all (the Employee Representation Plan) came about.

Regardless of its impact at this particular time, it should be noted that this marked the beginning of what was to be a continuing IBEW influence on labour-management relations in the Commission.

According to many officials familiar with the circumstances at the time, it is far too easy to over-emphasize the negative features which may have influenced the Commission's thinking. One OHEU officer, for example, preferred to think of the Plan as:

Nothing more than a natural outcome of the then existing Commission policy of paternalism.

Many others concurred in this view, interpreting the Employee Representation Plan as an obvious development sponsored by an enlightened management.

On balance both sets of influences appear to have played a part in the Commission's decision. Different factors probably motivated different groups in management. The more liberal group in the Commission were undoubtedly moved by altruistic thinking. The threat of something worse, however, probably was an important selling point persuading the more dubious elements in management to accept the principle of employee representation. If nothing else, the negative features mentioned probably influenced the timing of the Plan's implementation. As announced, of course, only the positive advantages were emphasized. As related to the employees, the purpose of the Plan was to:

(a) Provide means whereby wages and working conditions may be discussed from the points of view of both Employees and Management and to endeavour to arrive at conclusions which are mutually satisfactory.

(b) To provide a means whereby management may better know and appreciate the points of view of the employees' own plans or projects designed to promote their mutual well being.
(c) To provide an additional opportunity for the discussion of matters pertaining to the Commission's business, its operation, and their relationship to the employees. ¹

It was on this basis that the Plan was accepted in a referendum of the non-supervisory employees.

¹ The Hydro-Electric Power Commission of Ontario, Office of the Secretary, Management Bulletin To All Non-Supervisory Employees, February 12, 1935, p. 2.
Chapter 4 - The Employee Representation Plan, 1935 to 1944

The Basic Framework

From its inception to its implementation, the Employee Representation Plan was a mutual undertaking. Yet the Plan itself, as the following account will reveal, indicates that at each stage in this process the Commission had the final authority in the event of disagreement. Nevertheless, several steps did precede the formal signing of the "Agreement and Plan of Employee Representation." Specially elected representatives of the employees met with management over an extended period and it was only after the Commission's original submission had been thoroughly discussed and redrafted that both groups felt prepared to submit it to the employee body for ratification. Following an affirmative vote by the participating employees, the Plan was formally signed on October 23, 1935.

The scope of the Plan was defined as follows:

All matters of common concern affecting the wellbeing of the Employees either individually or collectively come within the scope of this Plan, such, for example, as wages, working conditions, and all plans or projects designed to promote the mutual benefit of the Commission and its employees. Such matters pertaining to the Commission's business, its operations and the relation between these operations and the Employees, as the Commission may desire to submit, also come within the scope of the Plan.1

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Under "Reservations and Safeguards," however, the Agreement specifically reserved to the Commission the right to make

The final decision on any matter involving the rights and responsibilities of Management.¹

The ultimate recourse of the Employee Representatives was thus restricted to the following:

If, in the opinion of the majority of the Employee Representatives, it is desirable for Employee Representatives to personally present the case of the Employees to the Commission, this privilege shall be accorded them.²

Beyond this appeal to the Commission, however, the Employee Representatives had agreed upon no alternative. From a union point of view, of course, this aspect of the Plan alone branded it as nothing but a "Company Union" arrangement. Supporting this view was the fact that the entire cost of the Plan was borne by the Commission. This included not only the costs of all joint meetings but also those of a reasonable number of district meetings of Employee Representatives. After 1942 it also included the cost of an annual Council of Unit Representatives which brought all the Employee Representatives together for a two- or three-day convention.

¹ Ibid., p. 6.
² Ibid., p. 23.
The Formal Organization of the Plan

The organizational framework of the Plan paralleled the administrative and geographical structure of the Commission. Provision was thus made for two levels of joint deliberations. Central to the Plan was the General Joint Conference Committee. This was composed of senior management representatives and the General Committee of Employee Representatives. The latter consisted of six district chairmen, one from each of the existing operating systems, and two special representatives from Northern Ontario. The General Joint Conference Committee sponsored the Plan and dealt with all matters of general application. It usually met semi-annually. Within each of the six operating districts there was a District Joint Conference which usually met on a monthly basis but was convened more often when the need arose. It was composed of an employee representative from each voting unit in the district (normally about five per district) and the district's senior management officials. These Committees could only handle matters particular to their districts.

Fundamental to the Plan was the office of Employee Representative. Each Employee Representative was elected for a two-year term by a secret ballot vote of the members of his unit. To assure some continuity of representation, the even-number units voted in one year and the odd-number units in the next. At first no Employee Representative could run for more than two consecutive terms but this restriction was later removed from the Plan after continual agitation on the part of the Employee Representatives. The Commission undertook not to "interfere with or in any way attempt to influence the selection
or election of Employee Representatives,"¹ and also promised not to discriminate against them in any way. Both of these assurances were subject, however, to severe limitations. As in all matters relating to the Plan, there was no neutral or third party appeal procedure should the Commission be suspected or accused of violating these provisions.

Employees eligible for participation in the Plan were defined as follows:

All employees below the rank of those Supervisory Employees who exercise control over wages or salaries or working conditions of those under their supervision in the sense of having the responsibility to recommend changes in rates of pay, promotions, dismissals, etc., shall ordinarily be eligible under this Plan.²

In some instances this definition was interpreted quite liberally, the records showing, for example, that many in levels today excluded from the OHEU's jurisdiction were then active as Employee Representatives. The conservative influence of these lower level supervisors was to be felt even after the Employees Association emerged from the Plan in 1945.

The Agreement also specified in considerable detail the many mechanical features of the Plan. With respect to the office of Employee Representative, for example, the Agreement covered the qualification for the office, the method of election, the duties and responsibilities of

¹ Ibid., p. 28.
² Ibid., p. 13.
the office, the handling of vacancies and recalls, and so on. In this respect, as in many others, the Agreement and Plan of Employee Representation bore more resemblance to a union constitution than to a collective agreement.

An Evaluation of the Plan

(1) As Seen by Those Directly Participating in the Plan

The general attitude of the Employee Representatives towards the Plan was positive. They were quick to come to its defense when it was under attack and were usually more critical of employee expectations than they were of management's intentions. While most of the Representatives recognized that the success or failure of the Plan depended on the fairness and good faith of management, they were adamant in denying the inhibiting effect that the dominating position of the Commission was sometimes said to have had on their roles as Employee Representatives. With this criticism in mind, they thus reported as follows to the participating employees in 1941:

Any plan of Employee Representation is the subject of comparison and criticism - the criticism being that as the Representatives are employees, they cannot exercise the same freedom in negotiation as could an outside organization, and that the election of Employee Representatives is subject to influence and interference by the employer... Since the inception of this Plan, there has been no indication of any such practices.

1 There is no evidence to suggest that any special favours were bestowed upon the Employee Representatives. It seems unlikely, therefore, that their attitudes could have been significantly affected by personal motivations related to the possibility of such favours.

In the same report, the Employee Representatives were far more critical of "certain groups of employees"\(^1\) than they were of management. At one point, for example, the report chastises those employees "who suffer a great deal from self-pity"\(^2\) and who would try to magnify "fancied"\(^3\) grievances into general problems. The Employee Representatives were also critical of the lack of support they experienced in their endeavours:

> It is most discouraging to the Employee Representatives to labour on behalf of employees and fail to receive in return their wholehearted support. If this Plan is to be a success, Employees as a body must support the decisions reached by their Representatives in General Joint Conference. If equality is to be maintained, there must be no endeavour on the part of any section or district, to deviate from the General Plan.\(^4\)

Underlying the faith which the Employee Representatives had in the Plan was their basic trust and confidence in the integrity of the Commission.

> The Hydro-Electric Power Commission of Ontario is the most democratic of its kind. It is operated not for a profit but for the welfare of the people of the Province. It is an organization which could have no motive in depressing wage rates and is admitted, by even the most critical, to be most generous in its treatment of employees.\(^5\)

Although the report from which this and some of the preceding quotations were drawn was inspired and written to dispel misgivings

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1 Ibid., p. 12.
2 Ibid., p. 12.
3 Ibid., p. 12.
4 Ibid., p. 12.
5 Ibid., p. 5.
among some employees as to the value of the Plan, the purpose of the document does not appear to have distorted the validity of the statements made therein. In general, there is no doubt that the bulk of the Employee Representatives were satisfied with the progress being made under the Plan. This is not to say, however, that they did not have criticisms of certain aspects of it. At a later date, for example, in making recommendations as to ways of strengthening the relationship, they were especially critical of middle and lower management's role in the Plan. In this connection, they noted and suggested:

That Senior Management undertake a scheme of education to impress on Junior Management their desire to make the Plan serve its purpose and create in them an enthusiasm for the Plan that is so essential for its proper functioning. In fact, the more junior the supervisor, the more indifferent he seems to be and yet he is in the key position to interpret Management to the staff. They seem to be totally out of the picture, not covered by the benefits it confers on its members and so far removed from Senior Management that they frequently say and do things that, of themselves, are not sufficiently serious to justify action by the Representatives, but nevertheless create a distrust and suspicion in the minds of the employees which is applied unjustly to Senior Management.¹

Although the Employee Representatives had several other specific criticisms, these are better handled in a following section. Suffice it to say at this point that while the Employee Representatives were generally in favour of the principle of the Plan, they did have certain strong and apparently valid reservations about some of its basic operational features.

¹ An undated memorandum from the Employee Representatives to the Management Representatives on the General Joint Conference (probably about 1942).
The Commission was also in favour of the Plan. Aside from the fact that it forestalled organization by outside unions, there was inherent in the Plan some practical advantages to the Commission. The chief of these was emphasized by the Chairman of the Commission in a speech to a group of employees in 1938. After arguing that the collective views of the employees were far more important than the particular problems of one or two disgruntled individuals, the Chairman concluded:

The only practicable course is to place responsibility upon your Representatives, give them authority, abide by their commitments, and stand behind them in case of sectional dissension. The collective view is the only sound one.¹

In effect, the Chairman was thus admitting that from management's point of view the size of the organization was no longer conducive to individual employee relations. Collective representation, in this sense, was a positive advantage. The Chairman suggested, however, that it would cease to be an advantage unless the Employee Representatives made a more concerted effort to:

Weed out frivolous and unjustified complaints in committee.²

The same Chairman, in a later address, made it clear that insofar as the Commission was concerned the Employee Representation Plan constituted:


² Ibid., p. 9.
basis for what is commonly called collective bargaining. ¹

After reviewing the Commission's shortcomings in connection with the Plan, the Chairman admonished the Employee Representatives to dispel the misconceptions about the Plan which then prevailed among certain elements of the employees. He challenged them to live up to their side of the agreement by convincing

The employee body whom you represent that the Commission really wants to act in a spirit of honesty, reasonableness, and fairness. ²

In some of his remarks, the Chairman spoke of his broader interpretation of the purpose and objectives of the Plan and also revealed the pride which the Commission had in it.

The Commission has been reluctant to publicly proclaim the full extent of its contribution and of our joint accomplishment in matters of vital employee concern, yet it is important that the employee body shall recognize the true worth of what has already been done and can still be done. If you readily believe that a good job has been done, and if you are convinced that our relationships are established on a sound basis and are growing sounder year by year, is it up to you to fight to establish the truth in the minds of all employees?...

In the midst of uncertainty and social confusion, we of the Hydro have a great opportunity. Our course at least should be clear. This enterprise is a great instrument for public service. Viewed in that light, much of the distinction between Management and Employee Representatives loses significance. All employees and all representatives contribute to the common goal...

¹ Opening address by the Chairman of the Commission before the General Committee of Employee Representatives, December 6, 1943, pp. 2-3.

² Ibid., p. 2.
Let us build in every branch of hydro a spirit of loyal service. Let us demonstrate what can be done by working together instead of against each other. Let us give a lead to others that will help tip the scales toward sanity, honesty, cooperation and goodwill. We shall be happier and richer for doing so.\textsuperscript{1}

Such a view was not an insincere one. It characterized the attitudes of a good number of management officials in the Commission at about this time.\textsuperscript{2}

The problem was that this feeling was not prevalent at all levels in management. There were those in the line organization who either did not understand or did not subscribe to the principles and the philosophy underlying the Plan. Among this group, the Plan was viewed as an intrusion on management's rights, at best a necessary evil designed to forestall an even worse invasion. It was, in other words, something to be resisted at every turn. Although a large segment of management in 1935, it seems probable that this group and its thinking became less and less representative of general line thinking as the years went by. This was an absolute necessity if the Plan was to survive.

(2) Employee Reaction to the Plan

Most employees appear to have been indifferent to the Plan. According to some observers, many of them were hardly, if at all, aware

\textsuperscript{1} Ibid., pp. 10-11.

\textsuperscript{2} Some of these and later officials in the Commission were strongly influenced by the Moral Re-Armament Movement. For a collection of essays on this movement see: R. C. Mowat (editor), Report on Moral Re-Armament (Blandford Press, London, 1955).
of its existence. The bulk of the employees were proud and loyal to the Commission. Reasonably satisfied with their working conditions, they were anything but union conscious. At the same time, however, there were two minority groups which did have strong views concerning the ongoing developments. The larger of the two was composed of the Employee Representatives and other staunch supporters of the Plan. They were opposed in their efforts to make the Plan an effective medium of employee-management relations by a smaller but more militant group which supported the cause of the International Brotherhood of Electrical Workers. Strong in certain operating centers, the latter group took every opportunity to belittle the Employee Representatives and the Plan itself. That their influence is not to be discounted is suggested by the following extract from a letter which was written by one management official to another in 1944.

The writer learned that there was considerable nervousness on the part of the Employee Representatives due to the fact that the A. F. of L. Union had been very active throughout the various plants and it was their opinion that the Union had a very good chance of attaining a majority of the votes and becoming the bargaining agent for the employees, thus replacing the Employees Representatives bargaining agent with the Commission. This account somewhat exaggerated the situation. The available evidence indicates that while the anti-Plan group had a significant impact among certain groups, it never commanded much support from the bulk of the employees. If they had, this would surely have reflected itself, to a greater extent than it did, in the elections to the office of Employee Representative. Yet, it did not. Also, as we shall shortly relate, when the employees did have a chance to vote out the Plan in 1944,
they chose rather to retain a slight modification of it by a three-to-one margin. During this period, there was, nevertheless, a gradual and persistent upswing in IBEW activity among the Commission's employees.

(3) A Critical Appraisal

As we shall emphasize in the next section, the historical significance of the Plan was far more important than what was accomplished during its ten-year existence. Yet this is not to deny or minimize the value of what transpired during the life of the Plan. At the General Joint Conference level, the most notable achievement was the elimination of many of the wage and salary inequities earlier prevalent in the Commission. Even before the Plan was established, the need for a uniform classification system was recognized. Under the Plan it became a reality. The new system, which was developed by management and approved with some amendments by the General Joint Conference, went into partial effect in 1937. Although the role of the Employee Representatives in the formulation and administration of the system was considerably less than is that of the OHEU in the existing system, they did make a significant contribution to its development and implementation. Judging by the number of requests for review under the new system, there was little hesitancy on the part of the Employee Representatives to process grievances nor on the part of the employees to submit them.

This was the intriguing thing about the whole Plan. The Employee Representatives had only the power of reason and logic behind
They must have wondered about the consequences of challenging management's authority when, in the final analysis, they could only rely on management's good faith. Yet they did challenge management, they did process and win grievances, and they did develop a measure of confidence in the Plan among many of the employees. This is a tribute not only to the calibre of the Employee Representatives but also to the management which could instill such an atmosphere in such a brief period of time.

On the whole, the General Joint Conference appears to have functioned quite effectively. At the same time, it should be recognized for what it was. From the outset, it is apparent, but difficult to describe or document, that the whole procedure was essentially a consultative mechanism. This is suggested by statements such as the following:

You are requested to bear in mind that the Commission is purposely consulting you in the early stages of this work, before it has reached any conclusions whatever, so that it may have the benefit of your opinion as the work progresses.

This was contained in a 1936 letter to the Employee Representatives in reference to certain matters pertaining to the salary classification system.

Further evidence as to the subsidiary role of the Representatives is provided by their sporadic complaints to the effect that they weren't

1 They might have been able to effectively utilize the threat of a deal with the IBEW to extract their demands from management but apparently there was little or no attempt to use such tactics.
even being consulted on certain matters. On those questions on which they were consulted, one former Representative characterized their role as being nothing more than a "sounding board." From all this it is apparent that the Representative certainly did not exercise the power that is the union's today. This is best illustrated by the following quotation which conveys management's reply to a request by the District Chairman for detailed wage and salary lists for employees within their districts:

The management explained...that payroll information is considered by the Commission to be confidential. It was explained that lists, so far as each department is concerned, have been furnished to the several Heads and it is thought unwise...to give the information to the various District Chairmen, as requested. It was suggested that any individual concerned might ask to be informed by his Department Head if his particular case had received consideration.¹

This sort of secrecy not only undermined the Employee Representation Plan but eventually proved to be the undoing of the classification system itself.

At the District Joint Conference level, the effectiveness of the Plan varied with the calibre of the Employee Representatives and with the degree to which district management understood and accepted the Plan. The importance of these variables is readily apparent from even a cursory examination of the contrasting experiences in the various districts. In one of the districts, which those familiar with the Plan rated as having an outstanding record, several characteristics

¹ Minutes of the Meeting of the General Joint Conference, July 21, 1935, p. 11.
stood out. In the first place the Plan was not oversold. At the first district meeting, for example, the Employee Representatives were cautioned not to expect too much at the outset.

The Commission are in earnest about this Plan but they would ask that employees allow a reasonable length of time for matters to be taken care of. That they do not want petty grievances brought in and that the employees do not ask for too much at the start in order that the Plan may get underway.1

This particular Joint Conference met on a regular monthly basis, had formal agendas, and kept adequate records. The most important factor, however, was the faith and understanding which district management had in the Plan. They attended meetings regularly and dealt with problems as expeditiously as possible. On the employee side, the number of individual problems which appeared on the agenda indicates that the employees did not regard participation in the Plan as being detrimental to their long-run interests in the eyes of management. This was even more evident in the elections of the Employee Representatives in the district. There was considerable competition for the office and apparently little or no hesitation to play an active role once attaining that position. Another feature which distinguished this District Joint Conference from most others was the fact that an Employee Representative was usually elected chairman of the Conference. As superficial as this may appear, it was important to the extent that it revealed the good faith of local management.

1 Minutes of the District Number 5 Joint Conference, February 14, 1936, p. 1.
Unfortunately, however, this conference and the atmosphere in which it operated was the exception rather than the rule. According to the Chairman of the Commission, this situation was primarily due to management shortcomings.

I would like to acknowledge here the regrettable fact that District Joint Conferences have not functioned as effectively as had been hoped, very largely through the fault of management.¹

For many district managements the Plan proved too much a reversal of previous ways. They did not understand or accept it and consequently in one or two districts it barely functioned at all. In all too many cases, management was unwilling to share information and exploited its dominant position. As a result, the Employee Representatives, while able to present and gain redress for gross inequities, could not resolve or compel the adjudication of borderline cases.

One drawback which was prevalent in all districts was the inability of local management to give a direct decision on many matters. This not only provoked criticism from the Employee Representatives but aggravated local management. As one top official in the line described the situation as early as 1936:

Heretofore the answers given by our Representatives have had to be quite noncommittal whereas the men point out that the Plan itself calls for very frank discussions of all matters presented.²

¹ The Commission and the Employee Representation Plan, op. cit., p. 9.

² Unsigned Intermanagement Memorandum, 1936.
That this problem was never properly resolved is indicated by the fact that soon after the Employees Association emerged from the Plan, district joint meetings were dropped as a formal part of employee-management relations in the Commission.

The Historical Significance of the Plan

Probably the most significant aspects of the Plan were the educational values and the future implications that were inherent in it. The Plan was a preview of events to come. It set the stage for an evolutionary process, the full course of which is yet to be determined. It was the Plan which compelled both the employees and the management of the Commission to make the adjustments which were to fit them for later developments which many considered inevitable in any event. It was the Plan, for example, which forced management to recognize the need for and establish a central personnel department. It was also the Plan that provided the framework of the union which was to emerge from it. Indeed, without the Plan, there are many that question whether the white-collar employees would yet be organized in Ontario Hydro. It is also questionable whether an industrial-type union would have been established had it not been for the experience provided during this early period under the Plan. The Employee's Association was not only to inherit the leadership of the Employee Representation Plan but also the constitutional framework and the other characteristics already established under it. Less tangible but no less real were the educational aspects of the Plan. Not only
did it provide the future union leadership in the Employees Association but it also revealed the need for some sort of supervisory training in the Commission. In itself the Plan provided part of that training. It gave supervisors their first taste of collective relations and made the adjustment to today's union far easier than it might otherwise have been.

It seems probable that the employees of Ontario Hydro would eventually have been organized in any event. The nature and timing of actual unionization was, however, vitally affected by the Employee Representation Plan. The influence of the Plan is still to be seen — in union, in management, and in the relationship between the two.

A Change of Legislation — PC 1003

As late as 1943, the General Committee of Employee Representatives unanimously endorsed a statement which included the following assertion:

I repeat. I fail to see how any other agent or foreign body by means of coercive, domineering and threatening tactics can gain for as many employees in this organization, at no financial outlay on the part of these employees, greater benefits than we, as Employee Representatives, can gain for them through sane, sensible employer-employee negotiation.¹

Only a year later, however, external developments were to place the Plan in a completely different light. In 1944, the Government of Canada, under authority of the War Measures Act, passed an Order-in-Council

¹ The Chairman of the Employee Representatives, Is This Plan of Employee Representation Still Our Most Effective Bargaining Agent? (an address to the General Committee of Employee Representatives, April 5, 1943), p. 2.
PC 1003. Designed to foster collective bargaining between management's and independent unions of their employees, this measure, among other things, prohibited employers from financially supporting employee organizations. When the Legislature of Ontario enacted "The Labour Relations Board Act, 1944," it extended the force and effect of PC 1003 to Ontario. Since the Commission was bearing all costs associated with the Employee Representation Plan, this meant that the Plan did not qualify for certification under PC 1003. Without certification, the Commission and the Employee Representatives would remain vulnerable to continued raiding by outside organized labour. Even then the IBEW was engaged in an intensive organizational drive among certain of the Commission's employees. Hydro management was quicker to see the implications than were the Employee Representatives. Thus, at the General Joint Conference of April 17, 1944, the General Committee of Management Representatives submitted a prepared statement which read in part as follows:

We have considered very carefully the simplest and most effective means of curing any possible weakness at law and we wish to suggest the following:

(1) That we jointly amend the Agreement and Plan of Employee Representation so that all reference to the establishment or the constitution of an employee organization will be eliminated therefrom and nothing will remain except matters on which your organization and the Commission wish to record their agreement.

(2) That you, acting independently of the Commission, draw up a constitution and establish an employee organization of your own. This would appear to us to require a general employee vote.¹

¹ Minutes of the Fifteenth Meeting of the General Joint Conference, April 17, 21; May 31; June 2, 6, 7, 1944; p. 2.
In contradiction to the second point, the prepared submission went on to suggest management's interpretation of a "Hypothetical Constitution" which would be acceptable under the law and yet involve no fundamental change in the relationship between the Commission and the Employee Representatives. In concluding their submission, however, the Management Representatives were careful to point out that

To avoid any possible misunderstanding, we wish to make it clear that we are not suggesting that you should adopt any particular form of constitution; that would be quite beyond our province. We suggest only that your constitution should ensure your complete independence from the Commission; that is of any control or influence or any suggestion of control or influence on the part of the Commission. The material mentioned is offered you for your convenience and for no other reason. Further, we believe it to be desirable and necessary that there should be no consultation between us upon the constitution which you adopt.1

After due deliberation, the Joint Conference was reconvened and the Employee Representatives announced their intention to form an

Employees Association. This Association, in their opinion

Would conform with the provisions of Order-in-Council P.C. 1003 and remove any doubt as to the legality of the Plan of Employee Representation which...should be continued if at all possible.2

There then followed a secret ballot of the eligible employees, supervised by an official of the Ontario Department of Labour, this resulted in a vote of 1,783 to 542 in favour of the formation of the Employees

1 Ibid., p. 3.
2 Ibid., p. 3.
Association of the Hydro-Electric Power Commission of Ontario. With the drafting of the constitution for the new Association, the Agreement and Plan of Employee Representation was amended to conform with the law and to delete those sections which normally belonged in a union constitution.

In fact, as well as in essence, none of the changes were of profound significance. It was, in effect, nothing more than a legal manoeuvre to comply with the newly legislated laws of the land. This was hardly surprising since, as we have already seen, both parties were relatively satisfied with the existing arrangement. The superficial nature of the amendments to the Plan itself are epitomized by the treatment of facilities and expenses. The new Plan thus stated:

The Commission shall provide the necessary facilities for Committee meetings and, so far as permitted by lawful authority, shall bear all necessary and proper expense involved in the operation of the Plan. (Emphasis added)\(^1\)

A Summary Analysis

Had it not been for the change in the legal environment, and for the accompanying upswing in raiding by the IBEW (which is described in detail in the next chapter), the Employee Representation Plan would probably not have been revised as early as it was. In spite of the many weaknesses inherent in the Plan, its overall effectiveness cannot be denied. Although it was subject to severe criticism by a militant

\(^1\) Ibid., p. 7.
minority in the Commission, most employees were either completely apathetic to any form of collective representation or were staunch supporters of the Plan.

The Employee Representatives did not have the independence and power of their OHEU counterparts of today but that did not prevent them from playing a remarkably active and effective role on behalf of the employees. This was due, in no small measure, to the calibre of those representatives. More important, however, was the nature of the employer. The Commission practised both a paternalistic and an enlightened philosophy of management. This was the foundation upon which rested the relative success of the Plan.
Chapter 5 - The Emergence and Development of the Employees Association, 1944-1956

Introduction

PC 1003 triggered what many in Hydro considered an eventual development in any event. In the long run, however, the impact of legislation was to prove far less telling than the continual raiding of the jurisdiction of the Employees Association (the EA) by the IBEW and by other International Unions. This raiding, as is suggested in the next section, was to have a profound and lasting effect upon the course of labour-management relations in Ontario Hydro.

The period from 1944 to 1956 was a time of strain for the EA. Weakened by constant raids from without and torn within by internal strife, it underwent a series of drastic internal reorganizations and external realignments. These changes not only posed adjustment problems within the union but also complicated the EA's relationships with both the Commission and with organized labour in general in Canada. Nevertheless, as significant as these developments were, they did not seriously disrupt traditional patterns and relationships.

The Early Years of the Employees Association

The changes induced by PC 1003 were initially more superficial than real. For one thing, the new Agreement and Plan of Employee Representation was essentially the same document as the original Employee Representation Plan. This, combined with the fact that the
same individuals continued to represent both the employees and management, overshadowed and reduced the significance of events such as the first election of an Employee Representative as Chairman of the General Joint Conference. In practice, the Employee Representatives were still subject to the same limitations as they were under the original Employee Representation Plan. Although relations between Employee and Management Representatives continued on a high plane, they remained dependent on management's good faith and intentions.

During this period paternalism continued to characterize the Commission's attitudes towards its employees. There are those that maintain, however, that the EA more than reciprocated in kind. As one former union executive recalled:

We used to wonder who was more paternalistic; the Commission with the employees or the union with the Commission.

That management was aware and appreciative of the nature of its relations with the EA is attested to by the frequent references to the benefits of such a relationship in the annual briefs of the Employee Relations Department to the Commission. Typical of these expressions was the following:

The Commission is extremely fortunate in having as the bargaining representative of its employees an independent labour organization whose sole concern is the welfare of its own members and one which numbers among its paid-up members approximately 95% of all those who are eligible. As stated earlier, it is known as the "Employees Association of the Hydro-Electric Power Commission of Ontario". While the officials and bargaining representatives of the Association naturally have striven to improve the wages and working conditions of the Commission's employees, they have at the same time been honest, fair,
responsible, and legal. They have respected and trusted the Commission Representatives and have been respected and trusted in return. As a result, it has been our experience to date that agreements generally in the best interests of both the Commission and the Association have been reached with comparatively little difficulty.¹

The comparative ease with which such agreements were reached was due, in no small measure, to the approach of the EA. To say that it was derelict in its responsibilities would be unfair. To say that it was not as effective as it might have been in its bargaining procedures would not be unfair. That this was so stems primarily from the very nature of the EA in its early years. At that time it bore more resemblance to a benevolent society that it did to a trade union. For a time, for example, it sponsored cooperative and discount purchasing.

As a result, in certain fields, other groups in the Commission appear to have done just as much bargaining as the EA. This was probably true, for example, of the Quarter Century Club in the field of pensions. Compared to the OHEU of today, therefore, the EA, at least in its early years, placed considerably less emphasis on collective bargaining. To a large extent, this reflected the implicit trust which the Employee Representatives retained in the fairness of the Commission. That to a degree their trust was misplaced is evidenced by the treatment of Hydro employees relative to other employees in Canada during the period from 1939 to 1948. Commission data reveal that its wages had not kept pace with the upward trend in the country as a whole. The extent of the

disparity is shown in the accompanying table.¹ This disparity was not completely offset by the Commission's relatively liberal fringe benefit program. As the Brief from which the data in Table III were derived had to say on this matter:

From the foregoing it will be noted that although the fringe benefits now enjoyed by employees of the Commission are generous, they are by no means out of line with those which are given in similar organizations.²

Although this evidence is hardly conducive to the conclusion that the EA was an effective bargaining agent in its early years, it must be remembered that the employee's needs are not just financial. With respect to other matters (such as the employee's relations with his immediate supervisor and the non-economic conditions of work in general), there are many in Hydro who seriously question whether the OHSU of today, which is an admittedly more effective bargaining agent in the financial sense, is doing a more or less effective job in these other areas as compared to the EA. A full discussion of this point of view, however, is better left to a later section of this thesis.

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¹ It is interesting to note that after the formation of the Employees Association (1945-1946) the figures presented in Table III would seem to suggest that the Employee Representatives were beginning to do a more effective job for the employees of the Commission vis-à-vis the position of employees in general in Canada. This was the period, however, when the Commission began its postwar expansion program. This entailed a marked increase in employment and compelled the Commission to increase its wages and salaries in order to attract the work force it required. It would, therefore, be an error to attribute the relative rise of wages and salaries during this period entirely to the efforts of the EA. Although it probably accounts for some of the rise, it seems likely that most of it was inevitable because of the aforementioned developments.

Table III

A Comparison of Ontario Hydro Wage Increases with Those of the Canadian General Average, 1939 - 1948

(1939 = Base)

<table>
<thead>
<tr>
<th>Year</th>
<th>The Canadian General Average</th>
<th>Ontario Hydro Average</th>
<th>The Spread Between the Two</th>
</tr>
</thead>
<tbody>
<tr>
<td>1939</td>
<td>100</td>
<td>100</td>
<td>--</td>
</tr>
<tr>
<td>1940$^1$</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>1941</td>
<td>113.1</td>
<td>110</td>
<td>3.1</td>
</tr>
<tr>
<td>1942</td>
<td>122.5</td>
<td>111.3</td>
<td>11.2</td>
</tr>
<tr>
<td>1943</td>
<td>133.7</td>
<td>113</td>
<td>20.7</td>
</tr>
<tr>
<td>1944</td>
<td>137.9</td>
<td>113</td>
<td>24.7</td>
</tr>
<tr>
<td>1945</td>
<td>141.8</td>
<td>120.5</td>
<td>21.3</td>
</tr>
<tr>
<td>1946</td>
<td>155.2</td>
<td>120.5</td>
<td>34.7</td>
</tr>
<tr>
<td>1947</td>
<td>173.7</td>
<td>139.5</td>
<td>34.2</td>
</tr>
<tr>
<td>1948</td>
<td>193</td>
<td>155.8</td>
<td>37.2</td>
</tr>
</tbody>
</table>

$^1$ Data not available.

Source:

It must also be remembered that the EA from its very inception was undergoing gradual but profound changes. Imperceivable and intangible as the first signs may have been, many Commission officials were cognizant of a new awareness on the part of the Employee Representatives. Challenged by IBEW raiding, the EA felt compelled to prove its worth to the employees. It did so, in part, by evidencing a more forceful approach in its relations with management. Full-time officials were hired (the first in 1946), dues were collected, and, in general, a more business-like organization was structured. These adjustments were accompanied by a considerable amount of internal controversy. Some representatives, for example, interpreted these developments as a move in the direction of militant trade unionism. They felt that any such move would jeopardize the mutual trust and confidence underlying their relations with the Commission and therefore tended to resist such measures. Even today there remains within the union a good deal of dissension as to the appropriate approach it should adopt in its relations with management.

**Raiding by the International Brotherhood of Electrical Workers**

Until comparatively recently external forces affecting union-management relations in Ontario Hydro were largely confined to pressures on the union side of the relationship. Chief of these pressures was that exercised by the IBEW. With an interest in Ontario Hydro employees stemming back to the late twenties and early thirties, the IBEW persistently posed a threat to the jurisdiction of the EA. The first significant
test occurred in 1945. At that time, the IBEW, having engaged in a concerted three-year drive among certain groups of Hydro employees, applied for certification for those particular groups. The case went before both the provincial and federal labour boards and was eventually resolved in favour of the EA. In the meantime, however, as the following inter-management memorandum indicates, the Employee Representatives became much more conscious of the vulnerability of their organization. The memorandum refers to an earlier meeting with certain EA representatives:

They pointed out very emphatically that the utter disregard that the Labour Board has shown toward the Hydro Employees Association is having a very demoralizing effect on the staff... They also advised... that they were contemplating some rather drastic action in the way of newspaper publicity and even felt that they might be forced to go as far as taking a strike vote unless some satisfaction could be obtained from the Labour Board.

Reflecting this situation relations between the Commission and the EA became strained for the first time. The Commission found itself in a most untenable position. Although it preferred to deal with the EA, it did not feel it could publicly adopt such a position:

The Commission is not in the position of a private employer and any expression of its views as between what are called company unions and organized labour has much greater significance than would ordinarily attach in a case of a private employer.

1 When it became apparent that the EA enjoyed the support of the majority of the employees, the IBEW withdrew its petition for certification and the labour boards then automatically ruled in favour of the EA.

2 From a Management Memorandum of 1944.
The Commission was thus most reluctant to take a formal position on the dispute. At the same time, it also refused to negotiate a new agreement with the EA until the labour boards had reached their decisions. To do so, it was felt, would be tantamount to taking sides. This was naturally and strongly resented by the EA. Either through lack of knowledge or lack of appreciation of the Commission's position, many EA officials lost considerable faith in management's integrity. They felt their past loyalty and good relations with the Commission were being jeopardized for the sake of public relations. Nor were these doubts completely dispelled when the Commission, disturbed by adverse employee reaction to the long delays in the proceedings before the labour boards, finally did take a strong stand in favour of the EA:

Heretofore it has been the Commission's policy to refrain from expressing any preference between Labour Organizations which are seeking certification. We think, however, that we might, with propriety, point out that owing to the Commission's widespread and diversified activities throughout the Province, it is highly desirable that its non-supervisory and non-confidential employees all be represented for collective bargaining by a single organization. The Commission has been bargaining collectively with the Employees Association of the Hydro-Electric Power Commission of Ontario (formerly known as Employee Representatives under an Agreement and Plan of Employee Representation) since 1937 with results which we believe to be very satisfactory both to the Commission and the staff as a whole.¹

By this time, however, the damage had been done. The whole episode, and especially the inordinate delays in bargaining, not only disillusioned

¹ A letter from the Chairman of the Commission to the Wartime Labour Relations Board, December 22, 1945.
some of the Employee Representatives but also undermined the position of the EA in the eyes of many of the employees. As a result, when bargaining did resume, it was characterized by the first real strain in the history of their relationship.

In spite of the negative and disruptive developments associated with this episode, there are many in the Commission who claim that, in the long run, this initial onslaught by the IBEW did far more good than harm. Although the raid did strain relations between the Commission and the EA, it did not provoke a fundamental long-run change in their relationship. On the other hand, it did awaken the EA to the need to streamline its operations and improve its effectiveness. Referring to this influence, one OHEU official commented:

The IBEW was the best thing that ever happened to this union.

This first IBEW raid and those that were to follow it probably contributed more to the survival and present administrative efficiency of the OHEU than any other single factor. Although there are those in management who would question how this could be construed as being beneficial to the Commission, the majority of the officials I interviewed still appear to believe that it is beneficial to the Commission to be dealing with a union that is run and controlled solely by and for Ontario Hydro employees. This might not be possible had it not been for this initial raid by the IBEW. It forced the EA to begin the adjustments which eventually enabled it to survive in its present form.
The Effect of the Commission's Relations with Other Labour Organizations

In 1950-1951 Ontario Hydro began the construction of a major addition to its power installations at Niagara Falls. To facilitate labour-management relations on the project, the Commission entered into an agreement with the Niagara Development Allied Council, a federation of seventeen international craft unions established to bargain collectively, as one entity, with the Commission. This development was to have historical ramifications extending far beyond Ontario Hydro. Internally it was also to prove of profound importance. The EA interpreted this development as an effort on the part of the Commission to undermine its position. As we shall see shortly, there is evidence to suggest that their fears were not entirely groundless. Nevertheless, from the Commission's point of view, it was again faced with a dilemma. While the EA represented some of the Commission's construction forces, it was certainly not a construction union and could not hope to refer needed workers to the Commission in the way that the international craft unions could and did do so. In addition, the latter were already certified on a number of the Commission's Northern Ontario projects. A further and more arresting consideration was the fact that the Commission faced a heavy construction schedule, mostly in established trade union centres, and could not risk the jurisdictional warfare which would have ensued had the EA been given jurisdiction over such employees.

What provoked the EA was the way in which the matter was handled and the long-run implications it appeared to hold. The Allied Council
Agreement was drawn up and signed without the knowledge of the EA and before a single worker was on the project to which it was to apply. In the latter respect, it contravened the spirit if not the letter of the Ontario Labour Relations Act. In any event, the manner in which the matter was handled by the Commission could hardly have aroused more suspicion had it been deliberately designed to do so. There was a strong feeling among EA officials that the craft unions had only agreed to deal with the Commission collectively in return for some assurance that the Commission would not look with disfavour upon the carving up of the EA's jurisdiction. That certain members of management were capable of such thinking was later substantiated by a tentative agreement to a request by the IBEW that certain employees in the EA's jurisdiction be given leaves of absence to raid the EA. The latter was very much aware of this subterfuge and the eventual vetoing of such a plan by the Commission did little to dispel the growing realization within the EA that to survive it could no longer afford to rest its future in the hands of management. Union security thus became a burning issue for the first time in the EA's history. Although it had suggested some form of union security as early as 1944, the true spirit of the organization on this question, at least prior to 1950, was closer to the views of one of its top executive officers:

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1 Under this Act a vote of the employees affected is required before a union can be certified. This was the accepted practice in the Province both before and after the unusual exception allowed in this instance.
The acquisition of a 100% membership dictates the necessity of the closed shop or the union shop. Both of these principles are highly controversial and it has yet to be demonstrated, to our minds at least, that the principle involved is entirely justified. The Association feels that membership should be entirely voluntary and that the forcing of an employee to join any organization is, in the final analysis, an abrogation of the democratic rights of that employee. A spontaneous rallying of the forces of labour is always much more effective than a legislative forcing.\(^1\)

In 1952, however, the EA, harassed by raiding from without and beset by misgivings within as to management's true intentions, demanded and won the union shop. If indeed one can date such phenomena, 1952 and the negotiations which occurred in that year would have to be selected as a major turning point in the history of the EA. At that time truly independent unionism really emerged in the Commission.

**Internal Developments in the Employees Association**

Complicating the external factors compelling adjustments within the EA were equally significant internal developments. One of the most important of these was the growth in its membership. Available records, as in Table IV, indicate a steady and healthy growth in the EA membership from 1945 to 1954. Although this growth primarily reflected the expansion of the Commission's work forces, it also denoted the increasing acceptance of the EA among the employees. This is revealed by the fact

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1 A letter from the Secretary-Treasurer of the Employees Association to an interested member who had suggested that the EA press for some form of union security, June 11, 1946.
Table IV

Total Membership of the Employees Association
of the Hydro-Electric Power Commission of Ontario

1948 - 1953¹

<table>
<thead>
<tr>
<th>Year</th>
<th>Membership</th>
</tr>
</thead>
<tbody>
<tr>
<td>1945</td>
<td>2,559</td>
</tr>
<tr>
<td>1946</td>
<td>3,072</td>
</tr>
<tr>
<td>1947</td>
<td>N.A.</td>
</tr>
<tr>
<td>1948</td>
<td>3,935</td>
</tr>
<tr>
<td>1949</td>
<td>4,755</td>
</tr>
<tr>
<td>1950</td>
<td>7,868</td>
</tr>
<tr>
<td>1951</td>
<td>7,956</td>
</tr>
<tr>
<td>1952</td>
<td>8,272</td>
</tr>
<tr>
<td>1953</td>
<td>8,892</td>
</tr>
</tbody>
</table>

¹ Figures shown for each year are for the month of February.

Source:

Various Commission and Union files.
that the acquisition of the union shop in March of 1952 only resulted in a net membership increase of 620 employees. Since 1953 the membership has paralleled the growth of the Commission. Corresponding to this growth in membership was a gradual increase in the financial resources and staff of the Association. This only became pronounced, however, following the institution of the union shop in 1952. This development, combined with the voluntary checkoff (which had been conceded in 1944), gave the EA for the first time a firm financial foundation upon which to plan its future activities.

In its early years, as we have already seen, the EA was certainly not a militant labour organization. Events, however, were conspiring to compel some changes in its orientation. There was the continuing pressure of the IBEW and there were the misgivings about the Commission's designs with respect to the future of the EA. Equally important, however, were the suspicions which arose among certain EA officials as to management's philosophy and approach to collective bargaining. As the EA undertook more and more research, it began to question the accuracy and integrity of the Commission's wage and salary survey data. It began to doubt and lose faith in the "Great White Father." Isolated incidents aggravated the situation. At one time, for example, the EA claimed that the Commission had reneged on a promise to reopen wages in the event of "runaway inflation." The Commission countered by claiming

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1 This is the phrase often used in the Commission to describe the underlying paternalism which dominated Commission personnel policies for many years.
that "runaway inflation" did not then exist. The merits of the case are not significant. What is important is that disputes such as these awakened the EA to its dependent role. They provided an environment which was conducive to those that were interested in change.

Meanwhile, realignments within the union were strengthening the hands of those who favoured closer ties with organized labour and a more forceful approach to management. Many IBEW supporters, disheartened at the prospect of overthrowing the EA from without, determined that the best course to follow was to attempt to change the union from within. A strong force from the outset, this group and their approach was immensely strengthened by the institution of the union shop in 1952. At that time, the jurisdictional lines of the union were clearly drawn for the first time and lower level supervisors, long a conservative force in the EA, were removed from its jurisdiction. With these internal developments\(^1\) and the external pressures already described, the stage was set for the changes which took place both in the status of the union and in the relationship between the EA and management.

**Affiliation with the National Union of Public Service Employees -- CLC**

In spite of the acquisition of the union shop in 1952, raiding continued to be the outstanding problem confronting the EA. External

\(^1\) Other internal developments within the union are discussed at later and more relevant points in the thesis.
attacks upon its jurisdiction became particularly acute during 1955 and 1956. With the impending merger of the Trades and Labour Congress (T and LC) and the Canadian Congress of Labour (CCL), affiliates of both of these organizations were extremely anxious to have the EA join their ranks prior to the signing of the proposed non-raiding pacts. From the EA's point of view, the merger of the two largest labour federations in the country was equally significant. Once the merger was an accomplished fact, this would reduce the possibility of picking and choosing between the unions with which it might choose to affiliate. It was feared that after the merger was consummated, the EA would have no other alternative than to become a local in the IBEW or remain an independent union. In view of its strong desire to retain as much of its autonomy as possible, the former alternative was out of the question insofar as the EA was concerned. At the same time, however, its independent status was proving increasingly hazardous and promised to become even more so in the future.

Meanwhile the IBEW, realizing that the EA would not join its ranks at any price acceptable to the International Office, decided to launch a full-scale raid on the EA's jurisdiction. This took place during 1955 and 1956. During this onslaught there were, at one time, according to the EA, ten full-time and six part-time IBEW organizers in the field. This experience proved most debilitating from the EA's point of view. In order to defend its borders, it had to devote almost all its resources to a running battle with the IBEW organizers. In doing so, it seriously neglected its service to the membership. This
made its borders more vulnerable to attack which in turn compelled
even more defensive efforts and expenditures. The situation had all
the makings of a vicious circle. Indeed, by the middle of 1956, the
EA was becoming desperate. As a result, the decision was made that it
could not survive as an independent entity and that, therefore, it
must seek affiliation on the least innocuous terms available while it
still had any choice in the matter at all.

Although affiliation had long been discussed in the union, it
had never commanded much support. In 1948, for example, a referendum
on the principle of affiliation was turned down by a margin of 1,703
to 600. This was followed two years later by 2,700 to 2,200 vote
against the following CCL proposal:

The Association would be accepted into the Congress as
a complete unit (in the same sense as an affiliate such
as an International Union) and would retain complete and
unquestioned autonomy of its own organization, with com-
plete freedom to agree or to disagree with policies es-

tablished by the Congress.¹

By 1956, such an offer would probably have been accepted by the vast
majority of the EA's elected officers and by most of its members. By
that time, however, no such offer was outstanding.

Nevertheless, there were a number of unions interested in having
the EA affiliate with them. Talks with a number of these organizations
had been taking place periodically for some time. By the middle of
1956, however, affiliation with the National Union of Public Service

¹ Employees Association, Official Executive Board Minutes, July 12 - 15,
1949, p. 2.
Employees (NUPSE), an affiliate of the CCL, appeared to be the only practical possibility. Here was an organization which needed the EA perhaps even more than the EA needed it.1 A small Canadian union which represented a miscellaneous collection of public employees, it promised to be swallowed up in the impending merger of the two large congresses unless it could increase its membership significantly. At the time it had about one-half of the membership of the EA. Because of these considerations, NUPSE was in no position to dictate the terms of affiliation with the EA. In fact, judging by the basis upon which affiliation between the two was finally consummated, the reverse would appear to be the more likely case. The Agreement of Understanding which became the basis for their affiliation was, and remains, one of the most unique documents in the history of the Canadian labour movement. From the EA's point of view, the crucial passages in the Agreement were as follows:

The basis of Per Capita from the Employees Association shall be ten (10) cents per member per month to the National Office of the Organization.

The Employees Association will maintain complete autonomy to conduct its internal affairs as they deem necessary.

This affiliation will place the Employees Association bargaining unit within the Canadian Congress of Labour on a full and equal status with any affiliated group...

1 The eventual affiliation of the two organizations could thus be very appropriately described as a "marriage of convenience."
The Employees Association in conformity with the above understanding will be free to participate to whatever degree they themselves shall decide. It is understood that there is no commitment of any kind on the part of the Employees Association to accept or assume any responsibility or undertaking other than those over which they themselves have complete and absolute control.\(^1\)

By affiliating on these terms, the EA would retain its autonomy and yet gain protection from the raiding which was, by then, threatening its very existence. The elected officers of the EA realized that these were the best terms that they could ever hope to negotiate. The membership, however, was not as easily convinced. Nevertheless, after an extended education and publicity campaign, the members did vote 3,953 to 3,287 in favour of affiliation on the above terms. The Agreement of Understanding was thereupon signed and since that time has governed relations between the EA and NUPSE. Shortly thereafter, the EA adopted its present name and became the Ontario Hydro Employees Union, NUPSE - CLC, or more conveniently, the OHEU.

Unfortunately, but as might have been expected, the Agreement of Understanding has not provided a very satisfactory basis for the relationship between the two organizations. Indeed, almost from the outset, it has been a major bone of contention between them. NUPSE claims that it was intended that the Agreement would only be the first step in the total integration of the OHEU into its organization. It further claims

\(^1\) Agreement of Understanding Between the Employees Association of the Hydro-Electric Power Commission of Ontario and the National Union of Public Service Employees (CLC), December 12, 1956.
that certain officials of the EA gave verbal assurances to that effect. The OHEU, on the other hand, completely rejects such an interpretation. It maintains that the whole purpose of the Agreement was to protect its autonomy and that it would not then, and will not now, commit itself to anything which would jeopardize that autonomy. Both organizations accuse each other of failure to understand and of failure to educate their memberships to the needs of the other.

The situation is further complicated and, indeed, is aggravated by the insistence of the Canadian Labour Congress that NUPSE straighten out its own internal affairs so that it will be in a position to merge with the other public service employee unions in Canada. Both the CLC and NUPSE are now demanding that the OHEU become a full-fledged local in the latter. With this in mind, the NUPSE Executive Board recently threatened to unilaterally terminate the Agreement of Understanding unless the OHEU would agree voluntarily to become fully integrated into the national union. When the OHEU stood its ground, however, this ultimatum was withdrawn and negotiations once again ensued between the parties.

Nevertheless, it is almost certain that in the near future the OHEU is going to be placed under the most extreme pressure to become an integral part of NUPSE. The CLC has made it clear that no other

1 The Canadian Labour Congress was the name chosen for the merged organizations of the CCL and the T and LC.

2 Since this was first written, NUPSE has again delivered an ultimatum to the OHEU. The latter has been told that if it does not become a full-fledged local in NUPSE by April 15 of 1960 it will be expelled from the National Union.
alternative is available to the union. A direct charter, for example, has been ruled out of the question.¹ The CLC has also made it clear that it will not tolerate the existing arrangement between the OHEU and NUPSE much longer. As one Congress official commented, "We can't have affiliates of affiliates." And from the CLC's point of view, indeed, they cannot. It establishes a precedent which, for practical reasons, the CLC cannot see prolonged in this case or extended to others. NUPSE itself, of course, is also unwilling to continue the present arrangement.²

This poses a basic dilemma for the OHEU and must eventually compel a most difficult and momentous decision on its part. If it yields to the demands of the CLC and NUPSE, which it does not now appear likely to do, it risks the loss of its autonomy. On the other hand, if it does not

¹ In terms of the internal politics of the organization, the CLC cannot grant a separate charter to the OHEU. Too many of its existing affiliates now claim the jurisdiction and would veto such a move. Objectively speaking, on the other hand, there is little justification for refusing such a charter. In terms of its staff, for example, the OHEU has ample justification for requesting a separate charter from the Congress. According to one set of CLC records, its affiliates (including the OHEU) maintain a total of 15 full time education and/or research officers in Canada. Two of these are on the staff of the OHEU. On this and on other grounds, the OHEU has the qualifications, if not the necessary political strength, to become an autonomous affiliate of the Congress.

² In addition, the IBEW has recently served notice that it no longer recognizes or respects the Agreement of Understanding and, therefore, does not feel bound by the CLC non-raiding pacts when it comes to the OHEU. It has threatened to commence a new raid on the OHEU's jurisdiction.
do so, it risks the possibility of expulsion and, consequently, the dangers inherent in an independent status. The OHEU has been warned, most emphatically, that should it ever again find itself an independent entity, a full-scale raid on its jurisdiction will be authorized and will, in fact, be sponsored by the CLC. It is still possible, of course, that some sort of a compromise may resolve the problem. This does not seem very likely, however, unless NUPSE (and the CLC) are prepared to accept the present arrangements, including the existing financial commitments, as a basis of settlement. The OHEU is determined to retain its autonomy and to do so it realizes that it must maintain control over its finances. Although it recently agreed to increase its monthly per capita to the national union to 25 cents per month, it cannot go far beyond that point without receiving more of tangible value in return. Although the OHEU now receives some tangible benefits from affiliation (such as access to excellent research and to advice on specialized matters such as unemployment insurance), this comes primarily from the CLC (to which 8 of the 25 cents it now pays NUPSE are forwarded) and not from NUPSE itself. In fact, even if we exclude its per capita payment to the national union, the OHEU still provides more of a tangible nature to NUPSE than it receives in return. The OHEU still provides, for example, much of the education and research services required by the national union.1 At the same time the OHEU handles all

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1 Since this was first written, NUPSE has hired both a research and an education officer. It is unlikely, therefore, that it will require from the OHEU much further assistance on these matters.
of its own bargaining and servicing and therefore makes very little use
of the NUPSE staff for any purposes.

When the OHEU originally signed the Agreement of Understanding,
it was motivated primarily by the intangible advantages which affiliation
promised. One of these was the desire to play a more active role in
the general labour movement in Canada. The major motivation, however,
was negative. Affiliation promised a haven, or at least a respite, from
raiding. This is the feature which sold most of the elected officers
on affiliation and this was the advantage which was used most effectively
to convince the membership of its desirability. Even today this remains
the most effective argument of those who favour affiliation. It is
this negative and defensive consideration which has been the primary
factor compelling the OHEU to remain with NUPSE as long as it has.

Whether or not such considerations can continue to hold this "marriage
of convenience" together indefinitely is a matter of conjecture. There
is, on the one hand, the determination of the OHEU to retain its autonomy.
If it does not, it fears it will lose some of its most outstanding
characteristics.¹ To retain its autonomy, on the other hand, it realizes
that it may be forced to withdraw from the labour movement which entails
the hazards of independent unionism. This latter possibility conjures
up in the minds of many OHEU representatives all sorts of forebodings
reflecting their earlier experiences with raiding. Yet the OHEU of
today is a significantly different entity from what it was even as

¹ Many of these are considered in the next chapter.
recently as three or four years ago. It is a much more effective and secure organization and is correspondingly less vulnerable to raiding. It would, therefore, be indeed unfortunate if it should sacrifice control over its internal affairs solely because of an exaggerated fear of the costs of maintaining that control. It should also be remembered that the CLC would also entail some risks if it should expel or induce the withdrawal of the OHEU from its ranks. This would not assist the Congress in its current campaign to encourage other organized government employees to affiliate with it.

The Commission's Reaction to Affiliation

The Commission's reaction to the change in the name and status of the OHEU injected considerable confusion and some bitterness into their relationship. Taking advantage of a technicality in the Ontario Labour Relations Act, the Commission refused to accept the OHEU's bargaining briefs, contending that the change in its name meant that the Commission was no longer dealing with the same entity. In an effort to compel the Commission to bargain with it, the OHEU then was forced, under its new name, to apply for Provincial Conciliation Services. It did not apply for formal certification because it feared the intervention of the IBEW. The latter, however, by contesting the right of the OHEU to Conciliation Services did, in effect, intervene in the situation. The IBEW claimed that the OHEU was not a proper bargaining agent for Commission employees and that the IBEW should be so recognized in its place. Prolonged proceedings then ensued before the Ontario Labour Relations Board.
Although the OHEU eventually emerged from these proceedings with its jurisdiction intact, and with the Commission ordered to commence negotiations with it, this did not make up for the difficulties and embarrassment which the whole episode caused the union. Once again it found itself dubious and suspicious of management’s motivations and intentions. ¹

From the Commission’s point of view, however, there were, as in the case of the first IBEW raid in 1946, extenuating circumstances. Although many in management recognized that the OHEU had little choice but to affiliate, if it was to survive in its traditional form, this did not dispel certain fears which were prevalent in the Commission concerning the implications of affiliation. Management’s concern is evidenced by the following memorandum:

The implications and possible consequences of the Association’s affiliation were fully explored, taking into account, among other things, the embarrassing situations which might develop between municipalities and the Commission and the obligation to protect the rights of minority groups of its employees. ²

With respect to the first point, it should be noted that NUPSE was then composed of thirty-eight locals, many of which represented employees of

¹ Relations were further aggravated during this trying period by the circulation of an anonymous letter among Commission employees. The letter contained an authorization for the cancellation of the dues check-off. Although management officially disavowed any connection with this development, this did not completely dispel the union’s misgivings as to the origin of the letter.

² The Hydro-Electric Power Commission of Ontario, Memorandum to Directors and Regional Managers, February 19, 1956.
municipal public utility commissions in Ontario. Since Ontario Hydro was the recognized pattern-setter for these local utilities, the Commission was bound to question the consequences of cooperation between representatives of employees of the two groups.¹ The Commission had, for some time, been considering the establishment of an Industrial Relations Liaison Service between itself and the local utilities. Affiliation provided the Commission with one more reason for the establishment of such a service.

The second point mentioned in the above release is a veiled reference to the political overtones of affiliation. Here again, there was some justification for the Commission's apprehension. At this point in its history, the CLC was committed to a policy of political alignment with one particular party. In a letter to management the President of the OHEU tried to dissuade the Commission of its misgivings in this area:

I would like to add further that in consummating this Agreement we have received assurances from both organizations that we will not be committed to any phase of political action whatsoever.

Management, however, was not convinced. It was especially dubious of future developments.

In view of these and other considerations, the Commission chose to challenge the union's change of name on the legal technicality that

¹ The Commission may also have feared that if it automatically recognized the affiliation of the union, the local utilities might then feel that indirectly the Commission was forcing them to accept NUPSE as the bargaining agent for their employees.
it implied a change of entity. This incensed OHEU officials, especially those who remembered how readily the Commission had circumvented the intent of the Labour Relations Act when it suited its purposes to do so (the establishment of the Allied Council). They felt that it was ignoring the intent of the Act again, and again to the detriment of the OHEU.¹ Nor did they feel that it was consistent. When the Allied Council unions changed their names, in recognition of the merger of the two large congresses in the United States and Canada, the Commission did not challenge those changes. The underlying circumstances may have been somewhat different, but because this was never formally discussed between the Commission and the OHEU, the different manner in which the two cases were handled lent itself to embittered feelings and changes of discrimination on the part of the OHEU. As one might imagine, this injected considerable strain into their relationship.

A Summary Analysis

The years from 1945 to 1956 were years of change for the union in Ontario Hydro. These adjustments were induced by forces both external and internal to the Commission. The most insistent of these was the pressure exercised by the continuing raiding of the IBEW. This was aggravated, however, by certain Commission actions which gave rise to

¹ Worse than this was the Commission's offer to voluntarily recognize the affiliation of the union if the OHEU would relinquish jurisdiction over the regular construction employees. The Commission had claimed that it legally could not recognize the change in the union's name. Now it was suggesting that it could, for a price. It is not difficult to imagine the reaction of OHEU officials to this kind of proposition.
misgivings within the EA, and later within the OHEU, as to what were management's real intentions.

Despite the complexity of the developments associated with this period and despite the intensity of the ill will engendered by some of them, relations between union and management in the Commission do not seem to have suffered as much as one might have expected. There was some strain in their relationship for the first time but there was no drastic or disruptive change in its basic characteristics.

This completes the analysis of the major historical features of the union-management relationship in Ontario Hydro. With this background, the next four and especially the following chapter can be seen in their proper perspective.
Introduction

Although an appreciation of the structure and government of the OHEU is vital to an understanding of union-management relations in Ontario Hydro, the relevance of this chapter is not limited to that relatively narrow purpose or perspective. Entailing considerably more than that, it is particularly pertinent to the current controversy concerning the question of democracy in trade unions. In this connection, the OHEU's attempt to develop a workable compromise between membership participation and control, on the one hand, and responsible and effective administration, on the other, is especially noteworthy.

The history and experience of the OHEU, in shaping and developing its internal structure and government, are of particular relevance to labour organizations encompassing an equally diverse and geographically dispersed membership. Although this might at first seem to include the larger industrial unions, even they are probably not as diverse in occupational composition as is the OHEU. More important, however, is the general tendency for most such unions to be controlled or dominated by a major occupational group within their membership. In the OHEU,

1 The application of the material developed in this chapter might further be narrowed by adding the qualification that such a membership be in the employ of a single firm or enterprise. This is true, of course, of the membership of the OHEU. Such a qualification, however, does not appear necessary.

2 Occupational group is here used in the broadest sense. In the UAW, for example, there is a natural tendency for the semi-skilled workers to dominate the union. Within the same context, it is also understandable why the UAW should be more oriented to the needs of its blue-collar than to those of its white-collar members.
in contrast, this has not been the case since no single group has ever been strong enough to exercise prolonged or exclusive control over union policies. This is suggested by Table V, which gives the occupational composition of the membership of the OHEU as of August 1956.

With respect to the geographical dispersion of its membership, the OHEU is again somewhat unique. Data on this aspect of the union's membership are provided in Table VI, which shows the province-wide distribution of its membership as of October 1958. Although most industrial unions represent a widely dispersed membership and therefore tend to negotiate multi-plant and, indeed, multi-firm collective agreements, few such agreements completely cover the legally organizable work force in all the plants or firms involved. Nor would such agreements usually encompass as many contract-wide provisions or entail as many restrictions on local discretion as does the OHEU agreement with Ontario Hydro. That agreement represents a highly centralized concept of labour-management

1 Although the electrical operators (due to the strategic nature of their position in the work force) have probably exercised an influence out of all proportion to their numerical strength, this has never been of paramount or prolonged significance. The extent of their influence can be attributed to two features. In the first place, they have ready access to the province-wide telephone network. They have, in addition, a considerable amount of spare time during the course of their work day. On both counts, they are better able to co-ordinate and promote their own particular interests than are other groups in the union. They are also in a strategic position from the point of view of servicing the local membership in general. This accounts for the large number of operators who are elected to local union positions.

2 In view of the figures shown in Table V, one might question why the tradesmen have not exercised a greater influence in the internal affairs of the union than the above review would suggest. This can be largely explained by the fact that they are spread so evenly across the Province that they do not have the opportunity to form as coherent a force within the union as do the electrical operators or the white-collar groups.
### Table V

The Occupational Composition of the
Membership of the Ontario Hydro Employees Union

(August, 1956)

<table>
<thead>
<tr>
<th>Occupational Categories</th>
<th>Number of Members</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CONSTRUCTION FORCES</strong></td>
<td></td>
</tr>
<tr>
<td>Tradesmen</td>
<td></td>
</tr>
<tr>
<td><strong>Group #1</strong> (Electricians, Welders, Linemen, etc.)</td>
<td>2,088</td>
</tr>
<tr>
<td><strong>Group #2</strong> (Carpenters, Riggers, Foresters, etc.)</td>
<td>617</td>
</tr>
<tr>
<td><strong>Group #3</strong> (Painters, Meter Repairmen, etc.)</td>
<td>178</td>
</tr>
<tr>
<td><strong>Group #4</strong> (Maintenance Men and Meter Readers)</td>
<td>223</td>
</tr>
<tr>
<td><strong>Group #5</strong> (Handymen)</td>
<td>331</td>
</tr>
<tr>
<td>Automotive Trades</td>
<td>163</td>
</tr>
<tr>
<td>Others</td>
<td>164</td>
</tr>
<tr>
<td><strong>Total Tradesmen</strong></td>
<td>3,964</td>
</tr>
<tr>
<td><strong>OPERATORS</strong></td>
<td></td>
</tr>
<tr>
<td>Generating Stations</td>
<td>454</td>
</tr>
<tr>
<td>Transformer Stations</td>
<td>309</td>
</tr>
<tr>
<td>Regional Operators and Operators-in-Training</td>
<td>208</td>
</tr>
<tr>
<td><strong>Total Operators</strong></td>
<td>971</td>
</tr>
<tr>
<td><strong>CLERICAL</strong></td>
<td></td>
</tr>
<tr>
<td>Business Machine Operators</td>
<td>108</td>
</tr>
<tr>
<td>Clerks</td>
<td>1,303</td>
</tr>
<tr>
<td>Area Office Staffs</td>
<td>353</td>
</tr>
<tr>
<td>Regional Office Staffs</td>
<td>583</td>
</tr>
<tr>
<td><strong>Total Clerical</strong></td>
<td>2,347</td>
</tr>
<tr>
<td><strong>TECHNICAL</strong></td>
<td></td>
</tr>
<tr>
<td>Draftsmen</td>
<td>581</td>
</tr>
<tr>
<td>Survey Staff</td>
<td>512</td>
</tr>
<tr>
<td>Miscellaneous Technicians</td>
<td>543</td>
</tr>
<tr>
<td><strong>Total Technical</strong></td>
<td>1,636</td>
</tr>
</tbody>
</table>
MISCELLANEOUS SERVICES
(Including Truck Drivers, Stockkeepers, Divers, Firemen, etc.)

1,131

PRINTING STAFF

56

TOTAL MEMBERSHIP

10,698

1 1956 data were used as they were the most reliable available. The proportional distribution between the different groups would be approximately the same today.

Source:

OHEU Membership Records.
### Table VI

The Geographical Distribution of

The Membership of the Ontario Hydro Employees Union

October 16, 1958

<table>
<thead>
<tr>
<th>Division Number</th>
<th>The Geographical Location Within the Province and the Name of the City in Which the Appropriate Regional Office is Located</th>
<th>Number of Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Niagara Region - Niagara Falls</td>
<td>928</td>
</tr>
<tr>
<td>2</td>
<td>West Central Region - Hamilton</td>
<td>627</td>
</tr>
<tr>
<td>3</td>
<td>Toronto Region - Toronto</td>
<td>561</td>
</tr>
<tr>
<td>4</td>
<td>Western Region - London</td>
<td>718</td>
</tr>
<tr>
<td>5</td>
<td>East Central Region - Belleville</td>
<td>580</td>
</tr>
<tr>
<td>6</td>
<td>Eastern Region - Ottawa</td>
<td>727</td>
</tr>
<tr>
<td>7</td>
<td>Georgian Bay Region - Barrie</td>
<td>620</td>
</tr>
<tr>
<td>8</td>
<td>Northeastern Region - North Bay</td>
<td>1,019</td>
</tr>
<tr>
<td>9</td>
<td>Northwestern Region - Port Arthur</td>
<td>436</td>
</tr>
<tr>
<td>10</td>
<td>Head Office (Toronto)</td>
<td>843</td>
</tr>
<tr>
<td>11</td>
<td>Head Office (Toronto)</td>
<td>858</td>
</tr>
<tr>
<td>12</td>
<td>Construction Division (Province Wide)</td>
<td>369</td>
</tr>
<tr>
<td>13</td>
<td>Service Centre (Toronto)</td>
<td>1,062</td>
</tr>
<tr>
<td>14</td>
<td>Head Office (Toronto)</td>
<td>932</td>
</tr>
</tbody>
</table>

1 The divisional breakdown of the membership of the OHEU parallels the regional organization of the Commission and consequently the geographical locations used in this table are identified in accordance with Commission terminology.

Source:

OHEU Membership Records.
relations. It includes, for example, a complex seniority provision, province wide in application, which applies to both layoffs and promotions under certain specified conditions. Such provisions are certainly not common in multi-plant or multi-firm agreements.

If not specifically to industrial unions, what then is the broader significance of a study of the OHEU? As it turns out, at least in Canada, the situation just described is not unique. It is duplicated among the many established and developing civil service unions at the federal and provincial levels across the country. Composite-industrial in character, these labour organizations encompass memberships which tend to be equally diverse in terms of both their occupational composition and their geographical distribution. The problems presented by these features and the attempts which the OHEU has made to adjust to them are thus of particular relevance to an understanding of the situation confronting the growing unions of government employees in Canada.

Membership Participation — The Delegate System of Representation

Two important features have been pre-eminent in the development of the internal government of the OHEU. The first of these is historical in nature and stems from the tradition of democratic practices and procedures originally established under the Employee Representation Plan. Even today, this heritage is not forgotten. The second distinctive feature relates to the characteristics discussed in the previous section. The OHEU has always been confronted by a most imposing challenge. It
has had to ensure both equitable representation and effective service for a geographically dispersed membership composed of men and women engaged in a diversity of trades and occupations. The interdependence and interaction of these various considerations will be apparent throughout this chapter.

This section deals with the internal government of the OHEU and particularly with the system of representation which the union has developed to meet its needs. Essential to an understanding of the latter is the realization that the geographical dispersion of the union's membership makes the cost of membership meetings prohibitive, except at the work or community level. Reflecting this situation, the government of the OHEU can best be characterized as and, indeed, is actually based on a delegate system of representation. In describing this system, and in our discussion of the union in general, it will be useful to keep in mind Chart I which depicts the basic organizational structure of the OHEU.¹

Basic to governmental structure of the union is the office of Chief Steward. Elected by the members in each of 63 units in the Commission, each Chief Steward theoretically represents and services roughly the same number of members. In practice, as of October 1958,

¹ In addition to the 650 Contact Stewards shown on Chart I, there are about 400 Job Evaluation Stewards. The overlap between the two groups would probably not amount to more than 10 per cent of the latter group. As the Job Evaluation Stewards do not normally participate in the internal operations of the union, other than in their specialized capacities, they have not been included in the Chart.
Chart I

The Organization Chart of the Ontario Hydro Employees Union
(September, 1959)

PRESIDENT

EXECUTIVE COMMITTEE

EXECUTIVE BOARD

COUNCIL OF CHIEF STEWARDS

14 Chairmen

14 Divisional Committees

63 Chief Stewards

63 Unit Advisory Committees

Contact Stewards (about 650)

Membership

DIRECTOR OF ADMINISTRATION

Collective Agreements and Grievance Officer

Field Representatives

Research Officer

Secretary Treasurer

Job Evaluation Officer

Education and Publicity Officer

Office Supervisor

Clerical Staff
the number of members per Chief Steward ranged from a high of 220 to a low of 61. The reasons for this disparity will be discussed in the following section. Each Chief Steward is elected for a term of four years but is subject to recall. While there are those in the union who feel that this is too long a term of office, majority opinion continues to hold that the longer term is desirable in order to assure greater experience and responsibility. To provide continuity, elections for Chief Stewards are arranged on an alternating two-year basis. Thus, if elections for one-half the Chief Stewards were to be held in 1960, elections for the other half would be held in 1962. The election of a Chief Steward is an elaborate procedure. As set out in the union constitution, it is worth repeating in full since it illustrates the democratic procedures which characterize the OHEU.

(a) Voters Lists

The Secretary-Treasurer, as the officer responsible to the Executive Committee for the conduct of elections, shall prepare voters lists of members in each Unit.

The voters lists shall be sent to the Chief Stewards concerned who shall see that they are posted on bulletin boards within five days of receiving same. Omissions, if any, should immediately be drawn to the attention of the Secretary-Treasurer who, upon verifying the omission, shall give authority to the Chief Steward to have the addition(s) made to the voters list in ink.

(b) Nominating Elections

Ballots in the form set out in Schedule 3 hereof shall be sent to the Chief Stewards at the same time as the voters lists. The ballots each accompanied by a stamped 1st-class envelope addressed to the Secretary-Treasurer shall be distributed among the members in the Unit appearing on the voters list. The ballots shall
indicate a final mailing date for acceptance. The date shall be such as to allow the membership ten days in which to vote. Ballots received in envelopes bearing a postmark later than the final mailing date shall not be considered.

The Secretary-Treasurer shall notify in writing each nominee of his nomination and shall arrange for posting the results of the nominations in the Units concerned. All nominees desirous of standing for election shall be afforded five days from the time nominating results are posted in which to indicate in writing to the Secretary-Treasurer their willingness to stand.

(c) Final Elections

Final ballots in the form set out in Schedule 4 hereof shall be sent to the Chief Stewards for distribution among the members of each Unit. Each ballot shall be accompanied by a stamped 2nd-class envelope addressed to the Secretary-Treasurer and both enclosed in a brown envelope with the name of the member typed thereon. Each ballot shall carry a final mailing date and ballots received in envelopes bearing a later postmark shall not be considered. The final mailing date on the ballots shall be one affording the member at least ten days in which to exercise his franchise. Members may vote for one candidate only by marking the appropriate space with an "X". Ballots received bearing any notation or mark in addition to the "X", shall be considered spoiled and shall not be counted.

The final mailing date for any final election must not be later than October 20th.

All final election ballots shall be retained in safe-keeping for thirty days following the date appearing on the final results and shall then be destroyed.

(d) Tie votes shall be decided by lot drawn by the President after a recount of the ballots has been made by the Secretary-Treasurer in the presence of the Scrutineers.

(e) Demands for recount must be made within ten days of the date appearing on the final results. The recount shall be made by special Scrutineers appointed by the Executive Committee.1

1 Ontario Hydro Employees Union, NUPSE - CLC, Constitution and By-Laws (as amended to November 21, 1956), Article XX, Section 3, pp. 44-47. Section 4 of the same Article provides for the appointment of official scrutineers and also provides that any candidate may select a scrutineer of his own choosing if he so desires.
Each Chief Steward is responsible for the general affairs of the union and for the servicing of the membership in his particular unit. He is also responsible for the election or appointment of an appropriate number of Contact Stewards. Although the Constitution calls for the election of such representatives, a fair number of them are still appointed by their Chief Stewards. This is a declining feature, however, and the factors which underlie its continued existence need not be analyzed. Currently, there are approximately 650 Contact Stewards. Their distribution among the membership is quite uneven, reflecting the fact that the Contact Steward tends to be strictly a local service representative rather than one who is elected by and responsible to a certain specified number of members on policy matters.

The Contact Stewards within each unit constitute the Unit Advisory Committee for that particular unit. Although these committees provide both advice and assistance to the Chief Stewards, their most important function relates to their strategic position in the union's line of communication. They provide a key link in that line, particularly

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1 In marked contrast to the formal procedures involved in the election of a Chief Steward is the informality of the election of a Contact Steward. The Constitution specifies neither the method of election nor the length of the term of the office. As a result, a wide variety of practices may be found. These reflect both local traditions and the personal predilections of the encumbent Chief Steward. In most cases, the Contact Steward is informally elected on the job and remains in office until he resigns or is replaced. In some cases, however, more elaborate procedures have been devised.

2 There are, in addition, as was mentioned above, about 400 Job Evaluation Stewards. Many of these representatives are informally appointed to their positions after receiving a limited amount of training in the principles of job evaluation.
during times of crisis. Their vital role, in this capacity, will become more apparent at later points in the thesis.

Moving back up the organizational structure of the union, we find, immediately above the level of Chief Steward, the 14 Divisional Committees. These are composed of the Chief Stewards in each division. As set out in the union Constitution, the duties of the Divisional Committees are as follows:

Each Division Committee shall confer with respect to matters affecting the employees in their Division and shall confer with Management at that level and, if the matter under consideration is not settled at that level, shall report accordingly to the Executive Board for negotiation at that level.

In view of the growing centralization of union-management relations in the Commission (a trend which is discussed in Chapter 8), the importance of the Divisional Committees is diminishing. As a result, their primary function is becoming identical to that of the Unit Advisory Committees. In comparison with the latter, however, they represent a much more essential element in the union's internal communications network. The

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1 Also participating in these committees are representatives who are acting locally for Chief Stewards who have been elected to higher offices in the union. The Chairman of each Division, for example, is not expected to carry out his normal local functions as well as his duties as Divisional Chairman. His local duties normally are assumed by the Secretary of his Unit Advisory Committee, who is then termed the Acting Chief Steward of that Unit. Acting Chief Stewards are automatically members of the appropriate Divisional Committee, with full voice and vote.

Divisional Committees also have an important function with respect to the higher echelons of the union. Each of these Committees elects from among its members a Chairman and a Secretary. The latter, of course, are the top union officers in each Division. More important, however, is the link which the Chairman of each Division provides between this level and the central organs of the union. The Chairman of each Division is automatically a member of the Executive Board of the union.

While the governing body of the OHEU is its annual convention, the Council of Chief Stewards, the Executive Board of the union is probably the more important unit in terms of the continuing life of the organization. Although the Council carefully scrutinizes the actions and decisions of the Board, it has to accept the fact that the latter must handle many problems, some of considerable importance, which cannot await the annual convention. The Executive Board generally meets every two or three months. It reviews the general administration

1 Periodically suggestions have been made that the method of election of these officials be drastically revised. One suggestion, for example, would have the elected contact stewards in each Division elect the Divisional Chairman and Secretary from among the Chief Stewards in the Division. This would broaden the basis of the electorate, as it were, and for that reason alone has considerable merit. Most union officials suspect, however, that the results would not be much different regardless of the nature of the electoral procedure. My observations tend to support this view.

2 If for any reason the Chairman is unable to attend an Executive Board meeting, the Divisional Secretary attends in his place.

3 To convene an emergency session of the Council of Chief Stewards is an expensive proposition. Such a measure is thus utilized only sparingly.
of the union, receiving reports from many of the staff officers, and examines the current relationship with management, ratifying mid-term agreements and so on. It normally handles every important problem which confronts the union.1 The significance of the Executive Board in the internal operations of the union will become even more apparent in the following section.

The supreme parliament of the OHEU is the Council of Chief Stewards. Composed of the 63 Chief Stewards in the union, the Council epitomizes the democratic operation of the union. Convened at least once a year, it may be summoned at any time if 20 per cent of the Chief Stewards so request the President in writing.2 Approximately one month prior to the Council, each Chief Steward receives a comprehensive report on every aspect of the union's activities in the past year. Often totalling several hundred pages in length, these reports form a permanent record of the union's affairs and permit every delegate to attend Council with a clear understanding of most, if not all, of the issues before them.3 The Council itself is entirely in the hands of the elected officers of the union. Indeed, there is usually strong opposition to

1 The handling of especially important matters may be postponed if the Council of Chief Stewards is scheduled to meet shortly thereafter.

2 This 20 per cent must include representatives from a majority of the Divisions in the union.

3 Although many delegates do not take prior advantage of this material, normally a number sufficient to stimulate interest and debate do study the major reports.
staff officers participating in any way in Council deliberations. Debate is spirited and remarkably uninhibited. Every officer, every activity and every decision are open and often subjected to intense scrutiny and severe criticism. The decisions and activities of the Executive Board, in particular, are singled out for searching examination.

For the uninitiated, attendance at the Council of Chief Stewards is a provocative and stimulating experience. For the observer, especially for one who is concerned about democracy in trade unions, it is both enlightening and refreshing. Although one could infer from the above discussion that the Council, if anything, might be proven to be overly democratic,¹ this does not in fact appear to be the case.² Nevertheless, as part of the more general question as to the impact of the degree of democracy in the OHEU upon the nature of its relations with the Commission, it is a matter which deserves further attention. This is provided at later points in the thesis and particularly in Chapter 13.

The important functions of the Council are similar to those of any union convention. Only the election of union officers need be treated in detail here. The Council of Chief Stewards elects the three-man Executive Committee of the union from among the attending delegates. Since this Committee is charged with the general administration of the union and handles most of the day-to-day relations with management, the

¹ In the sense that it might inhibit effective decision-making and place unreasonable restraints on the administrative staff of the union.

² This observation is based upon the opinions of the elected officers and staff representatives of the union as well as upon my own impressions.
importance of its election cannot be minimized. Because the Office of President is the only full-time elected office in the union, it is not surprising that attention should focus on his election. Until recently there has been a high turnover of Presidents. Between 1946 and 1956, for example, nine different individuals attained the Office of President. Furthermore, many of their elections were closely contested. Since 1956, however, one incumbent has successively been elected to the Presidency with little more than token opposition. This development has led to suggestions from some quarters that any one individual be restricted to a limited number of successive terms of office. Intended to reduce the possibility of the formation of a political machine in the union, and to minimize the likelihood of any one individual making himself indispensable, such suggestions have not received much support in the union. They tend to be viewed in terms of their political overtones rather than in terms of their advantages and disadvantages.

A qualification which limits the field of candidates for President is the requirement that a candidate must have served at least one year on the Executive Board of the union. In other words, he must have been a Divisional Chairman for at least a year during his career as a union representative. This has not proved to be a serious restriction because only those Chief Stewards who have had such experience are likely to be well enough known to enlist the support necessary to become President. In any event, the possible disadvantages associated with such a restriction appear to be more than offset by the assurance it provides
that a newly elected President will be familiar with current union problems. At least this continues to be the view held by the majority in the union. There would appear to be less support for the extension of this same qualification to candidates for the office of First Vice-President. Until 1956, both Vice-Presidents were required to have prior Executive Board experience. In 1956, however, the Constitution was amended to open the election of the Second Vice-President to all Council delegates.

The election of the Executive Committee completes the description of the government of the OHEU. The following sections will deal with certain particular aspects and problems pertaining to this government and to the general administration of the union.

Representation by Population

The underlying necessity of the delegate system of representation in the OHEU is no longer, if indeed it ever was, a matter of debate. Periodic dissension does occur, however, as to the most appropriate distribution of the elective positions in the union. At the core of these disputes is the need to secure a proper balance between the somewhat conflicting objectives of equitable representation, on the one hand, and adequate servicing of the membership, on the other hand. To date, the emphasis has been heavily in favour of the latter goal. The result, as was earlier mentioned, has been an inequitable per capita distribution of the major elective offices in the union. This is readily apparent
from even a cursory examination of Table VII which shows the membership
distribution of the Chief Stewards and Divisional Chairmen in the union
as of October 1958.¹

This disparity may be traced to a number of factors. The first
and most important, of course, is the traditional emphasis which the
OHEU has placed on the servicing of its membership. It stands to reason
that the more geographically dispersed the membership, in any particular
Division, the more representatives it will require to service them.² It
may also be argued that it likewise requires more Chief Stewards to
properly represent such members in the councils of the union. This,
however, is a much more dubious point. Assuming that the latter argu-
ment is not valid, there are a variety of means by which one might assure
adequate servicing while at the same time preserving representation by
population in the policy-making organs of the union. Such means are not
difficult to imagine and need not be elaborated here.³

¹ Prior to October 1958 the situation was even more inequitable. It
was not until then that a third head office division (Division 14) was
created. Previously, the employees now in that division had been divided
between Divisions 10 and 11.

² This is particularly true of the Construction Division, Division 12.
As the only province-wide Division in the union (it represents full-time
construction members regardless of their location in the province), it
obviously requires a relatively high number of Chief Stewards for servicing
purposes. At the same time, however, this gives them voting power in
the Council of Chief Stewards and on the Executive Board out of all
proportion to their percentage of the membership.

³ The most straightforward solution would be to elect as many Chief
Stewards as are required for servicing purposes but to limit their voting
power in the union councils to the proportion of the membership which
they represent. This could be done by limiting their numbers in attendance
at such union councils or by having them vote as a bloc in accordance
with the membership they represent.
Table VII

The Membership Distribution of the Chief Stewards
and Divisional Chairmen of the Ontario Hydro Employees Union

October 1958

<table>
<thead>
<tr>
<th>Division</th>
<th>Number of Members</th>
<th>Number of Chief Stewards</th>
<th>Number of Chairmen</th>
<th>Per Cent of Membership Per Chairman</th>
<th>Per Cent of Members Per Chief Steward</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>928</td>
<td>5</td>
<td>1</td>
<td>8.99</td>
<td>1.59</td>
</tr>
<tr>
<td>2</td>
<td>627</td>
<td>3</td>
<td>1</td>
<td>6.07</td>
<td>2.02</td>
</tr>
<tr>
<td>3</td>
<td>581</td>
<td>3</td>
<td>1</td>
<td>5.63</td>
<td>1.88</td>
</tr>
<tr>
<td>4</td>
<td>748</td>
<td>5</td>
<td>1</td>
<td>7.25</td>
<td>1.45</td>
</tr>
<tr>
<td>5</td>
<td>580</td>
<td>4</td>
<td>1</td>
<td>5.63</td>
<td>1.40</td>
</tr>
<tr>
<td>6</td>
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Source:
OHEU Reorganization Committee, Report to the Council of Chief Stewards, October 16, 1958, p. 4.
This is the position taken by the head office divisions. In the future it may also be adopted by some of the larger divisions in the field. It is, on the other hand, strongly resisted by other groups in the union. Indeed, the underlying reasons for the failure to eliminate these disparities are political in nature. As was stressed at an earlier point, the OHEU has never been, and is not now, dominated by any one occupational group. This has positive advantages and few in the union really want to see the existing situation drastically altered. If representation by population was the governing factor (especially at the Executive Board level), it is feared that the white-collar group, particularly "the head office lobby," would then be able to control or at least dominate the union. Although this would not be a real threat at the present time, it is clear that their position would be considerably enhanced. In line with these fears, it is further suggested that the white-collar group might then be able to "capture" the Executive Committee and eventually take over complete control of the union. This would appear to be highly unlikely, at least in the near future, and is probably a far less dangerous risk, in the long run, than is the continuance of the existing inequitable system of representation. It would seem to me, therefore, that fear of white-collar domination has led to excesses in the other direction. More subtle factors are also at work. By preventing a more equitable distribution of voting power in the union, certain over-represented groups and their elected Chief Stewards are more likely to retain their influence and to attain higher office in the union. There are also those who are fearful that increased power in the hands of the
white-collar groups would jeopardize affiliation. This group is the more conservative bloc in the union and tends to be relatively more suspicious of the OHEU’s ties with other labour organizations.

In any event, because of these various factors, a further redistribution of voting power within the union, to bring it more in line with representation by population, is not likely, at least in the foreseeable future. Nevertheless, it is a serious problem and one which the union cannot ignore forever. As in most such matters, a compromise is probably what is called for. There are certain advantages in maintaining the Executive Board as it is presently constituted. In its present form, it normally assures that every occupational group in the membership will have a voice at that key level in the union. There is little justification, however, for the existing distribution of delegates in the Council of Chief Stewards. As the parliament of the union, the Council should, it would seem to me, be based on representation by population. The existing situation lends itself to charges of gerrymandering and is not conducive to the realization of fully representative policies. Nor need there be serious fears as to the possibility that such a policy would allow the head office group to gain control of the union. This may be a problem in the distant future but even then, by retaining the present constitution of the Executive Board, a built-in protection against single group domination or control would be provided. The Council is not noted for reversing the decisions and recommendations of the Board, but if and when it did, surely that would be desirable, especially if it was constituted so as to be fully representative of the membership.
Representation by Occupational Group

At no place in the formal governmental structure of the OHEU are there electoral qualifications based on the occupational breakdown of the union's membership. The special problems and needs of the different groups in the union are, however, acknowledged at two important points. On a continuing basis, there are the special committees established to deal with problems particular to the different occupational groups in the union. Typical examples of these are the Trades Classification, the Operators Consultative and the Job Evaluation Committees.

The most significant recognition given the diverse occupational groups in the union occurs in relation to its collective bargaining function. As its master bargaining committee, the Executive Board of the OHEU is responsible for all negotiations. It is especially involved in matters of general application. Much of the actual bargaining, however, is delegated to five sub-committees, four of which represent and handle, subject to the final approval of the Executive Board, the special problems of each of the major occupational groups in the union. This procedure is reflected in the collective agreement itself, which is divided into the following sections:

Part "A" General Items

Part "B" Maintenance Trade Items

1 Although there have been periodic attempts to amend the structure of the union so as to incorporate occupational representation into its governmental setup, such proposals have never received widespread support. The fear of splitting the union, by formalizing existing occupational cleavages, has been uppermost in the minds of the majority in the union who have consequently been opposed to such suggestions.
The bargaining committees for each of the specialized groups are composed of three voting members supplemented by as many staff advisors as are deemed necessary. The three voting members of each committee, as well as a limited number of alternates, are elected by the Executive Board. Although the chairman of each bargaining committee is usually a Board member, the two other members do not have to be and are not usually members of the Executive Board. All such members, except the President, who is an ex-officio member of all bargaining committees, must be engaged in the appropriate occupation. The General Items Committee is composed of the President and the chairmen of each of the other four committees.

Although the five bargaining committees engage in the actual bargaining with management, the real control over all negotiations is vested in the Executive Board. Since at least five Board members are actively involved in the negotiations, the liaison between the master and the sub-bargaining committees is usually more than adequate. Each of the latter normally continues to function until all of the issues are resolved. In the event of a serious impasse, however, as in the negotiations to be described in Chapter 8, the role of the specialized committees is subordinated to that of the General Items Committee. At the same time, the Executive Board becomes more active in the proceedings although it still does not become involved in the actual negotiations.
The ultimate and final decision as to whether to accept or reject the results of negotiations rests with the membership. This involves a procedure which incorporates some unusual, if not unique, features. The procedure runs about as follows. In the first place the Board must determine its position on the issues at hand. Having decided to recommend acceptance or rejection, it usually authorizes a series of publicity releases to place the issues before the membership. This may be accompanied by a variety of techniques depending on the seriousness of the situation. During the last negotiations, for example, an emergency session of the Council of Chief Stewards was convened to whip up enthusiasm for the first rejection that the Board had ever recommended. Finally, a secret ballot mail referendum of the membership is conducted. 1 

It is at this stage that the procedure is somewhat unique. By a system of coloured and numbered ballots, the union is able to tabulate the vote by both occupational group and geographical location. The decisive factor is, of course, the results of the overall vote. This determines whether or not the union will accept or reject the Commission's "final offer." 2 The way in which the ballot is conducted, however,  

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1 In 1952, in an effort to enlist greater membership participation in the union, the constitution was amended to permit only those attending special meetings, called for the purpose, to vote on the proposed collective agreement. This provoked strenuous objections, proved to be unworkable, and was withdrawn in the following year.

2 At one time each occupational group in the union voted separately on its particular section of the agreement. Under this setup, it was never clear whether all groups had to accept their sections before the overall agreement could be finalized. In any event, since it was having an adverse effect on the internal unity and cohesiveness of the union, this procedure was only in effect for a brief period of time.
permits each occupational group and electoral unit in the union to register a separate opinion. This enables the union to judge the relative satisfactions of the different groups in the union and to analyze its position in each of the electoral units in the Province. On the whole I was very impressed by the procedure. Its advantages would appear to more than offset the limited degree to which it detracts from the overall secrecy of the ballot. The procedure has, on the other hand, produced external repercussions which have been costly and embarrassing to the union. In 1956, for example, the operators voted to reject the settlement but the overall vote was in favour of its acceptance. In spite of the opposition of the operators, but in accordance with the union constitution, the agreement was then consummated. This situation did not remain privy to the OHEU. Attracted by the evident discontent of the operators, the International Union of Operating Engineers engaged in a raid which turned out to be partially successful. Nevertheless, on balance, the advantages of the system would appear to outweigh its disadvantages. At least this continues to be the opinion of the majority in the union.

This is also true of the bargaining procedure as a whole. The basic strength of the OHEU stems from the fact that it represents almost all permanent employees in Ontario Hydro. At the same time, however,

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1 Since the system provides for a cross tabulation which involves only four occupational groups and average electoral units of roughly 160 members, the effect on the secrecy of any one individual's ballot is not of serious consequence.
this feature imposes upon the union a special obligation. Although its first concern must be with the membership's needs as a whole, it must also assure, and the members have right to expect, that some consideration will be given to the diversity of their needs and problems. In this respect the OHEU has developed a workable compromise which should be of interest to other unions which are confronted by similar considerations.

The Organization of the Union Staff

With respect to the general administration of the union, the OHEU Constitution provides the following:

The general powers of administration and direction of the affairs of the union shall be vested in the Executive Committee between meetings of the Executive Board, and in the President between meetings of the Executive Committee.1

The President, in turn, delegates the general authority to conduct the day-to-day administration of the union to the Director of Administration. The relationship between these two offices is consequently a primary determinant of the general effectiveness of the union staff and, indeed, of the union as a whole. In view of the significance of this relationship, it will be more fully discussed at the end of this section. Its import will become more apparent following a review of the other staff positions in the union.

1 OHEU, Constitution and By-Laws, op. cit., Article XVI, Section 1, p. 27.
Reporting to the Director of Administration are the seven full-time staff officers of the union. These officers and their salaries for 1959 were as follows:

Collective Agreement and Grievance Officer........ 7,968.00
Job Evaluation Officer............................... 6,760.00
Two Field Representatives, each at.................... 6,760.00
Research Officer....................................... 6,604.00
Education and Publicity Officer......................... 6,604.00
Secretary-Treasurer.................................... 6,136.00

A brief review of the functions of each of these officers must suffice.

(1) The Collective Agreement and Grievance Officer is the union's chief liaison officer with management. Among his major responsibilities are the following: the interpretation of policies and directives; the recording and processing of all grievances; assistance in the preparation of arbitration and bargaining briefs; and attendance, if not active participation, in all bargaining sessions. The nature and significance of these functions suggests the importance of the office. Of late, however, it has somewhat diminished in importance. In part, this is due to the realization that the burden of the office is gradually growing beyond the capabilities of any one individual. More significant, but related to this, is the expanding role of the Office of President. The implications of this general tendency will be discussed further at the end of this section.

1 The salary data are included at this point for convenience. They are pertinent to a later section in this chapter.
(2) The Job Evaluation Officer is responsible for the direction and administration of the union's activities in the area of job evaluation. As the OHEU's expert in this field he has attained considerable trust and has been accorded considerable latitude. As one of the two staff officers with experience as a weekly salaried employee, he is also expected to advise and assist in all problems pertaining to this segment of the union's membership.

(3) To service and to maintain continuous contact with the field, the OHEU employs two Field Representatives. In the course of their frequent field trips, they are expected to develop effective relationships with local union and management representatives, as well as with the membership as a whole. They help police the collective agreement, provide service to the members, explain and try to justify unpopular union policies, and act as a two-way medium of communication between the head office of the union and its outlying membership.

As these functions suggest, the importance of their role in the internal life of the union cannot be minimized. Nevertheless, they must often work under a severe handicap. In this respect, there would appear to be two major problem areas. The first feature which strikes the observer is the high proportion of their time which the two Field Representatives spend in the union office. This is most difficult to understand or justify. Although their services are sometimes required to assist with an excessive work load (as in the preparation of bargaining agendas and briefs) this is certainly not the normal case. In general, therefore, it is safe to assume that much more of their time
could be spent in the field. This raises a second and more serious problem. Even when in the field their full potential is not exploited. This stems from their lack of accurate knowledge about current issues and policies. Although they eventually receive copies of minutes of all significant union deliberations, these are often circulated long after they are really useful and pertinent. To keep up to date on current affairs they must, therefore, rely on informal lines of communication. Since the resulting information is often distorted to suit the purposes of those perpetrating it, false conceptions may easily be passed on to the membership. Although the inauguration of regular staff meetings may partially rectify this situation, even then there will exist the danger that only material congenial to the views of the current administration in the union will be conveyed to the staff. A possible and frequently suggested alternative would involve the attendance of the Field Representatives, with neither voice nor vote, at all possible Executive Board meetings. This would assure their awareness of outstanding problems and would enable them to adequately explain the reasoning behind policy decisions.

(4) The OHEU's Research Officer is responsible for gathering, compiling, analyzing and reporting of factual information necessary to the conduct of the union's affairs. His major function is to insure the ability of the union to bargain effectively. He thus plays an active role in the bargaining process, especially in the selection and justification of items to be placed on the union's agenda. Although his advice on negotiations is normally closely adhered to, there is a natural
tendency for each of the bargaining committees to process certain "political demands" and to add a nominal margin to each of his suggested demands for bargaining purposes.

(5) The major responsibilities of the Education and Publicity Officer are inherent in his title. The significance of these functions in the OHEU is enhanced by the nature of its membership. Since most OHEU members lack prior union experience, their attitudes towards unions, collective bargaining and the like are largely determined by their contact with OHEU materials and programs. Reflecting the increased emphasis which the OHEU is placing on education and publicity, there has been growing concern in many quarters in the union as to the use to which such media are being put. Fear that such media, and especially the union newspaper, will be used to promote the interests of particular individuals or viewpoints has led to considerable controversy in recent years. A number of incidents (including the handling of the question of affiliation in the union newspaper\footnote{See the later section on affiliation in this chapter.}) suggest that these fears are far from groundless. Although the Executive Board recently issued a policy statement relating to the use and content of the union newspaper, the overall problem remains. In an area as sensitive as education and publicity, the need for closer scrutiny by the elected representatives of the union seems apparent. A possible solution to the problem would be the election of an editorial and supervisory panel by either the Executive Board or the Council of Chief Stewards. My impression was
that some such device was definitely needed. In view of its political connotations, however, such a development is highly unlikely.

(6) The Secretary-Treasurer of the union has two main responsibilities. The first of these pertains to the financial affairs of the union. He is responsible for the establishment and maintenance of accounting methods and procedures which permit adequate control of all financial matters and which will satisfy regular professional audits. The most troublesome aspect of this duty is the administration of the union's expense account policy. Even more delicate, however, are his secretarial duties. The responsibility for reporting and editing the minutes of the meetings of the elected bodies in the union is a most difficult task, especially when issues are closely fought. Political hindsight often proving wiser than foresight, the Secretary-Treasurer can hardly be blamed for the time-consuming debates which sometimes develop over who said what, when, why and how. On one particular occasion, the union's Executive Committee consumed over five hours trying to agree on the proper wording of one paragraph in minutes of its preceding meeting. Although admittedly an extreme case, it serves as an excellent example of the importance attached to recorded minutes in the union, and exemplifies the difficulties confronting the Secretary-Treasurer.

Many of the difficulties mentioned in connection with the individual staff positions in the OHEU reflect a much more basic and perplexing problem. This resolves around the division of responsibilities between the Director of Administration and the Office of President.
The former position is one of long standing. Established to insure effective administration of the union, regardless of the extent of turnover in the electoral hierarchy, it was also expected that the position would relieve the Office of President, originally a part-time position, of the responsibility for the day-to-day operation of the union. The President, free from a preoccupation with details, was to concentrate on policy matters and was to spend as much time as possible with the members in the field. This remained the intention when the Presidency was made a full-time position. In practice, however, the division of functions between the two offices has not worked out as it was expected to. There has been, in particular, a tendency for the Office of President to be much more burdened with day-to-day administrative matters than was originally intended. As a result, there have been suggestions that one or other of the positions be dispensed with, at least on a full-time basis. Related to this proposal has been the charge by some union representatives that the President was deliberately taking over as many functions as possible so as to make himself indispensable.1

The more plausible and charitable view is that his concern for the welfare of the union and its membership compels him to stay on top of every problem.

Regardless of the motivation or cause of the present situation, no one is completely satisfied with it. The President himself, in his

1 From a political point of view, the President would probably be better off to spend more of his time in the field, making personal contacts with the members and so on, rather than devoting as much of his time to the detailed administration of the union. It would seem unlikely, therefore, that the existing allocation of his time and effort is solely, if at all, based on political considerations.
1959 report to the Council of Chief Stewards, suggested that he should be spending more of his time in the field. This, combined with a greater delegation of responsibility to the Director of Administration, would fulfill the original intent of having the two positions. It would allow the President to further solidify the union by spending more time with the rank and file members in the field and would permit him more time to concentrate on policy matters. It would also minimize, and this to me would be most important of all, the risk of entrenched bureaucracy at the uppermost level in the union.

The Staff Union

In addition to the staff already described, the OHEU also employs an Office Supervisor and a clerical staff of eight girls. This group along with the staff representatives of the union (but not including the Director of Administration) formed a union of their own in 1957. Voluntarily recognized by the Executive Board of the OHEU, the emergence of the staff union may be traced to a series of developments. Some years ago the OHEU revised its early policy of paying staff officers a rate equivalent to their old Hydro salaries and began to hire and pay them according to individual contracts. This apparently led to considerable dissatisfaction over apparent salary inequities. When this latent discontent was aggravated by an economy movement which slashed staff salaries by as much as $20 per week, the stage was set for the organization of the staff union. Later, a job evaluation scheme proved unworkable and friction became so great that the current Director of Administration
(then known as the General Manager) was forced to resign. Soon thereafter the staff union emerged. Its establishment was triggered by certain elected officers of the OHEU who felt that the union was treating its staff in a shameful and inconsistent fashion. Also involved, in the final analysis, was fear on the part of some staff members that something beyond affiliation with NUPSE was being contemplated and that this would jeopardize their future job security. In any event the staff union was firmly entrenched by the end of 1957.

More significant than its emergence, however, has been its relationship with the OHEU management. Highlighting this relationship has been the staff union's charge of a "double standard" on the part of the OHEU. Since the latter has always insisted that Hydro employees be paid "in the upper quartile of leading industry in the province" (a principle which is fully explained in later sections of the thesis), the staff union has been reluctant to accept anything less for its membership. The Executive Board of the OHEU, on the other hand, has been equally reluctant to agree, even in principle, to such a policy. Even if the parties could agree in principle, however, they might not be able to agree on the actual application of such a policy. Some staff union members argue, for example, that they should be paid rates equivalent to those paid their counterparts in the Commission. Others claim that the relevant comparison is with rates paid by other unions to their staff representatives. This interpretation would be acceptable to most OHEU Executive Board members, as long as it was restricted to pay standards prevailing in other local unions. The staff union insists,
however, that any such comparison must be with salaries paid at the International level in other unions.

Negotiations between the two parties become especially heated when the OHEU pleads inability to pay. When Ontario Hydro claims that its rate structure will not support a further wage increase, the OHEU is most vehement in denouncing such an argument as an attempt to force Hydro employees to subsidize the cost of power to the people of the Province. Yet the same OHEU informs the union of its own employees that a wage increase for them is out of the question because the dues structure will not support it. It is hardly surprising that the staff union should admonish the OHEU for maintaining this double standard.

It would be most desirable if the parties could agree on some sort of standard as a basis for their salary negotiations. It is essential that this challenge be met as soon as possible since no union can afford the luxury of internal bickering between its elected officers and its staff representatives. The development of such a standard may not be as remote a possibility as the above might seem to suggest. At the present time, it should not compel a drastic upward revision in salaries, since the OHEU staff, in spite of all the fuss and furor, is relatively well paid.¹ The CLC salary scale, which is indicative of the general picture in Canada, suggests that staff salaries in the OHEU are little, if at all, out of line.² Because of this, now

¹ See p. 140.

² CLC staff fringe benefits, on the other hand, are somewhat more generous than those available to the OHEU staff.
would be the appropriate time to try and develop a workable and acceptable standard or formula for salary determination purposes. This is vital to the internal cohesiveness and operating effectiveness of the union in its relationship with Hydro management.

The Development of a "Union Civil Service"¹

It is important to understand the overall relationship between the staff of the OHEU and its elected officers. The nature of their present relationship is largely the outcome of past experiences. More than once in its history, the OHEU has found itself embroiled in serious internal intrigues. Two instances stand out. In both cases the trouble stemmed from abuse of power. Taking advantage of the natural apathy which exists in any union membership, certain individuals had attained high staff positions in the union and had not used the prestige and power inherent in such positions solely in the interests of the union. Once such abuse was revealed and proven, the immediate result was a shakeup in the union hierarchy. Even more important, however, has been the associated development of a vigilance on the part of the elected

¹ Although the analogy is not exact, there are obvious parallels in the relationship between a government and its employees and between a union as a political institution, and its employees. The differences between the two relationships are more superficial than real. Although the government, and especially the cabinet, of a particular jurisdiction is usually composed of members of the same party, few such arrangements are without their internal factions. In this respect, the OHEU provides a somewhat similar situation. A more important distinction stems from the role of the staff representative in the OHEU. In many respects, he is a combination of Minister and Deputy Minister in the parliamentary sense. Yet even here the differences are not so great as to destroy the usefulness of the analogy.
officers in the union to prevent a recurrence of such incidents. As a result, the long-run impact of such abuses has been healthy and beneficial. They have helped to promote the establishment of a "union civil service" within the OHEU.

The staff of the union is completely devoid of any policy-making powers. They do not vote in any union councils and only participate in deliberations to the extent that they are invited to do so. Indeed, so extreme has been the reaction to past experience that sometimes their advice and counsel are not solicited, even on matters concerning which they are supposed to be the union's experts. This extreme situation, however, is not very common. Where it exists, it is usually to be explained by the presence of staff officers who openly advocate that the staff attend and participate in all deliberations with full voice but not vote. The elected bodies of the union tend to resist any expressions of opinion emanating from staff representatives known to hold such views. Currently, the situation is moving in the direction of a compromise between these two positions. The advice of staff officers is being solicited on all matters where they are expected to have expert knowledge. On the other hand, there remains among a majority of the elected officers a determination to resist and prevent staff encroachment on major policy decisions, especially where such decisions are likely to be controversial and closely fought. It is felt that their involvement in such debates might make their positions untenable in the event of a change in administration unfavourable to their particular point of view. This compromise approach appears to be favoured by a
majority of the union's staff. There is thus emerging in the OHEU a strong civil service orientation between the staff as a whole and the elected hierarchy of the union.

**General Administration and Accountability in the OHEU**

In spite of contrary implications in earlier sections, overall administration in the OHEU is remarkably efficient and economical. This is a striking achievement when one considers the size and geographical dispersion of its membership. In spite of the latter handicap, the union maintains a high standard of service at the comparatively low dues structure of $2 per month. Deducting the 25 cents which is sent to the National Union, this leaves the union (assuming an average membership of 10,000) with an annual revenue of roughly $210,000. On this budget the union supports a full-time staff of eighteen, periodic meetings of several bargaining and special committees, a heavy burden of transportation costs, an expanding educational and publicity program, and the general administrative costs associated with any union. Typical of the financial administration of the union is its handling of expense accounts. Meal allowances are limited to a maximum of $5 per day and overnight accommodations are restricted to reasonable but actual expenses. Extreme scrutiny is exercised over all financial affairs in the union. In addition to the annual professional audit, a quarterly review of all financial data is conducted by the Executive Committee and the Executive Board. In addition, the Council of Chief Stewards must, of course, approve the annual budget.
It must be acknowledged, however, that an important factor contributing to the union's ability to service its membership as economically as it has been the Commission's philosophy and approach to collective bargaining. At least in the past, management has considered any problem or grievance a mutual one. As a result it was usually willing to pay most of the costs associated with joint committees established to deal with such matters. This policy did not extend, of course, to union committees meeting in separate session or to joint committees engaged in collective bargaining or arbitration proceedings. In addition, the Commission has also been quite liberal in its attitude towards time off for union activity at the Contact and Chief Steward levels. All such representatives are permitted a reasonable amount of time off during their working hours to conduct union business.

The extent to which such policies have benefited the union is difficult to assess. By any standard, however, it is certainly quite significant. Nevertheless, this does not detract from the fact that the union, in its sphere of financial responsibility, is honestly and efficiently administered. It seemed apparent to me that one of the basic factors underlying this efficiency has been and remains the ultimate accountability of the OHEU and its officers, particularly with respect to financial matters, to the union membership. The Constitution of the

1 Since there is reason to suspect that this philosophy and approach is undergoing some change, the past tense has been used in this discussion. The nature and reasons for such a change are reviewed and analyzed in Chapters 8 and 9.
union specifies that dues may not be increased unless approved by the members in a secret ballot referendum. ¹ The record shows that the membership must be convinced of the need for a dues increase before it will ratify one. In 1957, for example, the membership turned down a first referendum, and only approved a second one after an intensive campaign was undertaken to justify the need for the proposed dues increase. Recently, another contemplated dues increase referendum was postponed when it became apparent that the members were once again not convinced of the need. As in the past, the Executive of the union has been compelled to show cause for its request. ²

Corresponding to and reflecting this financial control, the members also retain ultimate authority over the general affairs of the union. This is evident from much of the preceding discussion. It is also apparent in the union's trial procedure, the procedure for amending its Constitution and in a number of other areas. Space, however, does not permit further elaboration of this point. The important thing to note, at least as I viewed the situation in the OHEU, is that this

¹ Prior to 1954, dues could be increased by a two-thirds vote of the Council of Chief Stewards. Following a doubling of the dues in 1953, however, the members exerted enough pressure to have the Constitution amended to require a membership referendum on all dues' increases.

² This time the Executive may find it more difficult to overcome the natural skepticism of the membership. As more and more members become aware of the relationship with the National Union, they are beginning to question more vocally the propriety of the 25-cent payment for which little of tangible value has been received in return. Since this was first written, the members have, indeed, turned down such a dues increase. In February 1960 they voted down a 15-cent per week rise in the dues by a margin of 3,795 to 3,352.
ultimate accountability, both financial and otherwise, is the greatest assurance that the members have that their union's affairs are being conducted as effectively and as economically as possible. It was my impression that it is this ultimate accountability which more than any other single feature explains the nature and strength of the OHEU. In spite of the importance of this connection, however, there is reason for doubting whether it is fully appreciated by some of the union's elected officers and staff representatives. Recent attempts by some of the latter to share in the prerogatives and authority of the elected bodies of the union, in certain matters, are hardly conducive to the continuation of this accountability. It is the more dangerous when their actions are aided and abetted by elected officers who are willing to undermine the civil service status of the staff members in order to promote their own beliefs or programs. Any weakening of the ultimate accountability of the OHEU to its membership must, I would say, be inevitably accompanied by a weakening of the union itself. This is especially true in the case of the OHEU because of the nature of its membership and in view of the democratic traditions to which they have by now grown accustomed.

Relations with the National Union of Public Service Employees

It is not surprising that a development largely motivated by negative and defensive considerations should have had the influence within the OHEU which affiliation has had. Consummated as a protective measure, the union has always been hard pressed to justify the cost of
this venture in any other way. Even more serious than the financial obligations entailed, however, are the effects that affiliation has had upon the internal affairs of the union. Until affiliation was consummated, factionalism was present in the OHEU but was not as overt or divisive a threat as it was to become thereafter. Up to that point it was largely a matter of personalities. Today, in contrast, the union is seriously divided by the issue of affiliation and formal factions have crystalized around it. The issue dominates the internal life of the union and results in time-consuming debates in every deliberation in which it is raised. Consequently, correspondingly less time is devoted to the normal collective bargaining functions of the union.

The most crucial and far-reaching consequence of these developments relates to the position of the union membership. Until recently they were deliberately left out of the picture. Most of them were only lately made aware of the fact that there was any friction between the OHEU and NUPSE. Claiming that the issue was too sensitive for general discussion, the dominant (pro-affiliation) faction in the union stifled and, until recently, completely prevented the formal disclosure to the membership of the momentous decision confronting the union. Even when the 1958 Council of Chief Stewards devoted more than a day's debate to the problems involved, the issue was deliberately and entirely excluded from coverage in the union newspaper. Later, when NUPSE threatened to expel the OHEU, unless it paid the full per capita assessed other local unions, OHEU members learned of this ultimation, if at all, by the grapevine. The union was threatened with expulsion from NUPSE, and
therefore from the CLC, and yet the membership was not even informed of the threat, let alone of the factors underlying it.

Although developments since that time have compelled the union to air the problem more fully before the membership, they are still not fully aware of the issues and ramifications involved. It is surprising to me that a union which prides itself on its democratic traditions and procedures should attempt to handle such a vital matter in the fashion which the OHEU has handled this one. It is the more surprising when one realizes that those officials who were instrumental in perpetrating the secrecy which surrounded this situation were on record as being in agreement that the Agreement of Understanding (between the OHEU and NUPSE) should only be amended, in any fundamental respect, upon the mandate of the membership. If this was and is to be the case, then surely that membership should have been kept fully informed on the factors to be considered in deciding upon such a change. It now appears that this, indeed, will be the case. The whole episode suggests, however, that the ultimate accountability of the union to its membership is not something to be taken for granted. If the members of the OHEU are to

1 The most plausible explanation of the behaviour of those who have worked so hard to keep the members uninformed on this question relates to their fear of what the membership reaction would be to recent developments. I suspect, as do most officials in the union, that if the matter had been left solely in the hands of the membership, the OHEU would no longer be a part of NUPSE.

2 In this connection, it is interesting to note that the pro-affiliation group did not feel that an increase in the per capita payment to NUPSE from 10 to 25 cents per month was a significant enough change to allow the members to vote on the question. Judging by the latest dues referendum, their fear of what the members would have done to such a request was far from groundless. I would have to agree with those who were predicting a one-sided defeat of such a proposal had the members been allowed to vote on it.
retain that prerogative, they may have to guard it even more jealously in the future than they have in the past.

A Summary Analysis

This Chapter has been devoted to a description and analysis of the major achievements and shortcomings of the OHEU in its endeavour to tailor its governmental and administrative structure to the needs of an occupationally diverse and geographically dispersed membership. Particular emphasis was placed upon the democratic traditions of the union and upon the extent to which those traditions remain operative today.

Necessarily based upon a delegate system of government, the OHEU has tended to emphasize the servicing of its membership more than it has their equitable representation within its policy-making councils. This has introduced certain disparities in the latter respect. It was suggested, however, that such inequities could be rectified without at the same time either jeopardizing the standard of service available to the membership or seriously upsetting the existing balance of power within the union.

With respect to the accommodation of the needs of the various occupational groups in the union, the OHEU has developed most unusual and creditable procedures. While carefully respecting and allowing for the differences in those needs, especially in terms of its collective bargaining function, the union has studiously avoided structures which would be conducive to the splitting of the union along occupational lines.
It has also developed a somewhat unique relationship between its elected hierarchy and its appointed staff. There has emerged in the OHEU a very distinct civil service status and orientation with respect to the role of its appointed officers. This feature and the fact that the union staff is itself organized for the purpose of bargaining collectively with the OHEU presents a most interesting situation. In some respects, indeed, it probably illustrates the point of this entire thesis even better than does the experience of union and management in the two agencies studied. 1

Although a number of criticisms can be made of the internal administration of the OHEU, it is on the whole a remarkably effective and economical operation. It was suggested that this was due, in no small measure, to the control which the members continue to maintain and exercise over the affairs of their union. That these features cannot be taken for granted, however, is exemplified by recent experience with respect to the OHEU's relationship with its National Union.

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1 In the sense that it reveals the feasibility of collective bargaining in an organization characterized by the same political-institutional features as are common to a government.
Chapter 7 - Personnel Administration
in the Hydro-Electric Power Commission of Ontario

Introduction and Early History

It was suggested in the preceding chapter that its relevance was not limited to its import to this study. The findings therein were thought to be pertinent to any unions encompassing a membership similar to that of the OHEU. In a somewhat similar fashion, but probably not to as great an extent (because of the more pronounced influence of individual personalities and of their particular philosophies), a study of personnel administration in Ontario Hydro has relevance beyond its application to this study. In both cases the analyses should be of particular interest to unions and managements, respectively, in the government service.

Prior to 1935 personnel administration in Ontario Hydro, at least as it is conceived today, was non-existent. Headed by a part-time expert, the original Employee Relations Department was primarily concerned with accident prevention. When it ventured beyond that relatively narrow role, it was strictly advisory. The personnel function, to the extent that it was recognized as such, was strictly a line prerogative. Even within particular line departments, however, standard personnel policies were virtually unknown.

With the inauguration of the Employee Representation Plan, the need for some form of personnel administration became most apparent. Reflecting this need, each of the major line departments at first
established their own personnel departments. Usually composed of one or two part-time line officials, this arrangement proved to have many disadvantages. It was therefore decided to revitalize the then dormant Employee Relations Department as the central personnel body in the Commission. The individual operating departments, however, were slow to relinquish their control over personnel matters. The growth in the stature, prestige and significance of the central body was thus a slow and gradual process. Nevertheless, by 1948 the stage was set for the major developments which were to occur in that year. Before discussing these, however, one additional feature should be mentioned. In connection with the Employee Representation Plan, committees composed largely of line representatives had been established to deal with the Employee Representatives and to formulate the wage policy of the Commission. These committees continued to function throughout this period, becoming even more active as time progressed.

Decentralization

Until 1948 the Commission was organized and administered on a highly centralized basis. Virtually everything was handled by a tightly knit group in the Toronto head office. Events since 1948 have drastically altered the situation. Engaged in an unprecedented expansion program,

1 Most interesting has been the change in the general orientation of the Commission. Even as late as 1948, Ontario Hydro was strictly an engineering organization. The engineer was king. Since then, however, reflecting the Commission's growing needs in other specialized areas, it has been invaded by experts in accounting, finance, personnel, sales promotion, and so on. Hydro is losing its traditional engineering
the Commission found the limitations inherent in its centralized system of management more and more restrictive. After extensive examination by a prominent firm of consultants, the decision was made to revamp the entire organization of the Commission. Policy-making and administration were divorced for the first time. While the former remained a central responsibility, the latter was decentralized insofar as possible. To this end there were established nine regions in the field and several divisions in the head office. The latter need not be considered here.¹ The former, a major innovation in the Commission, are of concern. Each region was to be headed by a Regional Manager. His responsibilities, and his relationship to the Commission as a whole, are adequately described by the following:

In comparison with the former organization, which was highly centralized, the new type consists of nine separate offices, each equipped to serve the region in which it is located. The Regional Managers are responsible for the operation and maintenance of all Commission properties and for all matters pertaining to consumer relations within their respective regions. In this they will be given assistance and direction from the offices of the Director of Operations, the Director of Consumer Service, the Comptroller and the Manager of Personnel in order to ensure that practices and procedures will be uniform in all regions.²

Footnote continued

1 Each Division was to be headed by a Director and was to be responsible for a major and specialized staff function.

Inherent in the decision to decentralize line operations in the Commission was the need for a change in its approach to personnel matters. The already apparent disadvantages of uncoordinated personnel policies would become even more costly if operations were decentralized and nothing was done to ensure uniform wages and working conditions. Not to be neglected, in this connection, was the expanding role and significance of the Employees Association. On both counts there was need for a change. The Commission therefore decided to establish a strong central personnel department at the same time that it decentralized its overall operations. Although conceived primarily as an advisory body, its prestige was assured by the fact that it was soon to be headed by an Assistant General Manager. To encourage uniformity, it was further decided that a Personnel Officer would be appointed in each of the Regions and in the major Divisions of the Commission. Each Personnel Officer was to be appointed by and ultimately responsible to his Regional Manager or Divisional Director. At the same time, however, he was to receive guidance from the central personnel department, to which he was to be functionally responsible. As will be noted shortly, this dichotomy has not been without its practical difficulties.

Since 1948, fundamental changes in the concepts underlying the personnel function in Ontario Hydro have been philosophical rather than organizational. Consequently, no useful purpose would be served by reviewing the structure which emerged in 1948 nor the many reorganizations which have occurred since that time. An examination of the current organization for personnel administration in the Commission will suffice.
Although philosophic questions are inherent in this discussion, their detailed analysis is better handled in later sections and chapters.

The Personnel Branch in Ontario Hydro

Chart II shows the divisional breakdown of the Personnel Branch in Ontario Hydro. Also indicated (by the figures in parentheses) are the number of employees attached to each Division. The following description of the functions performed by the Branch is structured in accordance with Chart II.

(1) The Assistant General Manager of Personnel (AGM - Personnel) is responsible for the overall personnel function in the Commission. A key member of the General Manager's Committee, he is expected to develop and recommend effective personnel practices and procedures. He plays a dominant part in the negotiation and administration of collective agreements although he usually does not directly participate in such activities. He is also responsible for the general administration of the Personnel Branch itself. Reporting to him are the Directors of the five Divisions in the Branch.

(2) The Director of Medical Services is responsible for the development and promotion of preventive medical programs designed to maintain the mental and physical health of the Commission's employees. For this purpose the Division employs a number of doctors and nurses and also maintains hospitals (on major construction projects), and nursing and first aid stations throughout the Commission. Throughout its program the emphasis is placed on diagnostic and preventive services.
Chart II
The Organizational Framework
of the Personnel Branch in the Hydro-Electric Power Commission of Ontario

1958-1959

The figures in parentheses refer to the staff complement reporting to each director.

Source:
The Division stresses rehabilitation of injured workers, especially those physically handicapped in the course of Commission employment.

The Division is also responsible for certain functions pertaining to employment and employee benefits. It is responsible for pre-employment medical examinations and advises on matters relating to the Commission sick-leave plan, the prepaid health insurance plan, and disability retirement. In all of these areas, it necessarily impinges on union-management relations. A measure of the high professional and ethical standards which the Division has maintained is the faith which the OHEU continues to place in its advice and counsel where medical evidence is pertinent.

(3) The Accident Prevention Division has two primary functions. At the policy level, it is responsible for developing and recommending safe practices and procedures for use throughout the Commission. It is also responsible for training and advising the field and project Safety Officers. The latter are expected to encourage safe practices in general and to report flagrant abuses of adopted safety practices and procedures. Although the Division maintains comprehensive safety records, it is not easy to judge its effectiveness either internally over time or relative to similar functions in other electric utilities.

(4) The major responsibilities of the Director of Employee Relations can best be seen by reviewing the functions of the four department heads reporting to him. Probably the most important of these is the Personnel Research Manager - Community Practices. He is responsible for surveying personnel practices in outside firms. This
includes preparation of the comprehensive wage and salary survey conducted just prior to negotiations with each of the various unions. This aspect of the personnel function in the Commission is discussed in considerable detail later on in the thesis. Its significance should not be minimized. Corresponding to the external surveys are frequent internal studies designed to develop means by which the Commission can improve its general personnel policies and procedures. Usually qualitative in nature these are carried on by the Personnel Research Manager - Hydro Practices, and usually pertain to current problem areas. Also reporting to the Director of Employee Relations is the Co-ordinator of Personnel Practices and the Liaison Personnel Officer. The former is responsible for seeing that the Commission's various guides, releases and so on are up to date, clear, concise and, most important of all, consistent. The Liaison Personnel Officer, at least in theory, is the primary contact between the field Personnel Officers and the Branch as a whole. In practice, however, as we shall see in a following section, he is often and necessarily by-passed in the normal day-to-day contact between Branch officials and individual Personnel Officers.

(5) The Director of Personnel Services would appear to have about as many functions as all the other Directors combined. This is reflected in the distribution of the Branch staff between the various Divisions (as in Chart II). There are four main departments in his Division. The most significant of these, for the purpose of this study, is that headed by the Manager of Salary Administration Services. Staffed by wage and salary experts and job analysts, this department is
responsible for co-ordinating wage and salary administration for both union and non-union personnel throughout the Commission.

Reflecting the growing emphasis which the Commission is placing on all forms of training and development, Personnel Development Services is a department of growing size and importance. In the past much of the training program was devoted to the development of the specialized tradesmen and electrical operators required by the Commission. Since 1953 there has also been developed a Junior Engineering Training Program. In the future, however, more time and effort will probably be devoted to Supervisory Development than to anything else. The Commission for some time now has sponsored a two-week Men and Administration Course but it is only recently that it has been seriously promoted. This is available to all levels of supervision but is primarily aimed at the lower levels. At higher levels the need for some sort of management development program is also recognized. A formal program, however, has not yet been developed. Because of the growing significance of industrial relations matters in the Commission, it is interesting to note the increased emphasis being placed on this aspect of supervision in all supervisory development courses.

Also reporting to the Director of Personnel Services is the Manager of Personnel Planning Services. A function of growing significance, personnel development is closely aligned to the training programs just reviewed. Established in 1956, the department is responsible for forecasting staff needs at all levels in the Commission and for determining its ability to fill those needs. This responsibility encompasses four
main aspects: 1. Organization Analysis, 2. Manpower Appraisal, 3. Manpower Planning, and 4. Manpower Development. One of the early contributions of this department was its recognition of the need for a high level management development program.

The final department in the Personnel Services Division is largely self explanatory. Employment and Administrative Services is responsible for the employment service provided by the personnel function to the line organization in the Commission and for the maintenance of all personnel records. The department also provides a placement service which co-ordinates the handling of surplus staff in the Commission. Where at all possible the Commission endeavours to transfer employees to other areas when they are threatened with layoffs at their present location.

(6) The major responsibilities of the Director of Industrial Relations were once described as follows:

(1) To maintain a basis for harmonious relations between management and employees, and to safeguard their respective interests by initiating and recommending policies and long-range plans covering salaries, working conditions, and employee benefits.

(2) To establish, disseminate knowledge of, and appraise the effectiveness of procedures and practices that will engender good employee-management relationships within the framework of approved policy.

1 The Recreation Co-ordinator for the Commission, a position which requires no elaboration, also reports to the Director of Personnel Services.

2 From an undated proposal relating to the organization of the Personnel Branch in Ontario Hydro. The probable date of this document was either 1955 or 1956.
Today just as much emphasis would be placed on union-management as on employee-management relations. There would also be less consideration given to "their respective interests" and correspondingly more attention devoted to management's own interests and prerogatives. Otherwise, however, the statement is a good approximation of the current situation.

To carry out these responsibilities, four departments have been established in the Division. The latest of these to be created is the Industrial Relations Coordination Service. It is responsible for the industrial relations liaison service provided by the Commission to local public utility commissions. The role and import of this service remains to be seen. Each of the other four departments in the Division is responsible for the Commission's collective relations with a particular bargaining agent. Each of these departments is headed by a Manager of Collective Relations. One is in charge of relations with the Society of Ontario Hydro Professional Engineers. Although the Commission treats this organization as nothing more than a consulting mechanism, a majority of its members would appear to support the Society's demand that it be accepted as a legitimate bargaining agent. A second manager is in charge of relations with the International Union of Operating Engineers and a third of relations with the Allied Council of Construction Unions. No one disputes the fact that these organizations are proper and legitimate bargaining agents.

Finally, and most important of all to this study, there is the Manager of Collective Relations with the OHEU. It is interesting to note

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1 These changes are fully explored in the next chapter.
that the present incumbent of this position is a former President of the old Employees Association. One of his three assistants is a former Vice President of the OHEU itself. On the surface, this might seem to suggest a cosy or collusive arrangement. This is not borne out, however, by recent relations (as reviewed in Chapters 8 and 9) between the parties. Nor would my personal observations of the day-to-day relations between the parties support such an interpretation. In this connection, it is also interesting to note the reaction of the top officials of the union to the recent promotion of their former Vice President to his present position. As one member of the Union's Executive Committee commented to a fellow union member who felt that such a promotion was a healthy sign:

What's good about it. It's bad enough having... as Manager. Now it will be even more difficult to pull any fast ones. They both know this Union like the palm of their hand and even worse they know the actual working and field conditions. It won't be easy to fool either one of them, let alone both of them.

There is, on the other hand, no doubt that these former union officials do value the role of the union and are sensitive to the political position of its top representatives. The author would argue, however, that having such insight and understanding is far more of an advantage than a disadvantage from the Commission's point of view.
Disunity Within the Personnel Branch

Reducing the effectiveness of the Personnel Branch in Ontario Hydro has been the disunity lately apparent among much of its staff. Resulting largely from philosophic differences but also, in part, from accusations of empire building on the part of certain individuals, there has been a good deal of mutual antagonism and distrust between individuals and departments in the Branch. In such an atmosphere the personnel function is bound to be less effective than it might be otherwise. This was evident, for example, in connection with the negotiation of a new job evaluation plan which was to apply to the white-collar members of the OHEU. The consummation of an agreement on this question took much longer than had been expected. At first this was largely the fault of the union. Towards the end, however, management was more responsible for delaying the deliberations than was the union. What most perturbed the union and what no observer could fail to detect was the fact that disagreement among the management representations was often holding up progress for weeks and months at a time. Two Divisions in the Branch claimed jurisdiction over the question of job evaluation. They were

1 In this and following sections, a deliberate effort has been made to extract from the personality factors and from the conflicts of personal philosophies which inevitably have a bearing on the subjects at hand. To a certain extent, however, these variables are bound to enter into the analysis, either directly and explicitly or indirectly and implicitly.

2 It is significant in this respect that the only meetings which the author was discouraged from attending were those involving inter-divisional or inter-departmental matters.

3 This matter is further discussed in the next chapter.
unable to agree among themselves let alone with the union. Finally, almost in desperation, the union injected the issue into the already complicated negotiations to be described in the next chapter. Top management's resentment of the late introduction of this issue into those negotiations might have been tempered had they realized the frustrations confronting the union.

A major factor underlying the differences of opinion apparent in the Branch is the major change which many officials construe to have taken place in the Commission's industrial relations philosophy. Since the nature of this change is discussed in detail in the two following chapters, little need be said about it at this point. Real or imagined, however, there is a general feeling throughout the Branch that the approach has changed significantly. The issue of whether or not such a change was warranted or desirable has contributed to the dissension evident among the staff of the Branch. A number of Branch officials questioned, for example, what they interpreted to be an unnecessary and undesirable hardening in management's approach to collective relations in general and towards the OHEU in particular. 1 This division of opinion has affected all levels of the personnel function and has certainly not enhanced its overall effectiveness.

What seemed to bother most officials, however, was not the nature of the existing policy but rather what they interpreted to be a lack of

1 Although the criticisms of some of these officials was influenced by personnel considerations, I do not believe that this could be said of the majority of those who were disturbed by developments in this area.
any clear-cut and consistent overall policy or philosophy. Typical of this sentiment was the following view:

We just don't have a consistent personnel philosophy or approach...and as a result key personalities are able to dominate affairs in their own particular spheres of activity...is it any wonder that we lack unity and cohesiveness?

To the extent that this charge is valid, however, it would seem to reflect that vacuum which sometimes seems to exist during the transition from one policy to another, rather than the absence of any policy at all.

The Role of the Personnel Officer

The role of the Personnel Officer in Ontario Hydro has never been clearly defined. According to the consultants who recommended the creation of the position in 1948, the role and status of the Personnel Officers, or the Personnel Superintendents as they were first called, was to be as follows:

A Personnel Superintendent should be attached to the staff of each Regional Office and to each major construction project in order to assist with effective handling of the personnel in the region or project concerned. The Personnel Branch will instruct these Personnel Superintendents in the interpretation and administration of the personnel policies of the Commission, and will supplement or modify such instruction from time to time as the need arises. The Personnel Superintendents will obtain rulings from the Personnel Branch at Head Office whenever they are called upon to interpret policy matters not covered by previous instruction. In the day to day performance of their duties, however, within the limits of such instruction, the Personnel Superintendents will be fully responsible to their respective Regional Managers or Construction Superintendents.
The consultants suggested that the first Personnel Officers be selected and trained by the Personnel Branch. Although this was done, it was carried out on a rather superficial basis in the hurry to implement the overall recommendations of the consultants. As a result, it was a somewhat inexpert and inexperienced lot of Personnel Officers who first descended upon the Regions and Divisions in the Commission. Worse than this, however, was the total unpreparedness of the line organization to receive them. All too often line officials did not understand or care to understand the role of the Personnel Officer. The latter were therefore compelled to prove their own worth and to prove it to a stubborn group of line representatives in most cases. That many of them did develop a position of respect in their Divisions or Regions could be attributed almost exclusively to their own ability and tenacity. At that time the Branch was little or no help at all to them. It was totally unequipped and unprepared to offer the functional guidance it was expected to. Reflecting these circumstances the Personnel Officers were forced to learn to exist almost on their own. As one of them commented, somewhat facetiously, "When you're thrown to the wolves..., you either survive as a rugged individualist or you don't survive at all." Having developed a high degree of independence and autonomy, it was hardly surprising that the Personnel Officers should later resist the ability and desire of the Branch to exercise its prerogative of functional guidance. In this resistance they were often able to command the support of local line management. The gradual expansion of the Branch's activities since
1948 and the increased functional guidance which was bound to accompany it was met, therefore, with considerable opposition all along the way. Known as the period of "recentralization" by those who opposed these developments, it was thus accompanied by considerable dissension.

Substantial friction has also resulted from the changing emphasis which is being placed on the role of the Personnel Officer. As originally constituted, the Personnel Officer was really expected to be the individual employee's "father confessor" as well as the advisor and counselor to line management. In addition, when disputes arose between employees and/or their union and management, he was expected to act as a mediator between them. Essentially, however, he was, in the final analysis, a servant of management. Although at best a difficult and tenuous role, it offered many satisfactions and was attained by many of the Personnel Officers. Of late, however, these same Personnel Officers have been told that the original concept of their role is no longer appropriate. It has been made clear to them that from now on they are to concentrate on their roles as management spokesmen. Inherent in this change has been a de-emphasis of their role as father confessors and mediators. Since this reversal cannot readily be separated from similar changes taking place in the relationship between the Personnel Officers and line management, the two must be discussed together.

Consistent with their roles as father confessors and mediators, the original Personnel Officers functioned primarily in an advisory capacity. Today, in contrast, they are being told that while theirs is
essentially a staff position it is incumbent upon them "to see that policies are implemented and that agreements are properly interpreted" (emphasis added). In this connection, it has been further suggested that the Personnel Officer has a greater responsibility to the Branch than to his line superior. This, of course, places the Personnel Officer in a somewhat embarrassing position. Yet, when they seek further clarification on this question, they are simply told:

It is realized that this puts the Personnel Officer in a position where he has two bosses...  

No solution has been offered for this dilemma. The matter came to a head recently when the Personnel Officers were instructed to submit periodic confidential reports to the Branch. Although such reports were to include only personnel matters, most of the Personnel Officers refused to send them to the Branch without first submitting them to their line superiors. This is now the standard procedure. As a result, the reports are not proving as valuable, at least from the Branch's point of view, as had been originally hoped.

The general trend in all these developments represents a marked change from earlier policies. Reflecting the increasing line orientation

1 From an address by a top personnel official of the Commission; cited in the minutes of the Ontario Hydro Personnel Conference, Toronto, Ontario, October 28-30, 1957, p. 4.

2 Ibid.

3 The growing debate over the proper role of the personnel function in general in Hydro is discussed in the concluding section of this chapter.
of the personnel function in general in Hydro, the Personnel Officer is now expected to function more and more in a line capacity. Such a role is obviously incompatible with the original concept of his role as a father confessor and mediator. Yet, for some time the Personnel Officers were told that the two roles were not inconsistent. Nevertheless, many of them were skeptical from the outset. As one commented, "How many hats can you wear and for how long?"

Just as the Personnel Officers were encouraged to believe that no drastic change in their role was contemplated, so also was the union. It was even more skeptical than were the Personnel Officers themselves. To the union the first outward sign of the change occurred in connection with the grievance procedure. The role of the Personnel Officers in the latter was drastically altered. Then, in 1958, the union found itself confronted by Personnel Officers on the bargaining committees. This had never occurred in the past. Convinced for some time that management's entire industrial relations philosophy was changing, the union demanded an up-to-date interpretation of the role of the Personnel Officer. It was at this point that management frankly admitted to the union that their role was being deliberately and basically restructured. It then became common knowledge to all concerned.

It is important to consider the long-run implications of these changes. They represent a major reversal in policy. It is interesting

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1 The nature of this change is explained in Chapter 8.
to speculate on their long-run consequences. Since speculation on the broader ramifications of these changes is better dealt with in Chapter 9, only the implications in terms of the roles of Personnel Officers need be considered here. The first thing to be noted is the fact that the above changes have not up to now been perceived by much of the line organization let alone by the employee body. Yet, many Personnel Officers are already concerned about the increasing dependence which employees are placing on their local union representatives. This reliance is likely to increase if the union is able to convince the employees that the Personnel Officer is nothing but a spokesman for management. If there was a role for the father confessor and mediator in Hydro, it will be destroyed when the current changes become generally known. Some management officials, who still see some value in the earlier concept of the role of the Personnel Officer in the Commission, but who also recognize the need for some adjustments with respect to their role in relation to the union, suggest that a division of the personnel function in the field may be what is called for. They would have retained the Personnel Officer as originally constituted but would have limited his functions in the future to matters not directly impinging on union-management relations.¹ Such matters would then be handled by

¹ Those who advocate such a change do not seem to realize the difficulty of drawing such a distinction. Nevertheless, this would not appear to be an insurmountable problem.
a Collective Relations Officer.\textsuperscript{1} If there is something to be said for both the old and the new approach to the role of the Personnel Officer, such a development might prove an appropriate compromise. Since it is unlikely that both roles can be effectively played by one individual on any sort of a permanent basis, this is probably the only way in which the values inherent in each approach can be maintained. My evaluation of the situation convinced me that there is considerable value in both approaches and that neither should be eliminated if there is any way of preventing it.

Several other developments also concern the Personnel Officers. Regardless of their role, whether staff or line or some combination of the two, they must today necessarily rely heavily on functional guidance provided by the Branch. Disunity such as that described in the previous section reduces the effectiveness of such guidance. One Personnel Officer described the situation as follows:

\begin{quote}
Sometimes the Branch seems like an octopus— one with many tentacles none of which seem to know or care to know just what the others are doing.
\end{quote}

Conflicting interpretations and approaches not only confuse the Personnel Officers but also undermine their usefulness in the eyes of the line organization. This is aggravated by the length of time it sometimes takes to get desired information from the Branch. Even more disturbing

\textsuperscript{1} This would not entail an increase in costs since there are now Assistant Personnel Officers in almost every region and division. With a redistribution of functions between the Personnel Officer and the proposed Collective Relations Officer there should not be any need for additional staff.
is the fact that high line officials can often get a faster and more precise answer from the Branch than can the Personnel Officer. Although some of the latter have learned to live with such a situation many strongly resent it.¹ This problem is more fully discussed in the following section.

Before concluding this section two additional matters merit attention. The first of these relates to the apprehension among some Personnel Officers as to their future prospects for development and promotion. The inception of a rotational training program for new Personnel Officers in the Commission has introduced many misgivings among those who were hired before the program was inaugurated. Related to this is the increasing reliance which the Commission is placing on recent university graduates as Personnel Officers. In the past, most Personnel Officers have been drawn from the ranks of the union or from the line organization. Some of the latter are now becoming increasingly dubious about their own future because of this change in emphasis.² Finally, explicit mention should be made of the fear of recentralization of control which is prevalent among many of the Personnel Officers. The

¹ One enterprising Personnel Officer deliberately uses his line superior quite regularly to get information from the Branch when he needs it in a hurry.

² It is very difficult to discern the rationale for the change. There are many in the Commission who feel that it may aggravate the existing problems in the relationship between the OHEU and the Commission. In view of the fact that the most effective Personnel Officers in the past appear to have benefited from their prior union or line management experience, they question the need and wiseness of such a change. My observations lead me to be equally skeptical of this development.
misgivings in this area were mentioned previously. Reflecting a variety of forces, primarily the growing strength and effectiveness of the OHEU, the Branch is steadily reducing the area of discretion available to each Personnel Officer. Directives, guides and regulations are increasing in number and scope. Most Personnel Officers, while they recognize that some recentralization is inevitable, question its degree and extent.

Typical of their thinking on this issue was the following:

How can Toronto dictate policies which will be applicable to every region? It's impossible. Every region has its own special circumstances. That's what we should be here for; to help line management apply a general policy framework to the particular circumstances confronting it. We have to have a good deal of elbow room if we are going to be effective.

That this represents the general feelings of the Personnel Officers is reflected in the following report:

The transition from direction to control is often difficult to detect. The actual need in the field is for long-range objectives and policy decisions with advice on how to interpret and administer. Hard rulings cannot be made from Head Office because only the Personnel Officer in the field has knowledge of local conditions. ¹

As this discussion has suggested, this whole question is one which will probably require increasing attention in the future.

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The General Problem of Communications

Adequate communications are essential to the effectiveness of the personnel function in any large organization. This includes communications within and between the various personnel groups as well as between these groups and the line organization and the employee body as a whole. The problems in Ontario Hydro, in each of these areas, are best discussed in the order mentioned.

Particularly important in the Commission is the state of communications within and between the Personnel Branch and the Personnel Officers in the field. In both of these areas the situation has recently improved considerably. Within the Branch itself, however, there remains a serious problem. Nowhere is this more evident than in the relationship between each of the various Divisions in the Branch and the field Personnel Officers. Quite often the information requested by one Division may parallel or duplicate that requested by another. Even worse are the instances where inconsistent advice or direction is given by the different Divisions. These are symptoms, of course, of the more basic problem of disunity in the Branch, which has already been thoroughly discussed. An indication of the extent of this problem is suggested by the fact that many in the Branch, some even at the Director level, did not even know that Personnel Officers were actively participating in negotiations with the OHEU until some time after bargaining had actually commenced. I would have to agree with those groups in the Branch who

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1 Further aspects of this problem are discussed in Chapter 8.
resented the fact that such a drastic reversal in policy was not discussed more thoroughly before it was implemented.

In spite of the difficulties evident within the Branch itself, communications in general between it and the Personnel Officers have been improving steadily. There has been a marked rise in both written and verbal contact between the two groups. Especially useful in this area has been the increasing number of Personnel Officer Conferences held to discuss specific problems. These appear far more useful than the type of conferences held in the past. The latter tended to be general discussion sessions which never really came to grips with anything specific. A recent meeting along such lines, however, indicates that when a general problem area is presented for discussion and recommendations the results can be quite gratifying. In any event past experience suggests that conferences of any kind are needed to supplement written communications. In both areas, however, "feed back" is extremely important. When the Personnel Officers are presented with a problem and are asked for their suggestions as to how to deal with it, nothing frustrates them more than to hear no more of the matter after they have submitted their thoughts and recommendations.

All of these considerations are particularly pertinent in the area of union-management relations. The informality of the OHEU communications system gives it a natural advantage over management, at least insofar as the line organization is concerned. It should not, however, present a real problem to the personnel group in the Commission. Just as the union uses informal means to communicate with its lower echelons, so likewise could management keep its Personnel Officers well
informed and up to date on the latest developments. This is, of course, especially important during negotiations. Keeping the line well informed at any time, let alone during negotiations, presents more serious difficulties. Lower line officials frequently complain that they must rely on their union counterparts for much of their information re union-management relations.¹ To a certain extent this is probably inevitable. The Steward or Chief Steward, for example, is naturally more interested in union-management relations and can usually afford to spend more time keeping up with the current state of affairs and developing a better understanding of the collective agreement. Although management cannot fully counteract these considerations, it can ensure that supervisors have access to accurate information as fast as possible. This must normally be done by means of written media. Such material should be written as clearly and concisely as possible and might take the form of supervisor's digest or some such thing.² Given something brief and easy to read and understand, the supervisors would then be in a position to challenge spurious information offered by their union counterparts. This would be especially advantageous during negotiations. On the whole, therefore, there would seem to be many benefits which could accrue from improved communications in this area. There are, however,  

¹ A few Personnel Officers said that they also relied heavily on union officials for current information.

² The existing Management Guides tend to be formal and precise and do not cover current developments. This is because they serve a different purpose than would be appropriate to a medium such as a foreman's bulletin.
certain obstacles to such an improvement. One of the most serious of these is the general tendency for each level in the line organization to insist that it receive the latest information before it is passed on to subordinate levels. In the field of union-management relations, this is most difficult to justify since it is the lower levels which most vitally need such information.

Finally to be mentioned is the question of communications with the employee body as a whole. Since this is more fully explored in Chapter 8, one or two comments will suffice at this point. In the past the Commission has avoided such communications at least to the extent that they reflected on union-management relations. For many years it has, however, published monthly and sent to every employee a copy of the "Ontario Hydro Staff News." This is a typical but above average company magazine. Recently, for the first time, it was used most effectively to promote a job evaluation plan just negotiated by the OHEU and the Commission. One could suggest that the magazine be used more fully in the future for such purposes. Should it be so utilized with any frequency, however, it might be wise, and indeed desirable, to have the union nominate a member to its editorial board. There are many advantages to be had from joint communications and this would be one way to exploit those advantages.

The Staff-Line Relationship in Ontario Hydro

The proper role for the personnel group in any management structure is a controversial matter. Ontario Hydro has not escaped such controversy.
Although originally established primarily as an advisory group, the Personnel Branch in the Commission has never confined itself to such a constrained role. It has played an active and sometimes dominant part in all matters relating to personnel. Until recently this was largely due to the character and personal conviction of one individual. Lately, however, it would appear that top management has deliberately decided that this type of role is as it should be. Such an interpretation, however, is not undisputed within the Commission and the issue remains a serious one. A good example of the issues involved in this question is provided by the Commission's procedure for bargaining with the OHBU.

Until 1958 the bargaining committee for the Commission was composed of a mixture of both line and personnel representatives. Over the years, however, as bargaining became more time consuming, lower and lower level line officials were substituted for the Assistant General Managers who had originally composed the bargaining committee. By 1958 management had decided that no line representatives of the necessary authority could be spared for the length of time by then required to consummate an agreement with the union. As a result the Commission's bargaining committee was reconstituted to include only personnel officials. To offset this change, provision was made for increased consultation.

1 Personnel Officers sometimes observed the negotiations but they did not actually participate in them. They did, however, play an active advisory role prior to and sometimes during the actual negotiations.
with the line organization both prior to and during the actual bargaining with the union. The need for such consultation, regardless of the composition of the bargaining committee, had long been recognized. In an organization such as Ontario Hydro, however, with its great size and geographical dispersion, such consultation is not readily achieved. Indeed, some Commission officials argue that it is just such characteristics which make it necessary for the Personnel Branch to be delegated more control over the personnel function and particularly over collective bargaining than would be otherwise desirable. While one can appreciate the difficulties involved in such features, nonetheless, one may also question whether they cannot be overcome by other less drastic means. This is the position in which the author finds himself.

For the moment, however, let us examine the respective roles of the line and staff groups in the present bargaining procedure. Our main concern is with non-monetary items. Financial matters are beyond the scope and authority of all but the upper echelons of the Commission and may be treated separately. Such things as working rules, on the other hand, are of interest and concern to all levels of the line organization. The main contact between the members of the bargaining committee and the line organization occurs at a special meeting of Regional Managers and Divisional Directors convened to discuss management's general approach to bargaining and to review in detail the union's demands.

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1 See especially Chapter 11.
Since the union's agendas have already been sent to the field, each participant in this conference is expected to have solicited pertinent comments and suggestions from his line subordinates. Indeed, it is assumed that each line official in attendance will have held meetings with his subordinates for just that purpose. In practice, unfortunately, many of the line participants have not done so and those who have, more often than not, have not done an effective job of it. This is not to suggest, however, that such meetings are wasteful or useless. In fact, they are far from it. It does suggest, on the other hand, that they should be supplemented. This probably explains why a great deal of emphasis is placed on surveying the views of the Personnel Officers. Since they are close to actual operating conditions, they usually are able to pass on to the Branch a good interpretation of line thinking on particular issues. In addition, when time permits, the Branch itself may sponsor meetings in the field to solicit line opinions and suggestions. It is significant to note that where such meetings are held either by the Branch, by the Personnel Officers or by the appropriate line Manager or Director, line representatives appear much more understanding and appreciative of the Branch's problems in relation to collective bargaining. In areas where such meetings are either not held at all or are limited in their attendance, there is a marked division in the line organization between those who feel they at least have a voice in bargaining matters and those who feel they are completely left out of the picture.

In general there remains considerable misgivings throughout the line organization as to its ability to influence the course of bargaining.
This feeling is most evident, as one might expect, at the lower levels. But it is far from being confined to that level. One Director, for example, commented, "Sometimes I wonder who are supposed to be the advisors around here." A Regional Manager was even more critical. He concluded, "We're forfeiting our right to manage by turning everything over to personnel specialists." At the lower levels such criticism is even stronger. "They only consult us when they need us" was a typical comment. Attitudes such as the latter became especially pronounced during and after the critical negotiations of 1958-1959. When a strike became a real possibility, the Personnel Branch consulted and appealed with all levels of the line organization as it never had done before. Line reaction was sometimes bitter. As one Department Head commented, "They never realized how vital we were until they needed us." These feelings were aggravated when promised follow-up meetings, upon the completion of bargaining, were never held. The line, in general, therefore is dubious of its role in the collective bargaining process in the Commission.

More important, however, and giving some substance to this general sentiment, is the growing conviction among line officials that they have been eased too far out of the bargaining process itself. When the bargaining committee was reconstituted to include only personnel officials, a Steering Committee composed of line officials was established to advise and consult with the former. The Steering Committee has not proven very effective. Indicative of this was the fact that many line and personnel officials, at all levels in the Commission, knew nothing of
its existence. Line officials who participated in the Steering Committee felt that it was not effective and was nothing more than a face-saving device. This apparently was also the view of some of the personnel staff. Referring to the Committee, for example, one of the latter commented, "We really just play lip service to it."

The trend is definitely in the direction of entirely eliminating line representatives from the bargaining process. This became most evident during the negotiation of the seniority and layoff procedure which is discussed in Chapter 8. The significance of such a procedure in an organization such as Ontario Hydro can hardly be minimized. Yet only a limited segment of the line was consulted during the entire negotiation of this item. In fact many line officials knew absolutely nothing about it until the procedure was actually agreed upon and released. No single incident has made the line more aware of its subsidiary role in union-management relations than this has. It also serves to illustrate a more serious problem. Since the line did not participate in the negotiation of the agreement, it had a ready-made excuse for

1 Many of them did not even know of the reconstitution of the bargaining committee.

2 It should be added that time was of the essence in this matter. Even so, however, little effort would have been required to at least make the line aware of the situation. The problem was that both union and management did not want to give the issue broad circulation lest it jeopardize the chance of realizing a settlement. The union too was thus somewhat derelict in its responsibilities in not informing the membership of the progress and outcome of the deliberations until an agreement was an accomplished fact.
disclaiming any responsibility for it. To paraphrase a typical line comment:

We didn't agree to it. We're not responsible for it. If Personnel wants to agree to such things then let them make it work.

Under such circumstances, the Industrial Relations Division must spend a good deal of its time trying to convince the line that it is a workable agreement and that the line has some responsibility to make it work.

Had high level line officers been involved in such negotiations, in the first place, the line could not so easily claim that the result was unworkable, nor could they evade their responsibility to see that it did work.

The union also has reason to be disturbed by these recent changes. Realizing that it is the line which must live with the collective agreement, it prefers to deal with committees at least partially composed of line officials. As one union officer observed:

If the line can't or won't live with something we want to know beforehand. On the other hand, once they agree to something, they, as the representatives of the line, have a responsibility to see that it is lived up to.

Also of concern to the union is the fact that the bargaining committee itself is being given less and less authority and responsibility. This is a function, of course, of the level of the officials which constitute the committee. Under the current arrangement the union will not accept no for an answer. Why should it? It has learned from experience that a no at this level may become a yes at a higher level. The union has consequently lost respect for the committee. This has paid off during negotiations. But the members of the bargaining committee are those
with whom the union must deal throughout the year on day-to-day issues. By offending them during negotiations they jeopardize their day-to-day working relationships.

Because of these considerations and to reduce the time required for bargaining, the union would probably prefer to deal with a higher level management during negotiations. Both parties could then get down to hard bargaining from the outset. This would have many advantages for both of them. At present, the time involved in bargaining inhibits the participation of high level line representatives in the actual negotiations. But what is cause and what is effect in this area is difficult to discern. As lower and lower level officials take over the bargaining committee, it is delegated less and less authority. This contributes to a further lengthening of the bargaining process which, in turn, leads management to appoint even lower level officials to the bargaining committee. A vicious circle can easily result and would seem to have done so in the Commission. It seems unlikely to me, however, that this circle could be broken simply by re-introducing top level management into the negotiations. This is only one symptom or facet of a more deep-seated problem. What appears to be needed more than anything else is a complete restructuring of the entire bargaining relationship. This would require many adjustments to which we shall return in later chapters.

While I have examined the staff-line relationship in Ontario Hydro in terms of the collective bargaining function, the problems inherent therein are indicative of a more general problem. There are
several other aspects of the personnel function in the Commission which reveal similar tendencies. There seems to me, therefore, to be a general need for a thorough reconsideration of the staff and line roles as they pertain to personnel administration. There are many signs that such an "agonizing reappraisal" may occur in the not-too-distant future. One of these is the change in the traditional relationship between the OHEU and management. Perhaps unfairly, many line management officials in the Commission are blaming the Personnel Branch for the recent difficulties experienced in that area. Typical of this point of view was the following comment:

> When it comes to Industrial Relations, Personnel is no longer a staff role. It's a control function. If there is any one thing at the root of our problems in that area [union-management relations] that's it.

More important, however, is the reaction of the line in general to what they perceive to be the growing power of the Personnel Branch. The following statement was made by a Divisional Director and is indicative of a feeling among the line which is becoming more prevalent:

> There is no doubt in my mind that we abdicated our responsibility in the area of personnel matters. It's time that we reasserted our authority and had a direct hand in personnel policies again.

1 Wage and salary administration and staff placement are excellent examples.

2 Since this was written, it has been decided to remove the Personnel Officers from the bargaining committees and to replace them by line representatives. This may be the first sign of a re-examination of the whole staff-line relationship in the Commission.
A Summary Evaluation

The personnel function in Ontario Hydro is in a state of flux. Stemming largely from the nature of the organization, it faces major difficulties in attempting to coordinate personnel practices and policies throughout its operations. The appropriate role of the Personnel Officer and the general problem of communications highlight these difficulties. More controversial, however, is the question of the role of the personnel function in general in the Commission. Because of past experiences and in part aggravated by philosophic differences, there is considerable controversy both within the Branch itself and between the Branch and the line organization as to how the personnel function should be handled in the Commission. Nowhere is this more apparent than in its relationship with the OHEU.
Chapter 8 - The Current Relationship
Between Union and Management in Ontario Hydro

Introduction and Background

In this and the following chapter the nature of the current relationship between the OHSU and the Commission is examined in some detail. A good deal of attention is also devoted to a consideration of the nature and implications of the trend in their relationship. In the present chapter the emphasis will be placed upon a descriptive account of their recent relations. The nature of the subject matter, however, makes a certain amount of analysis unavoidable. The chapter is divided into three major sections: the first dealing with a number of signs of strain lately apparent in their relationship; the second with certain stabilizing and counterbalancing forces; and the last with an account of some of their latest and most striking bilateral accomplishments.

In Chapter 9 an attempt will be made to interpret the major underlying forces contributing to what the author believes to be an adverse change in the nature of their relationship. The reasons for concluding that their relations are deteriorating will be explored as will those for speculating that their relationship is likely to undergo further deterioration unless some basic corrective adjustments are made.

Essential to an understanding of both these chapters is an appreciation of the present environmental features and of the history of labour-management relations in the Commission.¹ Until comparatively

¹ As described in Chapters 2, 3, 4 and 5.
recently, union-management relations in Ontario Hydro were characterized by a paternalistic management, on the one hand, and something resembling an independent company union, on the other. Evidence of both these features can still be found today. On the other hand, it is also apparent that a new and decidedly different set of parameters and constraints are now impinging upon and vitally affecting the nature of their relationship. These account for a good deal of the strain recently apparent in their relations.

**Signs of Deterioration in the Relationship**

Many management officials in the Commission do not consider that the relationship between the OHEU and the Commission has changed for the worse in recent years. Some of them would actually argue just the reverse. They claim that the signs of strain reviewed in this section have had a beneficial rather than a detrimental effect on the nature of their relations with the union. This is, of course, a matter of opinion. It deserves and receives further attention in Chapter 9. For the moment, however, it will prove instructive to examine in detail some of these strains. Superficially at least, they would seem to suggest a deeper and more fundamental change in the union-management relationship than the above officials are prepared to admit.

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1 OHEU officials, on the other hand, agree almost to a man that there has been such a change.
The Breakdown of the Grievance Procedure

There is probably no other area which is more indicative of the nature and quality of a union-management relationship than is the handling of day-to-day problems and grievances which inevitably arise between the parties. Until recently, three considerations were basic to the grievance procedure in Ontario Hydro. Each of these was related to the Commission's approach to the disposition of grievance matters.

The first was management's conviction that a grievance was not just a problem for the union or a problem for management, but rather that it was, by its very nature, a mutual problem. The Commission also believed that each case should be settled on its own merits. Principles and precedents were therefore to be avoided. In their place, the emphasis was to be placed on problem solving. Finally, and most important of all, management recognized that the union was essentially a political institution. As a result, it expected that grievances might well be processed solely for political reasons and that the union's handling of all submitted grievances would tend to be politically oriented.

Given these three assumptions or considerations, the task confronting the Commission was then to structure a grievance procedure which would fully accommodate each of them. What emerged thereby in Ontario Hydro was a procedure quite unlike that which one normally encounters. There were four stages in the procedure much akin to those one would expect to find in any large enterprise. The first (discussion between the aggrieved, his steward and his immediate supervisor) and fourth (arbitration) stages were not unusual. But there the parallel
The second and third stages of the procedure were somewhat unique. Only one of these need be discussed here, however, since they differ only in terms of the level of authority of the management and the union officials involved. Let us look at the second stage in the procedure. It will be useful for discussion purposes to draw an analogy between these particular proceedings and those which take place in an ordinary courtroom.

Having failed to resolve the grievance at the first stage, the union could request the convening of a second stage grievance committee meeting. The composition and operation of such proceedings were most intriguing. They were chaired by the Commission's Grievance Officer. Although not exactly impartial, he was expected to function in much the same fashion as would a judge in a courtroom. He often ruled, for example, on the admissibility of evidence. Indeed, he might often himself introduce evidence where he deemed it especially pertinent. The defendant in the proceedings was the supervisor involved in the grievance. The accuser, of course, was the employee who had filed the grievance. But note, neither the defendant nor the accuser was actually present during the proceedings. It was felt that the deliberations would be more objective if those directly involved in the grievance did not

1 Where there have been basic changes in the procedure, these will be described shortly.

2 The Grievance Officer was attached to the Commission's Industrial Relations Division. Within the Division, however, as the following discussion will reveal, he enjoyed a rather unique role and position.
participate. Representing the defendant was a local management representative who was familiar with the case but not directly involved in it. He was usually advised by the appropriate Personnel Officer. Representing the accuser, on the other hand, was the union half of the committee. It was usually headed by the union's Collective Relations and Grievance Officer, but he was not a voting member of the grievance committee. Nor was the Chief Steward from the unit in which the grievance was filed. The union's three voting members, who really constituted one-half of the jury in the proceedings, were usually Chief Stewards who were drawn from outside the unit affected.

The important innovation in the procedure was the nature and power of the three voting members who represented management. They were line representatives who were normally drawn from outside the Region involved and who were usually from a level of management which was one or two steps above the supervisory level. They were told to judge the case on its merits but within the general confines of the Collective Agreement. In effect, they were free to judge the case as impartially as their backgrounds would enable them. They were actually told not to consider themselves strictly as management representatives. Indeed, a deliberate effort seems to have been made to choose as management members

1 It was also felt that since the immediate parties to the grievance had not been able to resolve their differences at the first stage in the grievance procedure, it was unlikely that they would contribute very much to a solution at any higher levels.

2 At least two of them were usually drawn from outside the Division in which the grievance was filed.
of grievance committees line officials who were known for their objectivity and fairness. There was also a conscious attempt made to structure the environment so as to permit such individuals to exercise their own judgement in each case. Decisions reached by the voting members of the committee, three from management and three from the union, had to be unanimous.

Let us now examine how this procedure worked out in practice. On the whole, it appears to have been remarkably effective. Between 1948 and 1958, for example, only twenty-nine cases went to the third stage and only eight of these had to be resolved by an arbitrator. Considering the size of the OHEU membership this is an excellent record. Several considerations would seem to explain it. The first and most important of these is the fact that voting management members on grievance committees sincerely accepted the task before them. If the union could prove a violation of the agreement or of a traditional work practice, they would support it. On the other hand, if they did not feel that the union had a case, they did not hesitate to so rule. Although one might suspect that local management would resent having its actions reviewed critically by its peers, this does not appear to have been the case. Although the nature of the procedure put them on the defensive, local line management was at least sure of a hearing before fellow line officers. Only a fraction of the many line officers questioned on this point had any real objections to it.¹ The effect of

¹ Some of them did object, however, to the manner in which the results of such proceedings had been conveyed to line officials who had been overruled. In some instances, it was a union representative who first (Continued)
the procedure on the union's handling of grievances was particularly significant. By assuring the union and its members a fair hearing on all grievances, the procedure tended to induce the union to weed out as many unjustified and politically inspired grievances as possible. It was fruitless and often literally embarrassing for the union to present such cases before a fair and impartial hearing. This was reflected in the union's internal handling of grievances. A full-time staff officer was assigned the responsibility of filtering and screening all grievances before they were taken to the second stage. As a staff representative, he was not subject to the direct political pressures of his elected colleagues and, as an expert on the agreement, he had a good idea of what were and were not legitimate grievances.1

Ironically, the very success of the grievance procedure turned out to be its greatest undoing. Largely because of its efforts to eliminate unjustified grievances, the union was winning a good percentage of those cases which it did take to second step. In the eyes of some Commission officials, this was interpreted as a sign of indecision and weakness on the part of management. On the other hand, some elected

Footnote continued
informed a supervisor that he had been reversed. It is difficult to defend such a situation and it is not hard to understand the resentment which it would create. Such resentment, however, was not directed at the nature of the grievance procedure itself, but rather at management's handling of its own side of that procedure.

1 Lest he become too objective, provision was made for the appeal of his rulings to the Executive Board of the union. Such appeals have been few and far between and have normally been settled in his favour.
representatives in the union became so enamoured with the union's successful record under the procedure that they began to use it as a bargaining device. Between these two groups they have managed to undermine the procedure just described in such detail. No one can be sure when the trouble first began. Nevertheless, one particular case stands out and is readily recalled by all concerned. What began as a routine grievance turned out to be the first major sign of a breakdown in the traditional grievance procedure in the Commission. The facts of the case are not really important. Briefly stated, it involved some local working conditions which one particular project management did not think should apply to their situation. The union felt that there was some justification in this view and was prepared to modify the condition somewhat in this particular instance. At a latter stage in the grievance procedure, however, something unusual occurred. The management members of the grievance committee suddenly became most adamant and obstinate in their support of local management. An examination of the facts in the case clearly supports the union's contention that the Personnel Branch had directly intervened in the situation and had ordered management's members on the grievance committee to uphold the position of local management. This put them in a most awkward position since it seems apparent that the collective agreement itself fully supported the union's case.¹ What was even more significant, in the long run, was the fact

¹ This opinion is based on the observations of a good number of management officials as well as on my own review of the case.
that this incident convinced the union that the line representatives on grievance committees were no longer necessarily free to exercise their own judgement. This removed, of course, the most essential element and, indeed, the foundation of the existing grievance procedure in the Commission.

This is not to suggest, however, that the fault rests entirely with management. This is hardly the case. Coincidental with the changing attitude of certain management officials towards the handling of grievances in the Commission, a number of union officials began to use the grievance procedure to promote their own interests in the union. A review of the grievances filed by the union in recent years, as compared to those filed in earlier periods, reveals a distinct upswing in the number of grievances filed either for political purposes within the union or to establish a new precedent for bargaining purposes in the union's relations with the Commission. Many of the union's elected officers began to view the procedure as a bargaining device instead of a means by which to resolve problems of interpretation and application. This change in emphasis has been accompanied by the growing power of elected officers in the union, relative to its Collective Relations and Grievance Officer, with respect to grievance matters. Reflecting these changes, which were beginning to become apparent as early as 1954, the Commission had warned the union:

With a view to establishing a better common understanding as to the distinction between bona fide grievances and dissatisfactions created within the framework of the agreement, we will, in future, consider as formal grievance only those matters which you can relate to the
alleged contravention...of the Collective Agreement.¹

The sum effect of these various developments has been to totally undermine the original grievance procedure. Indeed, matters have now changed so drastically that the union's Collective Relations and Grievance Officer was not too inaccurate when he recently reported:

In dealing with grievances, I would first like to give you a brief outline of some of the present trends which have appeared since my last report.

Management has decreed that the Supervisor - Grievances will no longer be impartial Chairman of the grievance meetings, but will direct management in the proper procedure regarding the Commission policy. Personnel Officers are no longer impartial but are also to direct management on proper procedures regarding Commission policy...

Management has claimed the Union must confine its discussion of grievance to the specific items mentioned on the grievance form and cannot introduce other points if they are the outcome of discussion or investigation.

Management chooses, if it suits their purpose, to disregard the intent of items in the agreement and use their own interpretation.²

Due largely to these changes, the number of grievances filed in the Commission have been gradually increasing in the last few years. Even more disturbing to me, however, is the growing inability of the parties to resolve their own differences without the resort to arbitration.

¹ A letter to the union from the Collective Relations Department, February 15, 1954.

² Collective Agreement and Grievance Officer, Annual Report to the Council of Chief Stewards, OHEU (October 8, 1959), pp. 1, 2.
Reflecting this trend, grievances are being handled on a more and more legalistic plane throughout the entire procedure.

Although both parties express concern over these developments, they spend more time blaming each other for what has happened than they do trying to do anything constructive about the situation. Rather than try to determine who is more responsible for undermining the original grievance procedure it would be more constructive to attempt to find a way to retain some of the values which were inherent in it. Most union and management officials claim they would like to see the old procedure salvaged. They view with considerable alarm the growing resort to arbitration and the increasing emphasis on legalism throughout the whole procedure. Not only is it having an adverse effect upon the relationship in general, but it is also proving detrimental to the employee body as a whole. Reflecting the variety of conditions experienced across the Province, the Collective Agreement has always been fairly flexible in its wording. It was not considered wise to try to specify in detail the working conditions in each and every locality. Indeed, it would be impossible to do so. The agreement was thus written so as to facilitate its application under a variety of circumstances. Recently, however, as grievances have been handled on a more legalistic plane, precedent has become almost pre-eminent. As a result there is now a tendency to want to tighten up on the agreement and to apply it rigidly across the Province regardless of the varying conditions in the different regions and localities. This would not appear to me to be in the interest of either the employees or the management of the Commission.
There is a possible solution to this problem. Contrary to normal procedures, it may, however, be necessary in situations such as the above. Where a collective agreement is negotiated centrally to cover a variety of circumstances and conditions, it might be desirable to limit the application of individual grievance settlements to the particular case at hand, except where otherwise agreed. In Ontario Hydro, for example, given the nature of the current relationship, but recognizing the values inherent in the traditional manner of handling grievances, the solution might be to incorporate a clause such as the following into the Collective Agreement: 1

No grievance settled under this agreement, except those resolved by resort to arbitration, will be considered binding precedent on either party in the future unless this is so agreed by the governing bodies of both the union and management.

Such a clause would have many advantages for both union and management in the Commission. In essence, what it would really do is to permit both parties to once again consider each case in the light of the particular circumstances affecting it. At the same time, where a definite precedent was desirable, because of the general implications

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1 It is interesting to note that the recent agreement signed by the Basic Steel Companies and the United Steelworkers of America contained a strikingly similar clause. Designed to help resolve the controversy surrounding local working conditions in the industry, Section 1 of Article 8 of the Memorandum of Agreement between the parties specifies the following: "The settlement of a grievance prior to arbitration under the local working conditions provisions of the agreements shall not constitute a precedent in the settlement of grievances in other situations in this area." Cited in: "The Basic Steel Companies and Steelworkers Agreement," Monthly Labor Review, Vol. 83, No. 2 (February, 1960), p. 163.
of a particular grievance, such could be realized either by agreement of the parties or by the settlement of a test case by an arbitrator. It may be argued, on the other hand, that such a procedure would lend itself to favouritism on the part of either union or management or both in particular cases. This does not appear to me to be a serious danger. Somewhat more difficult to handle are the arguments of those who believe in the necessity of a legal approach to grievances and stress the establishment of a backlog of "shop laws." They would emphasize the need for uniformity and consistency in the application of a collective agreement. This is a perfectly sound argument where conditions lend themselves to such uniformity and consistency. Where there is need for some flexibility in the application of a collective agreement, however, as in Ontario Hydro, the above suggestion would seem to have considerable merit. It would not preclude uniform and consistent applications of the contract where this was feasible and desirable, but it would, at the same time, allow the parties to vary the application of the agreement under suitable circumstances without the fear that such an application would then be binding on them in all future cases. For one who is concerned about the fate of the individual union member or employee, who sometimes finds himself caught between two powerful agencies (neither of which may be particularly interested in his specific problems unless they happen to coincide with one or the other's general policies or principles) the suggestion may be appealing. It would permit union and management in Ontario Hydro to return to their original manner of handling grievances. An employee
would once again be sure of a hearing based on the merits of his particular grievance.

(2) **Intent and Good Faith**

Aggravating the problems described in connection with the grievance procedure, and further indicating the change in the relationship between the OHEU and the Commission are the increasingly frequent arguments between the parties over the related matters of intent and good faith. In any collective agreement there are bound to arise disputes as to what was intended by particular clauses. This is especially likely where there is a need, as in the case of Ontario Hydro, for some flexibility in the collective agreement. When relations begin to sour, however, it can result in bitter controversy. Either by honest error or by deliberate intent, union and management suddenly find they are far apart in their interpretation of particular aspects of the agreement. Each then accuses the other of ignoring intent and of failing to bargain in good faith. The effect which this type of dispute has had upon their relationship has concerned both parties in the Commission for some time now.

In an effort to minimize this type of problem, the OHEU has periodically made one of two suggestions. Most frequently it has suggested that upon the completion of bargaining the parties attempt to agree on written interpretations of the intent behind changes made in the agreement. These would then be circulated to the union's Chief Stewards and the Commission's Personnel Officers in the hope of eliminating disputes which are solely based on misinterpretations and
misunderstandings. Such a project was actually begun one year but was not completed because the Commission decided that it was not in management's interest. It was fearful that such a procedure would not prove practical and suspected that the end result might well be the renegotiation of what had already been negotiated.\footnote{At the present time, however, the parties do review the phraseology of the agreement with a view to its clarification before it is reprinted after each set of negotiations. That this procedure has not proved impractical suggests that some elaboration of it, along the above lines, might also prove workable.} The Commission may also have been concerned lest such a procedure result in some invasion of management's rights and prerogatives. Management now has the right to interpret and apply the agreement as it sees fit, subject of course to the union's right to challenge its interpretations and applications. The union's suggestion would not change these rights in the least. It seeks rather to minimize at the outset the possibility of later disagreement as to the intent of the various provisions in the agreement. In the event that the parties could not agree on the intent of a particular item, management would still retain the right to initiate its interpretation of the matter. In theory and principle, the proposal appears to have considerable merit. In practice, however, it may well be, as the Commission now claims, that it would be completely impractical.

The union has also suggested that after the completion of bargaining, and perhaps at other points in the year, joint meetings of the union's Divisional Chairmen and the Commission's Personnel Officers be convened. The purpose of such meetings would be to review changes in
the Collective Agreement and to examine ways in which the relationship in general could be improved. Given the nature of the current relationship, such a proposal must necessarily be treated with caution. If not carefully planned and organized such a meeting might, at the present time, do more harm than good. Nevertheless, the suggestion does have considerable merit and might be considered in the future if an opportune time for the inauguration of such a meeting should arise.

Any suggestion which promises to reduce arguments concerning the intent of provisions in the Collective Agreement between union and management in the Commission would be conducive to the development of a sounder relationship between them. The suggestions referred to above should be considered in that light.

(3) The 1958 - 1959 Negotiations

There is probably no better indication of the change in the nature of the relationship between the OHEU and the Commission than the negotiations which were concluded in early 1959. Commencing more than a year earlier, these negotiations introduced more strain into their relationship than had ever been experienced previously. Although some could argue that even this crisis was not as serious as its outward manifestations would suggest, most officials in the Commission were shocked by the revelation that union and management could have drifted so far apart with such apparent suddenness. In fact, it was not so surprising or sudden, at least to those who were closest to the situation. Nevertheless, for most officials in the Commission this was the first overt sign of real strain between the two parties. To some extent,
indeed, this was the union's purpose in carrying the dispute as far as it eventually did. As one union officer commented:

This is one way the union can bring line management's attention to the deterioration which has taken place in union-management relations within the last year and one half.

Since collective bargaining in the Commission has always been a long and drawn out process, no one was very surprised or concerned when progress at first seemed quite slow. Union officials, however, were unusually pessimistic from the outset. When management tabled a "final offer" at one of the early bargaining sessions, some union officials apparently felt even then that the dispute was not going to be resolved without outside intervention. This reflected the equally strong determination with which the union had presented and planned to hold to its major demands. Nevertheless, considerable progress was made on the non-monetary issues. After three days per week of continuous bargaining from February to June of 1958, only twenty-one items remained unsettled.

1 In the course of 1957 negotiations, for example, union bargaining committees met separately (45 days) or jointly with management (56 days) for a total of 101 days. Both sides are partly responsible for this situation. The union bears much of the responsibility because of its failure to limit the length of its agendas. Whereas in the grievance procedure, it had learned to filter out unjustified and/or political issues, it never learned to do so with respect to bargaining matters. Management, however, as was discussed in the previous chapter, also bears some of the responsibility. In view of the expressed interest of both union and management in shortening the duration of the bargaining process and because of its serious effect on the relationship in general, we shall have much more to say on this matter in later chapters.

2 In many respects, the Commission's approach to the monetary aspects of these negotiations paralleled that of the major United States steel producers in their negotiations with the United Steel Workers of America during 1959-1960.
out of an original union agenda of ninety-eight items. Unfortunately, however, none of the major issues were included in the items settled. As a result, by the middle of June an impasse had been reached. Management made it clear that its offer was "final and not subject to further modification" and the union made it equally clear that it was not satisfied with the offer. It convened its Executive Board (its master bargaining committee) and decided to apply for the Provincial Conciliation Services.

Most of the outstanding issues were monetary. At the head of these were the union's demands in relation to wages and the Commission's medical-health plan. Other economic issues included the following: the Commission's zoning system, mileage allowances, shift bonuses, overtime rates, and a number of other miscellaneous fringe benefits. The Commission's reluctance to concede anything further than what it had already offered in all of these areas could be traced to the changed nature of its economic environment. These changes were emphasized in Chapter 2. Centering most of its attention on the matter of wages, the union argued that such changes were not pertinent to the question of wage determination in a public utility such as Ontario Hydro. It insisted that the proper criteria for wage determination were the prevailing wage rates in the Province. In accordance with its long-standing

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1 In addition to the ninety-eight items submitted by the union, the Commission introduced a total of six management items prior to and during the actual negotiations.

2 Different wages are paid in the various localities and communities in the Province in accordance with a special zoning formula. This aspect of wage determination in the Commission is discussed in some detail in Chapter 12.
policy of paying wages equivalent to those paid by "the upper quartile of leading industries in the province,"\textsuperscript{1} the Commission was quite prepared to accept this argument. Based on this criterion, therefore, both union and management had marshalled volumes of data to support their respective contentions. Unfortunately, however, and as one might have expected, the data tabulated by each party led to altogether different conclusions.

As important as the economic issues were to both parties, the non-monetary issues were probably even more significant. The questions of union security and management rights were central to the dispute. The union was demanding the automatic check-off. Since it already had the union shop and the voluntary check-off, it could not understand and resented management's opposition to what it considered was the natural culmination of an essential aspect of stable union-management relationships. The Commission, on the other hand, was concerned about the implications of any concessions it made to the OHEU on this question with respect to its relations with the other unions with which it deals. In the final analysis, however, the union won its request and was granted the automatic check-off. With respect to management rights and the related question of the contracting out of work, the compromise which was finally worked out was much closer to the Commission's original position on this matter than it was to the union's. Throughout the

\textsuperscript{1} An explanation and analysis of this criterion may be found in Chapter \textsuperscript{11}. A full discussion of wage determination in the Commission is better left until that chapter.
entire dispute the Commission remained adamant in its refusal to agree to insert anything into the collective agreement with respect to the contracting out of work. The union's arguments were not very strong on this point and there was little precedent in other collective agreements in the Province to support its demands. The Commission did agree in the end, however, to write the union a letter in which it stated the following:

It is recognized that at times and for varying reasons it is not considered practicable or advisable for certain work to be performed by our own staff. As in the past, the Commission must, therefore, reserve the right to decide how and by whom any work is to be performed and this letter is not to be regarded as affecting that right. Aside from such considerations, however, and providing we have the necessary facilities and equipment and can perform the work required by our own work forces in a manner that is competitive, in cost and quality, and within the projected time limits, it is our intention and desire to keep such work within the Commission, so as to avoid layoffs of our own employees as far as possible.1

This was a concession of limited significance — nothing more than a statement of intent — but, as included in the final settlement package, it was sufficient to placate the union, at least for the time being.

Needless to say, neither of these issues — union security or management rights — was resolved until a tremendous amount of emotional and heated exchanges had taken place.2 Aggravating these exchanges were the equally

1 Ontario Hydro News Release, Hydro and Union Settle Dispute, January 21, 1959.

2 It was convenient to discuss both of these issues at this point. It should be remembered, however, that even though management conceded the automatic check-off some time before the final settlement was realized, neither issue was finally resolved until the entire settlement was accepted by both parties.
sharp debates which were generated over certain Commission demands with respect to the grievance procedure. Having to do with time limits and union expenses, these were interpreted by the OHEU as further efforts on the part of certain management officials to destroy what remained of the traditional Hydro grievance procedure. They, therefore, were met with determined resistance.¹

In June of 1958 a Provincial Conciliation Officer entered the dispute. Unable to bring the parties together, he recommended the establishment of a Conciliation Board. When the union and management nominees to this Board could not agree on a chairman, one was appointed by the provincial Minister of Labour. Later on in the dispute this appointment was to be severely criticized by the union. It cited a report which purported to show that the chairman appointed to the Ontario Hydro Conciliation Board had the worst record in the Province for resolving industrial disputes without the resort to a formal report and/or an eventual strike or lockout. The OHEU claimed that each of the chairmen that its nominee to the Board had suggested had much better "batting averages" and that the government was deliberately "trying to do a job on the union." The evidence upon which it based these charges was superficial and somewhat deceptive.² To the uninitiated,

¹ In the final settlement only minor changes were made in these arrangements. The union did agree, however, to a joint study of certain abuses which the Commission claimed existed in these areas.

² It was based upon the percentage of disputes which each of the active conciliation board chairman in the Province had chaired successfully in the sense that the Board had been able to resolve the dispute. The relative complexity of the different disputes handled by each chairman as well as a number of other variables were completely ignored. The results, therefore, probably reflected a variety of factors besides the personal predilections and capabilities of the individual chairmen.
however, it could easily be interpreted as a verification of the union’s allegations. Indeed, it was one of the things which was used most effectively by the union to unite the members behind it. At least on the surface, the government was vulnerable to such a charge and on that account alone there is reason to question the strategy of the appointment.

If nothing else, this aspect of this particular dispute points up the importance of such an appointment in an industry such as that in which the Commission is engaged. Because of the essential nature of the service it provides, it seems to me that the selection of the Conciliation Board Chairman is a much more vital matter than in industries which are not as essential to the public health and welfare. Both union and management in Ontario Hydro have a moral obligation to the community to forgo the resort to the ultimate weapons of industrial strife. They risk the wrath of public opinion to ignore that obligation. To avoid such a possibility both parties deserve the services of the most competent conciliators and mediators available, in the event that they cannot resolve their own differences.

Although the OHEU claimed that such was not forthcoming in this particular dispute, this contention would be difficult to prove one way or the other. The union felt that the Chairman was legalistic in his procedures and that he did not actively mediate the dispute. Management, on the other hand, argued that he did all that could have been done under the circumstances and that he was realistic and fair. The truth is probably somewhere between these extremes. Whether or not the Board could have resolved the dispute, however, had it operated in a
It is clear that the Board was operating under some severe handicaps. Because of a number of factors, for example, it did not formally convene until the fall. By this time union and management were even more entrenched in their respective positions than they had been when negotiations broke down in June. In addition, some of the issues themselves were extremely complex even for someone versed in labour relations matters. That the Board did not fully understand all of them was evident in both the majority and minority reports which finally emerged from the proceedings. This is suggested by the fact that the parties themselves had some difficulty in deciding just what was meant by certain parts of the reports.

By the time they were released, however, it was quite apparent that neither the majority nor the minority report would provide a satisfactory basis of settlement. Expecting the worst, the union had decided to reject the majority report even before it was issued. The Commission, as a government agency, could hardly reject the majority report, since that might be construed as being a rejection of the conciliation procedure itself. The government had been defending the procedure against certain criticisms for some time and the Commission did not wish to jeopardize or embarrass its position by rejecting a report which its nominee to the Board had signed. For this reason, but also because it was not displeased with the result, the Commission accepted the majority report.
This set the stage for a publicity battle, the likes of which Hydro employees had never experienced before. Union publicity, which had monopolized the scene up to this point, was suddenly countered by management's first direct communications to its employees on matters pertaining to labour relations. The Commission concentrated on the outstanding monetary issues and directed most of its attention to a further feature which was complicating negotiations. On April 3, 1958, two days after the old agreement had been due to expire, the cost-of-living index reached a point which under the escalation clause in that agreement required management to increase all wages by 3 per cent.

Under the Ontario Labour Relations Act, the Commission was legally obliged to pay the increase as long as wages and salaries were under negotiation and neither side had formally terminated the old agreement. When the Commission decided to pay the additional 3 per cent, it informed the union that the increase was to be considered a part of management's offer in the current negotiations. Although the OHEU immediately scaled down its demands correspondingly, it refused to accept the latter interpretation. It argued that the Commission was morally and legally bound to pay the increase under the old agreement and that it had nothing whatsoever to do with the current dispute. As might be expected, most employees supported the union's point of view. More surprising was the number of management officials who were likewise inclined.

1 Just as the union members' self interest naturally predisposed them to support the union's interpretation of this development, so also were non-union employees similarly inclined, since any increase going to the union employees was normally passed on to them. It is interesting to note, however, that in this case (as in one previous instance) the increase was not passed on to all non-union employees.
Regardless of its merits, however, the issue further embittered the negotiations.

Union publicity tended to be less objective and more emotional than did that of management. This probably accounts for its greater appeal and effectiveness. The union claimed that management was determined to weaken the union itself and that the members must choose between supporting their union or having no union at all. On this score it pointed to management's refusal to concede the automatic check-off. It further claimed that there were those in management who were bent on the destruction of the traditional relationship between the OHEU and the Commission. In this connection it pointed to the breakdown in the grievance procedure. It did not refrain from personal references. It charged that certain "outsiders" had invaded the Commission and were trying to apply conventional labour relations tactics to a once sound relationship and were thereby destroying it.¹

Management refused to engage in this type of name calling. It considered such tactics unfair and unjustified. Had the Commission chosen to inject personalities into the dispute, the union might have found itself equally vulnerable to such charges. To paraphrase the observation of one management official:

The union might examine some of its own closets before it looks to management's for some skeletons.²

¹ These charges proved most effective from the union's point of view. The use to which they were put will become more apparent later on in this section.

² This comment was made in reference to certain officials the OHEU had hired from outside labour circles to develop more union consciousness (Continued)
The union, however, was sure that management would not risk using such tactics. This proved to be the case. The Commission, which had made up its mind to be as objective as possible in all of its communications, was at a real disadvantage throughout this "paper war." As one department head commented:

We were licked from the outset. Once we made up our minds to be factual we didn't stand a chance against the emotional appeals of the union.

The views of those in management who were skeptical about trying to appeal directly to the employees in the first place were strengthened by this whole experience. At the time, however, the Personnel Department was little short of desperate. As was noted in an earlier chapter, its communications with middle and lower management levels left much to be desired. Throughout the dispute such officials were getting much of their information from their union counterparts. As a result they sometimes were more sympathetic to the union cause than they were to management's. Although this could partially be attributed to self interest, a good deal of it probably stemmed from their lack of knowledge among its membership. Many management officials felt that the influence of these individuals was the major reason behind their recent difficulties with the union. While their influence should not be discounted, I would not credit it with nearly as much significance as would some Commission officials. My reasoning on this matter is elaborated in the next chapter in connection with a discussion of the impact of affiliation upon the union.

Footnote continued

1 Although far more objective than the union in its releases, management was not wholly objective in all of its publicity. Several of its releases, for example, contradicted one and another.
and understanding of management's point of view. It seems to me that these two features -- the lack of support from a considerable segment of the line organization and the failure on the part of the Commission to get through to the employees -- were intimately related. I do not see how any amount of direct communication with the latter is going to have any effect if lower line officials are almost openly sympathetic with the union. It would seem, therefore, that management might concentrate more fully on eradicating some of the features responsible for the latter state of affairs before it worries about the nature of its communications with the employee body as a whole. Even then, however, I would tend, for reasons I will return to shortly, to be skeptical of any form of direct communications with the employees. My observations of the recent Commission experience with this type of strategy leads me to believe that management would gain far more by improving its own internal communications, and thereby reaching the employees indirectly, than it would by trying to appeal to them directly.

This is not to suggest, however, that the decision to communicate to the employees directly was reached without careful deliberation. The Commission was reluctant to embark on such a program because it feared that it might antagonize the union and the employees and thereby jeopardize their future relationship.\(^1\) Annoyance at what some management officials termed "improprieties" on the part of the union finally swung

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\(^1\) Surprisingly enough the reaction of most union officials was not strong. A number of them had expected such a development for some time. Many predicted from the outset that it would do the Commission more harm than good.
the issue. The Commission felt that the union, to say the least, was indiscrete in the timing and tone of some of its releases. During November, for example, the union newspaper was published with banner headlines proclaiming "Ontario Hydro Left Holding The Line." Management had assumed that an unwritten truce had been called until the Conciliation Board had issued its final reports. As a result of this incident it disregarded its misgivings and plunged headlong into the publicity war already partially described. The Commission publicity program began by the sending of complete copies of the Conciliation Board reports (majority and minority) to the home of every employee and continued with a series of "Industrial Relations Newsletters." What management had not foreseen was the reaction of the employees. Apparently most of them did not accept the Commission material on its face value. Rather, they tended to question the whole purpose behind it. The typical reaction appears to have been somewhat as follows:

What are they sending all this material to me for? They've never done anything like this before. Do they think they have to justify their position? Something's queer about all this.

The union, of course, did all that it could to encourage such an attitude. It hammered away at what it implied was the Commission's attempt to defend an unfair and untenable position and appears to have convinced the majority of the employees that there was, indeed, something suspicious about management's actions. The whole episode illustrated to me the fact that the Commission is bound to be at a disadvantage when it tries to compete with the union on such a plane. As long as the employees have any faith in their union, they are bound to accept what it says
on its face value more readily than they are likely to accept what management has to say on any particular issue. This is clearly supported by events during this period and is reflected in an apparent decision on the part of the Commission to forgo such measures, at least for the time being. They do not appear to have improved its position during this dispute and, in fact, seem actually to have had an adverse effect.

After the OHEU formally rejected the majority report of the Conciliation Board, there followed a series of fruitless meetings with management. The union then announced its intention to convene an emergency session of the Council of Chief Stewards. The Council voted unanimously to seek a strike mandate from the membership. The strategy of both parties during this period would make another chapter in itself.

Even the most partisan management officials admitted that throughout the whole dispute the union carried the day insofar as publicity was concerned. It has already been suggested, more than once, that the union's internal communications system is far superior to that of management. This was never so apparent as during the height of this dispute. The general membership of the union was far better informed on the issues and the general course of the dispute than were their supervisors. This disparity was somewhat reduced, however, as the dispute began to reach a climax. Neither union nor management limited itself solely to written releases. As it became increasingly apparent that the membership was closing ranks behind the union, management began to concentrate on its own team. This was necessitated by two major considerations. The Commission had become alarmed by the extent
to which the line organization was sympathizing with the union. Particularly prevalent at the lower supervisory levels such sympathy was sometimes openly expressed. Typical of this was the remark of a Department Head to one of his employees who was then a steward in the union:

   The union was pretty adamant from the outset, but that was probably a reflection of management's unwillingness to bargain more than anything.

Related to this was the feeling prevalent among many line officials that the union was right when it claimed that top management's real purpose was to weaken the union. Such sentiments were bound to create concern in the upper echelons of the Commission. Management also felt that it could no longer completely discount the possibility of a strike. Because of the catastrophic consequences which might flow from such action, and in view of the fact that a Provincial election was in the offing, few officials, either in the union or in management, seriously expected that such an eventuality would be allowed to occur. On the other hand, the Commission could not be sure that the government would intervene to prevent such an outcome and, even if it were, it would not want the union to know about it. The Commission, therefore, began a series of meetings across the Province at which it reviewed management's position on the dispute and began the preparation of elaborate strike plans.

   The union, at the same time, was holding its own series of mass meetings across the Province. Heavily attended, the members appeared to turn out for a variety of reasons. Most attended for no other reason than to support their union. Many, however, were more
inquisitive and intrigued by it all than anything else. Regardless of the motivation, all concerned were surprised at the turnout. On a rainy evening in Toronto, for example, two sessions had to be arranged to accommodate the turnout from the head office. Twelve hundred attended the first meeting and eight hundred more the second. In all such meetings the union geared its appeal to the interests of the particular groups present. For the head office workers, for example, it had a special appeal. The OHEU and the Commission were considering a new job evaluation scheme for all white-collar employees. In the meantime management had instituted a similar plan for the professional engineers and the administrative staff of the Commission. The outcome had been received with anything but favourable results. Representing the engineers in the Commission on this matter was the Society of Ontario Hydro Professional Engineers. This group had had no legal status for some time but the Commission had continued to deal with it on a voluntary basis for many years. Recently, however, the Commission had informed the Society that management no longer considered it in any way, shape, or form as a bargaining agent. It was, instead, to be considered a consultative mechanism. This change was most evident in relation to the new job evaluation plan for engineers. The Society was consulted at all stages in its development but the power to make all decisions was vested unilaterally in management's hands. OHEU members were warned by their officers that the same thing might happen to their union and to them if they did not strongly support their representatives in the current dispute. This theme was repeated across the Province. It could be summarized as follows:
Look what happened to the Engineer's Society. Management is trying to do the same thing to your union. Support us or they may succeed.

This proved to be a most effective appeal.

Probably even more effective, however, was the union's frequent insinuation that it was new elements in management who were really at the root of the dispute. The following argument was reiterated many times during the dispute:

Your union hasn't changed. Just look at your Executive Board or the members of your bargaining committees. We haven't changed. But look at management. There is where the change has occurred. That's why the relationship has deteriorated. How else can you explain it?

Superficially, of course, management was vulnerable to such an argument. The union did not fail to fully capitalize on this vulnerability. Indeed, the emotions it was able to arouse on this matter probably rallied more of its members to its support than did any other single factor.

To appease those in the union who felt morally obliged to forgo the right to strike, the union assured them that in the event of a strike it would agree to maintain all "essential services." Management claimed that this was technically impossible. It does not seem to have been an important consideration, one way or the other, however, as most union members evidently were quite convinced that they never would be allowed to strike under any circumstances. Under this assumption they had nothing to lose by supporting their union and probably something to gain.

In any event no one was very surprised when the results of the first referendum were tabulated. The outcome was as follows:
The union was supported in every division and failed to carry the membership in only one of its 63 units. It was especially pleased by the support given it by its more conservative weekly-salaried membership. Most management officials had expected the union to carry the membership but were somewhat surprised at the degree by which it did.  

After the results of the referendum were announced, the union, expecting the Minister of Labour to intervene in the situation, quickly

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1 With respect to the results of the referendum, management claimed that the wording on the ballot was somewhat ambiguous and that this had contributed to the proportion voting in favour of rejecting the final Commission offer. Although the ballot required more than a cursory examination for a member to properly ascertain the choices before him, it would be a little extreme to characterize its wording as being ambiguous. Although it may have contributed somewhat to the percentage favouring the union’s point of view, I doubt that it had a very significant effect. The ballot read as follows: "Are you in favour of the amendments to the Collective Agreement as presented to you in the Report of 1958 Negotiations... Yes... No... Explanation: A YES Vote will authorize your Executive Board to accept the results of negotiations. A NO Vote will authorize your Executive Board to proceed as follows: 1. Re-open negotiations with management and again try to reach a satisfactory settlement. 2. Upon completion of 1. above, decide either of: (a) A referendum to the membership recommending acceptance. (b) The setting of a strike deadline maintaining Essential Services as proposed."
informed him that while they might later appreciate the use of his good offices they would first like to attempt once more to settle the dispute without the resort to further outside intervention. By this time, the strategy of each party had become uppermost in their minds. It was a most fascinating period. The union, armed with a strike mandate, hoped that it could force management to make further concessions on its own. Then, if the dispute ended up in the offices of the Minister of Labour, the union would have on the table a higher offer to work from. The Commission was aware of the union's thinking and refused to make any significant concessions on its own.

As many had long felt was inevitable, the Minister of Labour was then compelled to intervene in the dispute. By this time, however, a two-year (rather than the usual one-year) agreement was almost mandatory. The OHEU felt it could not agree to a two-year contract unless the outstanding issues in the area of the job evaluation were first settled. These were complex enough in themselves. Added to the issues already outstanding in the dispute, they created an unbelievable array of problems. Nevertheless, from the Minister's point of view there were some compensating features. By then the dispute was on the front pages of every newspaper in the Province. The pressure for a settlement was mounting. Both union and management also had reason for bringing an end to the dispute. The Commission became increasingly concerned about the long-run effects of the prolonged negotiations on the morale of the employee body. It was also aware of the political implications of a deadlock. The union, on the other hand, had to consider several factors. It could not be sure how the membership would react should a
strike actually be called. It certainly did not have the financial resources to finance one. As one union officer told a head office rally:

We might be able to manage a couple of coffee breaks if we stretched things.

Nor did the union ever ignore its moral obligation to the community. Even more important, however, was its fear of what would happen if the strike was actually called and did prove effective. If the government introduced compulsory arbitration, would it be ad hoc or would it be permanent? Would it be extended to all public utilities in the Province? The OHEU had no way of knowing and it apparently did not want to find out.¹

Taking advantage of these pressures, but never openly flaunting them, the Minister of Labour and his Chief Conciliation Officer finally brought about a compromise settlement. It was hammered out after a week of intensive deliberations. This period was marked by frequent adjournments and recesses and again, from a strategy point of view, was fascinating to witness. In the end however it was a definite compromise which resolved the dispute. The details are not important.² Although

¹ The pressures acting on both parties in this situation were not those normally associated with the collective bargaining process. As unorthodox as they may have been, they were, nonetheless, very important pressures. Without them the skillful mediation which did finally resolve the deadlock might not have proved as effective as it did.

² Involving a number of complicated classification systems, among other things, an understandable review of the final settlement terms would require much more time and space than its contribution to the study would warrant. Some of the terms of the settlement are mentioned, however, in following sections.
it left room for both parties to claim a partial victory, it was really a victory for neither. On the union side this was reflected in the fact that one-third of the Executive Board voted against recommending to the membership that they accept the settlement. During the debate on the terms of the agreement one of the latter commented:

The members voted no (to reject the Commission's earlier offer) because they were sick and tired of us acting like an Employees Association... Are we a union or aren't we?... If we buy this settlement, we'll be right back where we started from.

The majority opinion of the Board was reflected in the comment of another of its members:

Let's be realistic and fair... We faced a stubborn management all year... The bargaining committee got the best deal it could... Let's face it -- the real question is whether we won any more than what we had when we... asked the members to support us. I think we have... I can sell my people on it... They never really wanted to see a strike anyway.

The membership of the union did have some misgivings about the settlement. These stemmed largely from the manner in which the union had approached them on the earlier referendum. It had stressed the "bare minimums" it would attain if the membership gave it the necessary mandate. As might have been expected, those "bare minimums" were never attained. The membership, somewhat naive in its attitude, wanted to know why. Matters were further complicated by the question of job evaluation. This had not even been an issue at the outset of negotiations. Now it was a major aspect of the settlement. This confused the membership and made them even more dubious about the outcome. The weekly salaried membership was especially confused and even embittered
about the whole thing. Many of their stewards resigned and there was actually some talk of pulling out of the OHEU and forming a separate local. Much of this reaction was completely unjustified and resulted from a misunderstanding of the issue more than anything else. In this respect management did not help matters by its early release of the details of the settlement before the union had a chance to explain it to the members. The Commission, however, was determined that its interpretation of the settlement should be released before that of the union. It did not want the impression created outside the Commission that it had agreed to an inflationary settlement. The government had long been advocating non-inflationary wage increases and a government agency could hardly ignore these admonitions.

What disturbed the membership more than anything else was the fact that, as part of the job evaluation settlement, the union had agreed to drop the escalator for the weekly salaried portion of its membership. It was expected that the new job evaluation plan would better facilitate comparisons with outside industry and that by basing the weekly salaried wages on such comparisons there would be no need for an escalation clause for those employees. This assumed many things which might not come to pass. Much depends on management's interpretation of these questions and if that should not turn out to coincide with the union's, the OHEU and its members may find that they were engaging in some

1 This was not surprising since it had been known all along that when and if the new job evaluation scheme was actually implemented, some would gain relatively by it and others would lose.
wishful thinking. Aside from this possibility there was also considerable fear expressed as to the advisability of treating one group of the union's members separately from the others. It was feared by many that this might eventually divide the different groups in the union.

Because of these considerations many officials in both union and management had serious misgivings about the outcome of the second referendum. The union's top officers, however, were prepared to leave the decision to the members themselves. They were strangely passive throughout the general uproar which accompanied the release of the settlement terms. They radiated an air of confidence which amazed many of the union's staff and lower level representatives. About the only recognition given to the fact that the members were dubious about the agreement was the postponement of the ballot and the sending out of staff officers to explain but definitely not to justify the terms of the settlement. In the end their confidence was rewarded. The results of the second referendum were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Voting to Accept the Proposed Settlement</th>
<th>Voting to Reject the Proposed Settlement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Per cent</td>
</tr>
<tr>
<td>TRADES</td>
<td>2,660</td>
<td>69.6</td>
</tr>
<tr>
<td>WEEKLY SALARIED</td>
<td>2,125</td>
<td>64.1</td>
</tr>
<tr>
<td>OPERATORS</td>
<td>749</td>
<td>82.9</td>
</tr>
<tr>
<td>CONSTRUCTION</td>
<td>132</td>
<td>83.0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>5,666</td>
<td>69.1</td>
</tr>
</tbody>
</table>

1 One Personnel Officer, for example, predicted that 60 per cent of the membership would vote to turn down the offer.
Both the total vote and the percentage of those supporting the union position were down considerably. This was especially true of the trades and weekly salaried groups. Nevertheless, the union was still able to carry every division in the Province. Many of the unit results, however, were extremely close and three of them, each with a high percentage of weekly salaried members, voted to reject the proposed settlement. Nevertheless, on the whole the results were a clear indication of the trust and confidence which the membership of the union continued to place in its elected officers.

To try to analyze the meaning of this whole episode in a few words would be impossible. A few things do, however, stand out. There is first the simple fact that it happened at all. Two or three years ago no one in Hydro would have believed it possible. Now they are wondering whether they can avoid it again in 1960. One can argue, on the one hand, that the strain of the experience will discourage its repetition in the future. On the other hand, one can also argue that just as strike votes, conciliation and government intervention have been incorporated into many other collective bargaining relationships in the Province, so also may they be incorporated into the union-management relationship in Ontario Hydro. It is difficult to determine which alternative may result. Unfortunately, however, both sides seem to have learned less from their experience than one might have hoped. Both union and management appear convinced that they have taught the other a lesson. Union officials are convinced that management now realizes that the union cannot be pushed around. Management appears equally convinced that the union has learned the same lesson. One suspects, however, that neither party has been convinced of anything, except perhaps of its own
invincibility. If such is the case, the result of this experience may be far more harmful than salutary in the long run. Conversely, of course, it can be argued that an incident such as this may have the effect of clearing the air and may, therefore, be a good thing in the long run. For reasons developed in some detail in the next chapter, I am led to the former rather than the latter interpretation.

(4) The Appropriate Bargaining Unit -- An Issue of Profound Significance

For several years now the jurisdiction of the union has been a matter of contention between the OHEU and the Commission. The issue became especially important after the OHEU was granted the union shop in 1952. At that time there was considerable debate over the point at which a man became a supervisor and therefore became ineligible for union membership. This controversy was aggravated by a demand on the part of the Commission that the OHEU withdraw completely from the construction field. In both these areas, the major concern was with the trades segment of the union membership. Recent disagreements, in contrast, have tended to center on the weekly salaried section of the union. More significant, however, has been the change in the nature of the point at issue. In the past, jurisdictional arguments have been primarily based on the question of the dividing line between supervised and supervisor. This criterion remains important today. Equally important, however, has become the question of employees who have access to "confidential" personnel and industrial relations matters. Whether such employees were included or excluded from the union's jurisdiction in the past did not matter very much, since, by the very nature of their relationship,
neither party was too concerned about keeping information from the other. An excellent example of the present tendency is provided by the Commission's sudden concern over certain secretaries in the law division. Reflecting the increasing resort to the legal word and the legal mind, these employees must now be removed from the union's jurisdiction according to management. The fact that such considerations are becoming a major concern in the Commission is a further indication of the changing nature of their relationship.

**Stabilizing Forces in the Relationship**

Tending to mitigate some of the visible signs of strain in the relationship between the OHEU and the Commission are certain underlying stabilizing forces. One of the most imperceptible and yet most important of these is the history of the relationship itself. The OHEU did not suddenly emerge to challenge management. There was little of the ill will and resistance which sometimes accompany the establishment of a union. The OHEU is rather a stage, and not necessarily the ultimate stage, in an evolutionary process. The Commission, by establishing the early Employee Representation Plan and encouraging the transition to the Employees Association, was, in effect, educating its management to the ways of collective bargaining before it was actually confronted by a union in the traditional sense of that term. Whether this was deliberately planned or not does not really matter. The important thing is that this was in fact the order of things. This is not to suggest, however, that the transition or evolution to the present relationship has been without friction. Such incidents as have occurred, however,
have been tempered by the appreciation which both parties have had for their traditional manner of conducting their relations. Even during the most heated moments of the dispute of 1958–1959, for example, there was no table pounding, very little abusive language and few invectives. The few instances where such tactics were utilized were confined to exchanges concerning or involving the so-called outsiders who had "invaded both camps." The overall manner in which bargaining was conducted was best illustrated by an incident involving the press. At the height of the dispute newspaper photographers requested the union President to pose with his thumbs turned down to signify the union's position on the latest Commission proposal. Visibly perplexed by this suggestion, the President, after a moment of awkward silence, stated: "I'm sorry, but this union doesn't operate that way." Throughout this trying period, both union and management appeared very concerned about the possibility that the dispute itself might permanently damage or jeopardize the nature of their relationship. Had it not been for this consideration, the negotiations probably would have been far more vindictive than they actually were.

Reflecting this first stabilizing feature and really a part of it is the influence which certain key individuals in both union and management continue to exercise. These officials have an appreciation for the traditional manner in which collective relations have been handled between the parties. They resist and at times almost prevent any efforts designed to destroy their traditional way of doing things. Even during the dispute itself, these individuals were able to conduct the day-to-day relations between union and management in much the same
fashion as they had always been conducted. Were it not for the trust which continues to exist at the working level between the parties, one could question whether any characteristics of the old relationship would still remain.

Similar remarks apply to the final stabilizing influence which should be mentioned. This is the continuing high calibre of union-management relations at most of the divisional and local levels in the Commission. Although there are some major exceptions, most relations at these levels remain largely unaffected by the change in the general relationship. This is attributable to a number of considerations. In the first place, there is usually more frequent contact between the officers of the union and line management at these levels. Although much of this contact is informal, there is also a conscious effort made, in many cases, to hold formal meetings between the two groups. Quarterly joint meetings, for example, are held in several regions. These are attended by the Divisional Chairman for the union, along with one or two of his Chief Stewards, and by top line management in the region. Such meetings may even be held in the absence of specific problems. Their general purpose is really to develop some understanding between the two groups and to keep the union as informed as possible on foreseeable developments which may have an impact on union-management relations in the future.

There is also a different attitude among employees in the outlying regions. Old-timers in Hydro frequently recall what they term "the old Hydro spirit." To a certain extent this is a mythical ghost from the good old days. Nevertheless, there is also some basis to it. It can
still be seen, for example, in the attitude of the employee body in the field. In some regions many employees still take a real pride in being a "Hydro man." They are, at the same time, loyal and strong union members. For many years these two things were perfectly compatible. Employees could afford and, indeed, had a dual loyalty. When they had to support either union or management in the recent dispute, this really disturbed them.⁹ Although many of them supported the union and were strongly critical of the Commission itself,² this criticism was not extended to their local management. In fact, according to one Regional Manager, relations between the union and the employee body in general and management in his region actually improved during the dispute. Another Regional Manager, reflecting a similar viewpoint, suggested that both employees and management in his region felt like "foreigners caught in a revolution" during this period.

On many questions union and management in the regions sometimes are aligned together against their counterparts in the rest of the Commission. This is most evident, for example, with respect to interdivisional bumping in accordance with seniority. It is also reflected in the feeling expressed by many local union and management officials that they could better handle their own problems if left on their own to do so. Both will often work harder to accommodate their local differences in order to avoid involving top level officials in their problems.

¹ According to some union and management officials, many of the employees who did not vote in the union referendum did not do so because they could not resolve this dilemma.

² This was particularly reflected in the attitude of such employees towards the so-called outsiders who had joined the ranks of Hydro management.
The type of regional relations which these considerations have generally produced have been conducive to the stabilization of the relationship as a whole. Unfortunately, however, reflecting the growing centralization of union-management relations in the Commission, the effect of these local relations is having less and less bearing on the overall relationship. It may be concluded, therefore, that this stabilizing force is of limited long-run significance. Unfortunately, a similar argument may also be adduced concerning the two other stabilizing features mentioned in this section.

Some Recent Bilateral Achievements

In spite of the evident strains between union and management in Ontario Hydro, the parties are still able to negotiate mutually satisfactory solutions to their problems. A review of some of their recent bilateral achievements will lend a better perspective to the overall study. It will also complete the description of the current relationship between the OHEU and the Commission and thus prepare the way for the analysis of that relationship which is presented in the next chapter.

1 Just as the growing resort to and dependence on precedent helped undermine the original grievance procedure in the Commission, so also have similar forces contributed to the centralization of union-management relations in general in Ontario Hydro. Because both parties feared that what their lessor officials might agree to in one region might then be forced on them in every region, they gradually removed from these officials more and more discretion. For reasons similar to those developed in connection with the grievance procedure, this has not been without its disadvantages. If the parties should decide that the latter have been too costly, a solution to this matter might be developed along lines similar to those suggested with respect to the grievance procedure.
(1) **Plan B -- The Joint Job Evaluation Plan for Clerical and Technical Employees of the Commission**

Heading the list of recent bilateral achievements is the successful negotiation and implementation of a new job evaluation plan to cover the weekly salaried portion of the union's membership. The need for a new plan had been recognized for some time. The original plan had been introduced during the early days of the Employee Representation Plan and was administered unilaterally by management. Due to neglect, a number of glaring inequities had developed and confidence in the plan had been correspondingly reduced. Line management criticized its central administration, the union denounced its secrecy, and the employees were convinced that the system could be manipulated by the "right" people. By the early 1950's the situation was becoming intolerable. By 1953 it was clear to all concerned that the original plan would have to be completely revamped or a whole new plan substituted in its place. Since there were many disadvantages to the former course of action, it was decided to develop an entirely new plan. By doing so the Commission hoped to be rid of the stigma attached to the old plan and to enlist employee acceptance of a new one. It hoped to attain the latter by having the union participate in the development of the new plan. The union was by then demanding such participation. In fact, it was partially because of the union's insistence on this matter that management had finally decided to reject the old plan. As first envisaged, however,

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1 Although the Plan is primarily meant for union employees, it will also be applied by management to certain non-union employees.
the new plan was to cover far fewer employees than it eventually did. At the outset there was also a good deal of confusion as to the proper role of the union in the development of the plan. In the final analysis the union was to play a far greater role in both the development and administration of the plan than had been originally intended.

The plan which finally emerged was definitely a joint achievement. This probably accounts for the length of time that it took to consummate agreement on it. After a joint committee had wrestled with the details of the plan for over five years, it took the dramatic negotiations already described to bring the issue to a head and to bring about agreement on its basic features. Since then it has been formally approved and has been largely implemented. The plan itself is based on a weighted point system and is designed to rate clerical, mechanical, accounting and technical positions. For the most part, it will be completely open and above board. Each employee, for example, will have access to the paperwork concerning his own position (his job description and job specification) as well as that for positions related to his and located within his immediate work group. Designed to be administered by the line organization on a decentralized basis, it will give supervisors a greater measure of control over salary administration as it applies to their subordinates. There are many in the line organization in the Commission who consider this to be a long overdue and essential development.

Although entirely administered by management, the operation of the plan will be subject to review by a Joint Salary Committee. Composed
of an equal number of union and management representatives, this Committee will exercise final authority over all matters related to the plan. Should it not be able to reach agreement, provision is made for an appeal to a special arbitrator. At first, both union and management were dubious about the union becoming so involved in the actual administration of the plan. It was finally decided, however, that such a role would not inhibit the normal collective bargaining and policing functions of the union. The union, in effect, has accepted the structure and framework of the plan but retained the right to appeal its actual application. This does not seem to be an incompatible or inconsistent approach, at least as this observer would view it. Nor will the arrangement restrict management's right to manage. The Joint Salary Committee really has two basic purposes. Insofar as the plan itself is concerned, it is really a bargaining committee. Both sides must formally agree to any changes in the basic structure and framework of the plan. Insofar as the administration of the plan is concerned, the Joint Salary Committee really functions as a specialized and permanent grievance committee. In neither of these roles is there any unusual threat to management's normal rights and prerogatives.

What is most significant about this achievement, besides the magnitude of the task involved, is the impressive role which the union has played throughout its development and implementation. Although the union at first suffered from inexperience in this area and later was somewhat fanatical in its insistence on detailed perfection, even

1 The union felt that it had to insist on exacting paperwork at the outset in order to avoid later policing in detail. It had to insure that no employee would suffer unjustifiably because of the plan and it wanted to do so insofar as it could before actual implementation was begun.
management now concedes that without the impetus and interest of the union, the plan might not have emerged at all, let alone as successfully as it has. Its ultimate success, of course, is yet to be proven. Whether or not the plan is accepted by the employees will depend largely on the union. This will not be an easy task. Approval of the plan was a difficult decision for the union's Executive Board. Advanced calculations revealed that although 42 per cent of its members would be upgraded under the plan, 37 per cent would remain in an equivalent grade, and 21 per cent would be downgraded. Although it had been agreed that no employee would actually lose any pay because of the plan, that did not make it much more saleable from the union's point of view. It was willing to risk the possibility of internal political turmoil because it realized the importance of realigning the wage structure of the weekly salaried portion of its membership. The fact that the union was willing to approve the plan, and thereby bear the brunt of the wrath of those adversely affected by it, is an indication of the calibre of its leadership. It is a good question whether the Commission would have dared make such a decision on its own.

(2) The Joint Station Classification Plan

Of similar significance to that described in connection with the establishment of Plan B was the recent negotiation and implementation of a new Joint Station Classification Plan. The wage structure for electrical operators in the Commission has always been based on the relative complexity of the various generating and transforming stations
throughout the Province. As part of the original job evaluation plan in the Commission, the first station classification plan was developed under the Employee Representation Plan and was then unilaterally administered by management. It suffered from the same disadvantages as the former and eventually, for almost identical reasons, a fresh approach was required. After exhaustive studies and prolonged deliberations, a special joint committee proposed a new and drastically revised plan. Just as did Plan B, this plan also became involved in the negotiations of 1958-1959. In spite of some difficulties, it was finally approved and was implemented shortly thereafter. Once again, one wonders whether such an achievement could have been attained in the absence of a union which was willing to make decisions similar to those discussed in relation to Plan B.

(3) A Special Formula for Isolation and Inaccessibility Allowances

Indicative of some of the unique problems confronting union and management in Ontario Hydro is the recent negotiation of a special formula for isolation and inaccessibility allowances. This formula is quite distinct from the Commission's zoning system which is described in Chapter 12. Many of the Commission's installations are located in

1 For collective bargaining and particularly for wage determination purposes, the wage structure for the electrical operators is tied as a whole to the wage structure for tradesmen in the Commission. The tie-in is arbitrary but is based on a rough approximation of comparative skills and abilities required of the two groups.

2 In the case of the Station Classification Plan, few if any employees were expected to be downgraded. It did necessitate, however, a relative shift in the position of many groups of operators.
secluded areas of the Province. As compensation for working in these localities, the Commission has long paid certain special allowances. These were subject to collective bargaining with the union. Because there were numerous criteria for determining these allowances, they were often negotiated in a haphazard and inequitable fashion. As the resulting disparities became more and more difficult for either union or management to justify, the pressure to develop a more equitable system mounted. Again a special committee, this time the Joint Colony Committee, was assigned the task of developing a suitable solution to the problem. The net result of its efforts was an entirely new formula which determines each locality's isolation and inaccessibility allowances in accordance with a standardized and easily applied set of criteria. This provides another example of what union and management in Ontario Hydro can still accomplish when they are confronted by a mutual problem.

(4) The Adjustment to Technological Change in the Commission

Further illustrating the ability of the parties to accommodate their differences is the manner in which personnel affected by technological change have been handled. The impact of changing technology in the Commission has been most pronounced with respect to the generation of power and with respect to internal accounting and billing procedures. A review of the adjustments made to the problems associated with the introduction of Integrated and Electronic Data Processing in the Commission will serve to exemplify the approach of both parties to this type of problem.
In 1955, after intensive analysis and study, the Commission decided to automate much of its accounting and billing procedures. The new system was to be built around a Univac digital computer and was to be highly centralized. Inherent in its application were a number of personnel problems. It would necessitate, for example, a reorganization of the traditional manner in which the aforementioned functions had been handled in the past. It would require new skills and abilities and therefore involve considerable training and re-training. It would also displace many employees and thus raise many questions concerning transfer rights and so on. Management was very cognizant of these problems from the outset. After first assuring the employees involved, both individually and as a body, that no one would suffer monetary loss as a result of the change, it then invited the union to participate in the handling of all the personnel problems which might develop. Management's assurances and its general approach to the question enlisted the full cooperation of the union. A special joint committee was established, the Joint Electronic Data Processing Liaison Committee, and mid-term agreements were signed covering many phases of the adjustment period. Since the program would require several years to become fully operative, many of the problems associated with its introduction could be handled with relative ease. Even so many difficult decisions have had to be made since that time. Although neither party is fully satisfied with the results of their efforts, both evidence considerable pride in the constructive spirit with which they tackled this whole question. In many respects it represents a model approach to such problems.
The Handling of Surplus Staff in General in the Commission

Until recently surplus staff was never a problem in Ontario Hydro. In the past two years, however, with the coincidental completion of a number of major projects, the Commission has found itself unable to place all of those idled by such completions in its regular operations. The problem was first reflected in the establishment of a Staff Placement Department to coordinate the effort to place as many of these individuals as possible. Before the line could requisition new employees from outside the Commission, its requirements had to be analyzed by this Department to determine whether any displaced employees could fill the vacancy. This program depended on a high degree of cooperation with the union since the provision in the Collective Agreement which called for the posting of vacancies had to be waived in many cases to facilitate the placement of surplus personnel.

In spite of these efforts it soon became apparent that there would have to be a number of layoffs. Since this had never been a problem in the past, the Collective Agreement was somewhat vague on the subject. Both union and management interpreted the pertinent clause in the agreement to support their respective positions but neither was willing to risk the ruling of an arbitrator. The union claimed that the meaning and intent of the agreement was clearly to establish Province-wide seniority and bumping rights. Management disagreed and claimed that if this was the intention, the agreement would have spelled out the mechanics of such a procedure. The union countered by arguing that this had not seemed necessary at the time that the disputed clause
had been negotiated. Both sides introduced evidence purporting to show
that their interpretation was the valid one. Regardless of which party
was correct in its interpretation (it was impossible to tell from a
reading of the agreement), the accompanying debate provided an excellent
illustration of the reasons why intent and good faith no longer are
deemed reliable by either union or management in the Commission. During
this period both were extremely provoked by what they claimed to be a
deliberate failure on the part of the other to abide by the intent of
earlier agreements. Each accused the other of bargaining in bad faith.

As management began to actually lay off employees, according to
its own interpretation of the clause (which limited the seniority and
bumping rights of the employee to a more limited extent than was desired
by the union), grievances began to be filed. As the pressure for a
compromise mounted, the parties again resorted to the use of a special
joint committee, this time a Joint Seniority Committee, to try and
resolve their differences. The position of neither side was as extreme
as they had earlier pronounced. The union recognized that management
could not exist with anything approaching "railroad bumping" and manage-
ment realized that it was most unfair to its long-term employees, and
detrimental to its own interests, to restrict employee bumping rights
to their immediate locality. The end result was a compromise agreement
which covers nine pages of the collective agreement. Tailored to meet
the specific needs of a Province-wide operation, it recognized a number
of other criteria,1 besides seniority, to be considered in determining

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1 Such as the skill level of the employee involved, the amount of turn-
over already induced by bumping in a specific locality and the basis
upon which the employee was originally hired.
an employee's bumping rights. It serves as a final example of some of the recent bilateral achievements of union and management in Ontario Hydro.

A Summary Note

This concludes the description of the current relationship between union and management in Ontario Hydro. Having reviewed the signs of strain lately apparent in their relationship, the nature of certain stabilizing forces which have tended to mitigate the impact of those strains, and some of the recent bilateral achievements of the parties, we are now in a position to draw some conclusions about the relationship in general and to do some prognosticating about the future course of their relations. This is the task of the final chapter in Part II.
Chapter 9 - The Nature and Trend in the Current Relationship Between Union and Management in Ontario Hydro

Introduction

In this chapter the change in the nature of the relationship between the OHEU and the Commission is analyzed. It is concluded that, on balance, the relationship has deteriorated in recent years. An explanation of this deterioration is sought in the nature of the parallel changes which have taken place in the parties themselves. This is followed by an analysis of the trend in their relationship, a consideration of the implications inherent in that trend and some speculation on the likelihood of the trend being reversed. The emphasis throughout the chapter is placed on interpretation and analysis.

The Nature of the Change in the Union-Management Relationship in Ontario Hydro

Few changes in social relationships are neutral in their impact. This is true of the change in the relationship between the OHEU and the Commission. This leaves one of two possibilities: either that the relationship has improved or that it has deteriorated. Let us deal first with the former possibility.

Although most of the officials with whom I had contact in the Commission were seriously concerned about recent developments in the relationship between the OHEU and the Commission, many management officials argued that the overall relationship has not changed for the worse during this period. Some of them, in fact, argued just the
They maintained that despite the fact that the relationship is growing more formal and legalistic, it is, at the same time, becoming more businesslike and that the net effect is highly desirable. They further suggested that each side has been made correspondingly more aware of its rights and responsibilities vis-à-vis the other and that this is bound to prove most healthy and beneficial. Lending support to this point of view are the bilateral achievements described in the last chapter.

Based on these indices, this point of view may therefore appear to be a most plausible explanation of recent developments between the OHEU and the Commission. Beneath the surface, however, there are forces at work which suggest that such an interpretation is an extremely deceptive and a very misleading one. Some of these forces are better left to our discussion of the trend in the relationship. For the moment, it should be sufficient to outline the major reasons for fearing that the relationship is not improving but is instead actually deteriorating. Suggestive of this, of course, are the signs of strain discussed in Chapter 8. These too, however, may be labelled as superficial indices. More important is the nature of the changes, both tangible and intangible, in the manner in which the parties are conducting their relationship. When relations are becoming increasingly characterized by suspicion and distrust, when intent and good faith

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1 They also maintained, for reasons to be explored in the next section, that the aforementioned changes were probably inevitable.
can no longer be relied upon, when the primary emphasis is being focused on principles, rights and prerogatives, and when the written word in a collective agreement is becoming almost sacred, it is difficult for me to conceive of such a relationship as one which is improving. There are many signs of such tendencies in the relationship between the OHEU and the Commission. Since each has been mentioned more than once in earlier chapters, no useful purpose would be served by reviewing them again in any detail at this point. They were reflected, for example, in the changing role of the Personnel Officers in the Commission, in the undermining of the original Hydro grievance procedure, in the nature of certain of the major issues in the prolonged negotiations of 1958-1959, and in the change in emphasis as to the proper criteria for determining the extent of the union's jurisdiction in the Commission. They are further apparent in the increasing resort to arbitration to settle their differences and in the associated rise in the significance of precedent and legal advice and phraseology throughout their relations. It is these considerations which are forcing many in the Commission to seriously question the state of the current relationship between the OHEU and the Commission.

Assuming that such concern is warranted, the question arises as to what can be done about it. Before this question can be answered, however, it is necessary to have an understanding of the factors underlying these developments and of the trend in the relationship which they would seem to suggest.
Changes in Both Union and Management

(1) The Impact of Affiliation Upon the Union

Both in the line organization and to a lesser extent in the personnel staff of Ontario Hydro, there is a strong predilection to attribute much of the recent strain between union and management to the influence which affiliation is said to have had upon the OHEU. Appealingly simple, this partial explanation is more misleading than informative when suggested as the major cause of such strain. Nevertheless, there is no doubt that affiliation has had some impact upon both the union and its officers, even though it was originally consummated primarily as a defensive measure. Indeed, such an effect was deliberately cultivated. Experienced outside trade unionists were hired for the express purpose of developing more "union-mindedness" within the OHEU. This appears to have been motivated by three factors. Probably the most important of these was the OHEU's desire to be rid of the company union stigma. There was also a desire to bring new blood into the organization to avoid what some officials considered to be the debilitating effect of "in-breeding." And finally, there were those who perceived a greater need for militancy on the part of the union because they felt that this would make the OHEU a more effective bargaining agent.

In spite of the latter consideration, the effect of affiliation upon the relationship between union and management was at first minimal, if indeed there was any effect at all. To the extent that there was any immediate change in the relationship, this was probably due more to management's challenging of the union's affiliation rather than to the
impact of affiliation itself. On the whole, however, relations continued in much the same way as they had in the past. Then later, as significant signs of strain did begin to appear in their relationship, many other variables, besides the nature and status of the union, were in a state of flux. Economic conditions, for example, tightened up. Even more important, however, were the major changes which took place in both the staff and the personnel philosophy of the Commission and especially the Personnel Branch. Under these circumstances, it is rather difficult to attribute the resulting developments to any one factor. Insofar as affiliation is concerned, because it roughly coincided with the appearance of unusual strain between union and management, it is all too easy to exaggerate its contribution to that strain. It seems rather that it only became a significant factor after such strains became apparent. What had been basically a negative and defensive manoeuvre was then transformed, at least in the eyes of some in the union, into a necessary and positive development strengthening the union in a time of crisis.

Even today, however, it is easy to exaggerate the impact of affiliation. The OHEU is extremely jealous of its autonomy especially in its relations with Hydro management. No NUPSE official has yet observed, let alone actively taken part in, the OHEU's relations with the Commission. OHEU officials remain convinced that no one can better

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1 Management's reaction to affiliation and the effect which this had on its relations with the union were discussed in Chapter 5.
deal with the problems of Hydro employees than directly elected representatives of those employees. In view of these considerations, it is almost facetious to suggest, as did one high management official, that organized labour in Canada, via NUPSE, "dictates" policies to the OHEU. This is not to suggest, however, that affiliation has not had an influence on the thinking of some of the officers in the union. In fact, it has. During the negotiations already discussed, for example, contracting-out was a major issue. Some union officers magnified the problem out of all proportion to its importance. Management felt that this reflected the "general labour line" in Canada at the time and bitterly resented it. To a certain extent they were right. But other factors were also present. Layoffs were becoming a problem for the first time in the Commission and there were also one or two incidents where the conditions surrounding the contracting-out of work were difficult for management to explain. This set the stage for those in the union who were desirous of the OHEU's pushing demands which were then being promoted by organized labour in general in Canada. Had not the conditions in Hydro been vulnerable to such a demand, I doubt that it would have received the attention that it did.

On the whole, therefore, I would question whether affiliation has yet had a major effect on the union. Nevertheless, it does have a potential impact of some magnitude. The problem would appear to be that management, in its fear of this impact, has prematurely adjusted its policies and practices to deal with such an eventuality. By doing so, it has facilitated the position of those in the union who favour stronger ties with organized labour regardless of the consequences in
terms of the relationship with the Commission. It thus may have unnecessarily provoked the very features which it feared most. It should be noted that, in a similar fashion, it likewise could be argued that the OHEU prematurely reacted to the changes it perceived in management's approach to industrial relations even before such changes had been instituted. To the extent that it did so, however, it seems unlikely that this significantly affected the nature of those changes. As we shall note shortly, the underlying causes of these changes were quite independent of the OHEU's perception and early response to them. On the other hand, the union's premature reaction to what it expected following some key management replacements certainly did not weaken the position of those in the Commission who were advocating a change in its approach to industrial relations.

(2) The Effectiveness of the Union

More significant than the impact of affiliation upon union-management relations in the Commission has been the growing effectiveness of the OHEU itself. Most management officials are very much aware of this development. Although many of them characterize it as a movement in the direction of greater militancy, about one-half of those interviewed were able to clearly distinguish between effectiveness and militancy, and considered the change in the union to be more in the direction of the former than in the direction of the latter. Surprisingly enough, this view continued to prevail even after the union took the first strike vote in its history in connection with the negotiations already described. Even those who reject the interpretation that the OHEU is now a much more militant union, however, are seriously concerned about future developments.
Those who believed that management was then and would remain confronted by a more militant union were convinced that the Commission had no alternative but to adopt a more aggressive and hardened approach to industrial relations. They tended to feel that regardless of the cause of the greater militancy which they perceived in the union, nothing could be done about it. Since this was the case, they felt that the Commission had to become equally militant or risk the consequences of the union running rough-shod over it. This group usually expressed their views in less colourful terminology. Frequently, for example, they spoke in terms of the need for a more businesslike approach on the part of the Commission. Essentially, however, their views are more accurately described by the above phraseology.

Those who interpreted the changes in the OHEU as making it nothing more than a more effective representative of the employees were divided into two schools of thought. One school welcomed the change because it had made the line organization more aware of the union and therefore more conscious of its responsibilities in the area of personnel administration. This school would have made only minor changes in the Commission's approach to labour relations. It certainly would not have recommended a significant change in philosophy because of this. The second school of thought was more concerned about the growing effectiveness of the union than was the first. They therefore supported some of the recent changes in the Commission's approach and philosophy. Although they did not deliberately espouse such extreme views as those who considered the OHEU more militant, they frequently used the same language -- the need for a more businesslike approach --
and implicitly may well have had the same net effect or goal in mind. Since the views of this group have apparently dominated the thinking of the Commission in recent years, we will deal with them separately.

(3) The Change in Management's Philosophy and Approach to Industrial Relations

More significant than the OHEU's affiliation with NUPSE as an explanation of the recent deterioration in union-management relations in the Ontario Hydro has been the change in the Commission's philosophy and approach to industrial relations. A number of factors appear to have convinced the Commission of the need for such a change. Not the least of these were certain external pressures. Because of the nature of its wage policy (which is not fully analyzed until Part IV), the Commission is necessarily a wage leader in many of the smaller communities in the Province. In addition, some of its fringe benefits, stemming largely from its early paternalism, are more liberal than is common in Ontario. These features have led to direct and indirect (political) pressures upon the Commission to resist further concessions to its employees. Contributing to the Commission's sympathetic reception of these pressures have been the changes in its economic environment. These were earlier described in Chapter 2.

Although these factors have had an important bearing upon the Commission's thinking on this matter, it is reasonable to assume that

1 It would be a serious error, in fact, to discount the importance of these variables. As reflected in the Commission's attitude towards wages and other monetary issues, for example, these considerations have become almost paramount. Nevertheless, if the Commission remained and remains willing, as it insists that it is, to abide by its upper quartile wage criteria, then the tightening of its economic constraints need not (Continued)
they were not the only variables involved. Probably of equal significance in persuading the Commission of the need for a change in its approach to the OHEU was the strong feeling among certain key line officials that management was being too soft in general with the union. Illustrative of this school of thought was the comment of one Divisional Director:

They [Personnel] almost gave the Commission away to the union. For a while it was hard to tell who was running the place, the union or management.

A top personnel official in the Commission expressed similar views. He accused earlier administrations of a "peace-at-any-price" approach to collective bargaining. This extreme an assertion would be most difficult to prove. To the extent that the Commission was convinced of its validity, this may have induced it to reverse its previous policies. If this is, in fact, what happened, it is my impression that it is probably to be regretted. That there was some truth in the former allegation is not to be denied. This is suggested by the fact that even some OHEU officials felt some change in management's past approach to the union was inevitable. These same officials are critical, however, of the degree and extent of the change which has taken place. As one Executive Board member of the union commented:

Footnote continued

have unduly strained the relationship. The fact that it has may be attributed to the failure of the parties to structure their bargaining relationship so as to facilitate the application and implementation of their agreed upon principle of wage determination. This aspect of their relationship is analyzed in Chapter II. With respect to the day-to-day relations between the parties, on the other hand, it does not seem to me that the economic variables were the crucial ones.
There is no doubt that the Commission had to mend its ways somewhat. I doubt, however, that they had to go as far as they have. They've gone from one extreme to the other.

That it would be unfortunate if the Commission completely reversed its earlier industrial relations philosophy is, it seems to me, implicit in the very nature of that philosophy. Its basic ingredients are suggested by the following passage which is taken from a management release to its supervisors in 1946:

In your dealings with the Employee Association and Employee Representative, it is important not only to be mindful of the Commission's interests and the problems of Management but also to clearly understand and seek to secure the great benefits that flow from a correct and friendly attitude toward a labour organization. Hydro supervisors are not expected to yield to unreasonable demands from workers or their representatives; or to tolerate insubordination; they are expected to treat all employees with reasonable consideration, to be fair, honest and firm, and when refusing requests to refuse in a way which leaves the least possible sting with the worker or his representative. They are also expected to remember that the best results are now and always have been secured through instilling interest and enthusiasm rather than by the dictatorial use of authority.

On this question of attitude, it is not enough to merely recognize and respect Employee Representatives' rights and their complete equality in status as bargaining representatives though these are necessary. It is important to go farther and to treat Employee Representatives as friendly associates whom we want to help achieve their legitimate aims and aspirations.

The mistake should never be made of thinking that recognition of all the rights of Employee Representatives will stimulate unreasonable demands for additional rights. Quite the contrary. It is the evident desire to ignore rights that make people fearful, defensive, and demanding. Once they are respected by Management without question, not through fear or a desire to appease, but
because they are equitable, any hypersensitiveness about rights is likely to disappear.¹

Some time after 1955, the Commission evidently chose to modify somewhat this type of approach. The decision to do so apparently occurred some time after the union's affiliation with NUPSE. This development may, in fact, have triggered the change. It would be indeed unfortunate, however, if it had any major impact on the Commission's thinking on this matter. Although affiliation could be superficially interpreted as a rejection on the part of the union of the traditional relationship it had maintained with Hydro management, those closest to the situation in the Commission were well aware of the defensive considerations which had motivated the union to affiliate with NUPSE. If the Commission considered this development in any other light, it was either deliberately misled or guilty of the preconceived fears mentioned earlier in this section.

Although there are many manifestations of a new philosophy of industrial relations in the Commission, it has never been clearly and concisely enunciated. The union interprets it as a "get-tough" or, as related to wages and fringe benefits, a "hold-the-line" policy. A surprising number of management officials sympathize with this interpretation. One Director, who was earlier convinced that some modification was needed in the Commission's approach to personnel matters

¹ The Hydro-Electric Power Commission of Ontario, Personnel Branch, Information and Advice to Contact Supervisors and Management Representatives Regarding the Severance Procedure, June 4, 1946, pp. 3-5.
suggested: "Maybe the cure is worse than the disease." Many top management officials, however, resent such an implication. As one high official expressed it:

We don't have a get-tough or hard-boiled approach. It's just a more realistic approach.

The change, however, except perhaps as it relates strictly to wage determination, would appear to go somewhat deeper than this assertion would seem to suggest.

In its basic precepts the present Commission philosophy might best be characterized as one which is based on a theory of "competitive co-existence." The union is accepted as a part of the environment and is seen as a competitor of management for the loyalty of the employees. This is reflected in the Commission's recent attempt to establish a direct line of communications with OHEU members on labour relations matters. It can be seen even more clearly in management's efforts to discover a means of convincing the employees that it is just as interested in their welfare as is the union. In this connection it is interesting to note the reaction of OHEU officials. They feel that the Commission's actions in this area have backfired. Some of them contend that until recently the bulk of the union's members were just as loyal, if not more loyal, to the Commission than they were to the union. They feel that the employees viewed the union as a desirable means of ensuring that the Commission would continue its equitable treatment of all employees but that they were, on the whole, quite satisfied with the treatment afforded them by the Commission. Under these circumstances the union felt less than secure because it realized the secondary
dependence of the members upon it. Union officials claim that this has all changed now. They attribute this to the new Commission policy which has, in a sense, driven the employees to a distinct dependence on one or the other of union or management. To date at least the union would seem to have won their loyalties.

Although the new Commission policy can, in the main, be characterized as one of "competitive co-existence," it has more provocative aspects. In its more extreme forms, it borders upon what I would term "a philosophy of inevitable conflict." This is reflected in recent pronouncements by certain high officials concerning the potential virtues of some forms of union-management conflict. When management argues, for example, that arbitration, conciliation, strike votes and so on are a sign of a healthy union-management relationship, it is difficult to construe its philosophy as being other than one of inevitable conflict. It can be argued, on the other hand, that the dichotomy between industrial health and industrial peace is a very real and meaningful one and that the former is often just as important as the latter. This, however, is not the sense in which "healthy" was used in the aforementioned argument. It was used rather to denote the kind of job which both union and management were doing in terms of their respective responsibilities. Indeed, it is now argued by some management officials that the absence of visible signs of conflict is an indication that one or other of the parties is not doing an effective job.
Outward signs of the new management philosophy, regardless of its specific nature, have been apparent throughout earlier chapters. It can be seen, as was discussed in Chapter 7, in the changing role of the Personnel Officer. It can also be seen in the Commission's modified approach to grievances, in its attempt to redefine the limits of the OHEU's bargaining unit, in its bypassing of the union by appealing directly to the employees, and in a number of other areas. In its total impact it thus involved a radical departure from earlier Commission policies and procedures and, therefore, was bound to have a marked effect on relations between itself and the union.

The Trend in the Relationship Between Union and Management in Ontario Hydro

It can be argued that the changes described in the relationship between the OHEU and the Commission are nothing more than one would expect of a maturing union-management relationship. Under this interpretation the emergence of the OHEU as a full-fledged union is seen to compel certain adjustments on the part of the Commission. This is obviously part of the story. Aggravating the transition, however, have been the increasing severity of the economic constraints impinging on the parties and the injection into both union and management of new personalities who have tended to reinforce the changes taking place in their relationship. The question then arises as to whether the combination of these pressures has or has not instituted an adverse change in the course or trend in their relationship.
Throughout the analysis of union-management relations in Ontario Hydro, it has been suggested that the various signs of strain between the parties are much more than isolated incidents no different than those experienced by any union and management in the course of their developing relations. Although a number of recent bilateral accomplishments reflect with considerable credit on the nature of the relationship between the OHEU and the Commission, there is reason to question whether it can continue to yield such results. Because of changes which have taken place in both union and management, changes which tend to intensify and reinforce one another, there have emerged serious signs of strain in the relationship. Essentially, what has happened is that where there was once a basis for mutual trust and confidence between the parties, there are now increasing indications of mistrust and lack of confidence. It is not difficult to trace these changes to certain basic structural defects in the relationship itself. Superficially, on the other hand, they may be related to particular structural and policy changes within each of the parties themselves. The union's affiliation is the outstanding case in point. Concerned about the potential impact of this move, management reacted by revising its approach to industrial relations. By doing so it aggravated if, indeed, it did not provoke the very things that it feared most. Thereafter the actions and reactions of each party, some coincidental and some connective, enveloped both of them in what has become a vicious circle.

Further aggravating the situation was the intervention of individuals unfamiliar with the values inherent in the traditional
relationship. The impact of the latter consideration, however, is easily exaggerated. Although it accounts for a number of provocations which have unnecessarily embittered both parties, this is hardly the root cause of the deterioration in the relationship. Nevertheless it does help to explain some of the mistrust and lack of confidence which increasingly characterizes the relations between the parties. This is the fundamental problem. Neither party is any longer willing to accept the word of the other. Reliance on intent and good faith is gradually becoming a thing of the past. In their place have been substituted a correspondingly greater reliance on legal phraseology and precedent. This has been accompanied by the breakdown of the traditional grievance procedure and by the increasing centralization of union-management relations in general.

Paralleling these developments are the more overt indications of the deterioration in the relationship. Nothing so revealed the seriousness of the change in the nature of their relationship than did

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1 An example of unnecessary provocation on the part of new management officials occurred in relation to the grievance procedure. In the course of a second step grievance meeting in 1956, a new Commission official warned the union that he had a history of winning arbitration cases and was not averse to resorting to such an expedient. Although the official in question evidently made the remark in a facetious vein, the union representatives present did not interpret it in that manner. The union took it as a warning and a threat and reacted correspondingly. The union, however, has also been guilty of such provocation. Some of its publicity, for example, appears to have had little other purpose than to antagonize management. Needless to say it has often had that effect.
the negotiations of 1958-1959, and it is in this area that the fundamental threat to the survival of the relationship really exists. The parties have not structured their relationship to facilitate and accommodate their differences in those areas where their interests are most conflicting. This is particularly true of the wage determination process in the Commission. Until the resolution of this basic problem is facilitated, regardless of the personalities involved, there is little hope for an improvement in the relationship as a whole. Personalities have but aggravated and made more apparent problems which were eventually bound to undermine the relationship in any event.

The Long-Run Implications of the Trend in Their Current Relationship

Even when taken by themselves, some of the signs of strain in the relationship between the OHEU and the Commission are suggestive of a fundamental change in their relationship. When aggregated the implications of the various signs of strain are even more disturbing. They are both symptoms and causes of more serious long-run developments. This is best illustrated by considering the gradual change in the nature of those members of the OHEU who are willing to run for union office. The comments volunteered by one or two management officials to the effect that there were signs that employees were becoming increasingly reluctant to run for union office suggested the need to further explore this question. Further exploration supported the contention of those who had originally volunteered some concern about developments in this area. Even before the critical negotiations of 1958-1959 some officials
were apparently aware of this trend. During and since the dispute it has evidently become more pronounced. The form it has taken has been most interesting and is indicative of its cause. During this period several Personnel Officers, who prior to this had not noticed anything to warrant any concern in this area, reported an unusual upswing in the number of union members who were coming to them and asking quite frankly whether union activity would be held against them in the future. This was not a major consideration in the past. Although management had never encouraged the employees to actively participate in their union, it certainly had not discouraged such participation. The large number of union representatives promoted out of the union's jurisdiction hardly suggests that management discriminated against such individuals. In fact, if anything, the reverse has probably been true. In selecting its foremen and supervisors, for example, the Commission has always considered the natural leadership abilities evidenced by union representatives as an obvious attribute.

Lately, however, many members of the union have evidently begun to have some misgivings about the consequences of actively participating in the internal affairs of the union. This is not difficult to understand. In view of the overt signs of strain between the parties, it is not surprising that employees should begin to wonder whether management will or will not hold union activity against them. As these misgivings spread, and logically there is no reason why they should not, the union may find fewer and fewer candidates available for its many offices. More important than the numbers available, however, may be their
personal characteristics. It is quite conceivable that the downward trend in the number of candidates available will be accompanied by the ascendency of the more militant and outspoken elements among the OHEU membership to positions of power in the union. Indeed, given the reasons underlying the downtrend in the number of candidates available, this is to be expected.

These developments are of critical long-run significance. Throughout the year that I spent with the Commission, almost every management official with whom I had frequent contact expressed some degree of praise and admiration for the ability and the basic fair-mindedness of most OHEU officials. Most management officials maintained their respect for the union and its representatives even during the most trying negotiations of 1958-1959. In the past, it seems to me, both parties have benefited from the nature and calibre of the union's representatives. These characteristics have also had a marked and salutary effect upon the nature of the relationship between the two. It is therefore important to analyze what has accounted for these qualities in the union's leadership. Two factors would appear to be paramount. The first of these is the Commission's minimum requirement that all but a few of its regular employees have four years high school education or the equivalent. The OHEU thus represents a more educated group than do most unions. The second and more important

1 Both of these conclusions are supported by much of my earlier discussion and analysis. More important, however, are the views of the parties themselves on this question. On the whole, they substantiate my observations and impressions on these matters.
factor pertains to that which we have been discussing. In the past, the environment has been conducive to the active participation of all manner and types of the union's membership in its internal affairs. It was not surprising, therefore, that its leadership should reflect and be representative of the membership as a whole. Since that membership could hardly be construed as being militant (this is not even suggested by the more militant among its leadership) it is not surprising that this should be reflected in its elected leadership. Nor is it surprising, again reflecting the nature of the membership, that they should be characterized by a reasonable amount of intelligence and ability.

To the extent that these characteristics have had a salutary effect upon the relationship, developments which seem to be working against them must eventually concern both union and management. The Commission, in particular, has much to lose from any development which encourages the rise of a more militant and outspoken leadership in the union. Just such encouragement is inherent in the trend in the current relationship, and yet those in management who are in a position to try and do anything about it, appear to be those who are least concerned about the situation. In fact, they almost seem to welcome such developments as a vilification of the changes they originally counselled in management's approach to industrial relations. They tend to argue somewhat along the following lines:

I told you you couldn't trust that union once it got mixed up with organized labour in general. Look at the type of people they are now electing to represent them. I warned you that they would change.
Such an argument, however, is somewhat fallacious. It involves circular reasoning and tends to confuse cause and effect. It uses the reactions induced by a particular policy to defend the need for such a policy. As long as this view characterizes Commission thinking on this matter, it is unlikely that the situation can change for the better.

From the union's point of view, it can also be argued that the trend referred to is detrimental to its long-run interests. In a situation which makes dual loyalties incompatible, the union must rely for its leadership on those who are able to clearly choose between loyalty to one or other of union or management. This limits the union's resources considerably and it is an interesting question whether it will do it more harm than good in the long run. It can easily be argued that the former is the more likely case. The OHEU has always been highly representative and, therefore, fairly closely associated with the vast percentage of its membership. This has been its basic strength. If its leadership is to be eventually drawn from the ranks of its more militant and discontented members, it is inevitable that its appeal should eventually be largely geared to and dependent on that segment of its membership. From observation, it is difficult to believe that this group has ever represented much more than a fraction of that membership. One can argue, however, that the union can enlarge this fraction if it so desires. This is suggested by the outcome of the recent strike vote conducted during the 1958-1959 negotiations. As superficial as these results may have been, they do suggest that the union has a considerable influence on the attitudes of its membership. At the present time, however, the OHEU would not
be representative of its membership as a whole if it catered to the more militant elements in that membership. It does not seem to me, therefore, that it would be in its interest to do so.

This brings us to the question of the effect of all these changes on the membership of the union. Are they likely to gain or lose both as an aggregate and as individuals as a result of the changing nature of the relationship? This is a most difficult question to answer. With respect to the effect on the membership as a whole, the best criteria would probably be the monetary package which results from the annual negotiations between union and management. It may well be that a more militant union could extract more from management than has been yielded by the traditional manner in which the OHEU has bargained with the Commission. This would be most difficult to prove one way or the other. From the individual member's point of view, on the other hand, a more definitive answer can be given. It is very difficult for me to believe that the present trend is conducive to the bettering of the individual employee's position on most matters. As the relationship becomes more legalistic, the parties are left with less and less discretion and flexibility within which to accommodate the particular problems of individual members and employees. This problem has been discussed quite fully in connection with the grievance procedure and requires no elaboration here. On balance, therefore, the available evidence leads me to conclude that the trend now apparent in the relationship is not in the interests of the union members. If this is indeed the case, it should hardly be desirable from either the union's or the Commission's point of view.
The Public Policy Implications of the Trend in the Relationship

Even more serious than all these considerations, however, is a problem of philosophic dimensions but one which is nonetheless of serious practical import. This is the question of whether the parties can afford the luxury of serious conflict within the environment in which they find themselves. It would be unfair to assume that this is the inevitable outcome of the trends which are now clearly discernible in the relationship between the OHEU and the Commission, yet it is a distinct possibility which cannot be ignored. From a public policy point of view, the more serious question would then arise as to whether such a situation could be tolerated. As long as it does not take the form of overt conflict, in the sense of a strike or lockout, the public implications are not serious. If it should, however, reach such a point then the public interest will become paramount. This implies by the very nature of the situation some form of compulsory arbitration. It would seem to me to be incumbent on both union and management to structure their relationship to reduce the possibility of such an eventuality. They cannot afford to resort to the ultimate weapons of industrial conflict. They must therefore learn to accommodate their differences without the risk of resorting to such weapons.¹

¹ I will have much more to say on this matter in various chapters in Part IV.
The Future Outlook

The relationship between union and management in Ontario Hydro does not appear to me to be improving. If anything, just the reverse is true. The parties could therefore be headed for a complete break-down in relations. This would certainly invite direct government intervention and for that reason is to be avoided. The question then arises as to whether enough can be salvaged from the traditional relationship to reverse the present trend and avoid the implications inherent in it.

This depends to a large extent upon the thinking of those in management who originally counselled a change in the Commission's approach to union-management relations. Apparently, they remain convinced that a conflict situation remains inevitable, and to some extent both desirable and feasible, in the Commission. It has already been suggested that such a situation cannot survive in an operation such as Ontario Hydro. To encourage it by anything approaching a philosophy or policy of inevitable conflict is to risk government intervention and the concomitant undermining, if not the total destruction, of the relationship as a whole. It is incompatible with the structuring of a relationship based on accommodation and cooperation, which is probably mandatory if any form of collective bargaining, without the continual resort to some form of compulsory arbitration, is to survive in the Commission.

The attitude of those who remain unperturbed by the present trend in the relationship probably accounts for the pessimism of those who are seriously concerned about it. They tend to feel that they cannot
influence future developments, and in fact, reluctantly concede that further deterioration in the relationship may well be inevitable.

This type of resignation was typified by the remark of one Director:

I suppose we can get used to the new way of doing things. It's probably the way other big companies have dealt with their union for years. I guess if they can survive with it we can too. Anyway Personnel isn't giving us any other choice.

Many union representatives are also concerned about the relationship, although their natural tendency is to blame management for what appears to be happening, a surprising number of them admit quite readily that the union bears a large measure of the responsibility as well. Many union officials, for example, recognize their abuse of intent and good faith in some instances. What seems to worry them most, however, is something which they are not very explicit about. Nevertheless, there is implicit in their remarks the realization that some of their recent actions and reactions have strengthened the hand of those in management who favour a tougher and more formal and businesslike relationship. Stemming from this is their realization that somehow union and management are caught in a vicious circle with the provocations of one becoming the justifications for the other and vice versa. Because they believe that management is not really very concerned about the trend, they too feel that what is taking place may be inevitable. ¹

¹ Although there are those in the union who also favour a more formal and businesslike relationship, their influence is not of great significance. It has diminished with the awareness that in its effort to develop such a relationship, the Commission may have activated certain forces which are changing the relationship far more drastically than even the Commission had intended.
Two things are imperative if this indeed is not to be the case. The first and most important of these is the willingness to admit that an unhealthy trend does exist and that something can and must be done about it. The second imperative stems from the first. It is the desire and the determination to actually do something about the trend in the relationship; to try to correct those features in the relationship which are producing this unhealthy trend. Although the first imperative has not yet been met, there are increasing signs that even some management officials who originally favoured some changes in the relationship have begun to question whether the Commission did not go too far in its efforts to bring about such changes. Conceivably then the first imperative may eventually be met. One wonders, however, if by then it may not be too late to do anything about it. Nevertheless, there is room for more optimism with respect to the second imperative. With a determined effort on the part of both union and management, it is quite conceivable that they can salvage and regain much of their traditional relationship. To do so, however, will require some real soul-searching and effort on the part of both parties. The situation, however, is far from hopeless. With respect to the grievance procedure, for example, it is quite conceivable that the suggestion made in an earlier section could be applied with beneficial results. A similar device could also be used to re-decentralize the relationship in general. This would have advantages for both parties. In the area of wage determination the problem is far more serious. Since it is so vital to the entire relationship I will devote an entire chapter of Part IV to this issue. As I shall suggest in that chapter, there
are a number of reasons for believing that union and management in Ontario Hydro could far more easily accommodate their differences in this area than they have to date.

Also left to a later chapter in Part IV is a discussion of some of the advantages which accrue from union-management cooperation in areas where their interests do not conflict but rather are mutual. The benefits which flow from such cooperation not only affect those areas directly involved but also can influence and indeed temper the relationship in general.

If the OHEU and the management of Ontario Hydro could take advantage of such cooperation and also learn to better accommodate their differences with respect to wage determination and grievance matters, many of the other issues which have recently troubled them might diminish in significance. This would include, for example, such general matters as the proper scope of the union's jurisdiction, the general question of union rights and responsibilities, and the related question of management prerogatives.

A Concluding Note

At any stage in a union-management relationship it is possible to select a number of indices of that relationship and to attempt to derive from them some sort of prediction as to the likely course of the relationship in the future. Under the best of circumstances, this type of prognostication is fraught with many pitfalls. A union-management relationship is essentially a human relationship and consequently is subject to the many and complex variables which can enter
into such relationships. This is no less true of the relationship between the OHEU and Ontario Hydro than it is of any other union-management relationship.

What this suggests is that the interpretation I have offered of recent developments in the union-management relationship in Ontario Hydro is only one of many possibilities. A variety of alternative hypotheses might be offered depending on one's interpretation of the available evidence. My analysis of the situation reluctantly led me to the conclusion that the relationship between the OHEU and the Commission is not improving and that it is, in fact, actually changing for the worse. I went on to suggest that a further deterioration in their relationship would likely take place unless some fundamental changes were instituted to break the vicious circle in which the parties appear to be locked.

Whether or not my interpretation is valid depends, to a large extent, upon what one considers constitutes a deterioration in the union-management relationship in this particular instance. A number of recent changes in the relationship between the OHEU and the Commission suggest (to make use of the Harbison-Coleman typology of union-management relations1) that it is moving away from a working-harmony and towards an armed-truce type of relationship. This can be seen in the Commission's revised approach to industrial relations, in the controversy over management prerogatives and union rights, and

in the changing criteria as to the appropriate scope of the union's jurisdiction. It can also be seen in the increasing tendency to resort to arbitration to settle grievance matters and in the failure of the parties to resolve their basic differences without the intervention of third parties. It seems to me that the trend in all these areas will be even more disturbing in the future. This is because of the underlying changes in the intangible factors which are so important to the tone of a union-management relationship. Accompanying and reinforcing the above changes have been the breakdown in the earlier good faith and confidence which characterized relations between the parties and the associated increase in the resort to the printed word and the legal interpretation. It is on the basis of these changes that I have characterized their relationship as one which has lately deteriorated and as one which is likely to undergo further deterioration in the future unless something is done to check the forces working in that direction. It seems to me, in summary, that if one agrees that a working-harmony relationship is to be preferred to an armed-truce relationship, then it is logical to argue that there has been a deterioration in the relationship between the OHEU and the Commission in recent years.

It is possible to argue, on the other hand, that the developments just described imply nothing more than the normal maturing of a union-management relationship, aggravated somewhat by parallel and adverse changes in the economic environment. The latter aspect of this point of view is certainly pertinent. While I have tended to emphasize the
policy variables present in this situation, it is obvious that they do not exist in a vacuum. One cannot ignore the fact that economic forces have accompanied and, indeed, have been intimately associated with the broader philosophical forces at work in the relationship. Nevertheless, when all is said and done, it does seem to me that the important variables have been those which I have stressed and that they do not lend themselves to any other interpretation as forcefully as they do to the conclusion that something more than a difficult maturing or adjustment process is involved in this case. It must be admitted, however, that this is a possibility which should not be ignored. Indeed, it is to be hoped that this is actually the case. And finally, it should not be overlooked that there are innumerable shades and varieties of the two major possibilities mentioned above and that any one of these could turn out to be the most likely alternative.
PART III

LABOUR RELATIONS IN THE TENNESSEE VALLEY AUTHORITY
Introduction

The Tennessee Valley Authority (TVA) is a multi-purpose regional development agency of the United States government. Established in 1933 by an Act of Congress, the extent and scope of its responsibilities are suggested by the following summary of its major objectives:

1. The purpose of the Tennessee Valley Authority is to regulate the flow of the Tennessee River system, to create a deep water navigation channel in the Tennessee River and to regulate flood waters in the Tennessee and lower Mississippi Valleys; to produce power; to provide for reforestation and for the agricultural and industrial development of the Valley; to provide for the national defense; to operate experimental chemical plants for the development of new fertilizer materials, and for munitions in times of emergency.

These objectives, of course, are much broader than those of Ontario Hydro. In terms of their relevance to this study, however,

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1 United States Congress, The Tennessee Valley Authority Act, Public Law 17, 73rd Congress, 1st Session 1933, as amended to August 30, 1954, Section 3.


3 Of particular interest is a comparison of the two agencies in terms of their electrical power output. TVA generated approximately 60,800,000 kilowatt-hours in fiscal 1958. This is about twice as much as that produced by Ontario Hydro during the same period. The requirements of the Atomic Energy Commission and other United States Government installations which are located in the Tennessee Valley account, almost entirely, for the difference in the output of the two utilities.
there are striking parallels between the two agencies. Both are independent corporate entities of their respective governments and both enjoy a high degree of autonomy in their relations with those governments. This is particularly true with respect to the control which each of these agencies exercises over the administration of personnel and labour relations matters within its jurisdiction. Just as it was important to understand the relationship between Ontario Hydro and the Provincial Civil Service in Ontario, so likewise is it essential to comprehend the relationship between TVA and the Federal Civil Service in the United States. In this connection, Section 3 of the TVA Act specifically states:

The Board shall without regard to the provisions of Civil Service laws applicable to officers and employees of the United States, appoint such managers, assistant managers, officers, employees, attorneys, and agents, as are necessary for the transaction of its business, fix their compensation, define their duties, require bonds of such of them as the board may designate, and provide a system of organization to fix responsibility and promote efficiency.

Although there are certain exceptions to this general proviso, TVA does, on the whole, maintain the same degree of authority over its work forces as does Ontario Hydro. It is largely because of their

1 The Tennessee Valley Authority Act, op. cit., Section 3. Related Sections of the Act are discussed in various Chapters of Part IV.

2 TVA must, for example, respect and abide by the various veterans' preference statutes passed by the United States Congress.
virtual autonomy in personnel matters that both of these agencies have been able to disregard the usual pattern of employee-management relations in the public service and develop formal collective relations with their employees. Just as Ontario Hydro has a long history of such relations, so also does TVA.

In the same fashion as Part II of the study was devoted to a description and analysis of the historical and current relationship between union and management in Ontario Hydro, Part III encompasses a similar study of labour relations in TVA. Fortunately, however, it need not entail as much detail as was necessary in Part II. Because of the ample literature already available on union-management relations in TVA,¹ there is no need, in this study, to review their relations in any comprehensive manner. Part III will thus be concentrated on those aspects of labour relations in TVA which will contribute to and facilitate an understanding of the more important comparative analysis which is to follow in Parts IV and V.

¹ For those interested in a more detailed account of personnel administration and union-management relations in TVA, there are a number of books and articles available. Many of these are listed in the Selected Bibliography at the end of the thesis. Two books, however, deserve special attention. One of these, Harry L. Case, Personnel Policy In A Public Agency -- The TVA Experience (Harper and Brothers Publishers, New York, 1955) was written by a former Director of Personnel in TVA. The other one, Robert S. Avery, Experiment In Management-Personnel Decentralization In The Tennessee Valley Authority (The University of Tennessee Press, Knoxville, Tennessee, 1954) was written by a more detached observer. Both books provide excellent accounts of the subject at hand.
The Employee Relationship Policy

Vested with the power to determine its own personnel and labour relations policies, the need to do so became an early and urgent task for the original TVA Board of Directors. It took on added significance following the Board's landmark decision to do its own construction work by force account. A number of factors\(^1\) contributed to the latter decision and to those which were made more significant because of it. Not the least of these were the faith which some of the Authority's representatives had in collective bargaining and their desire to prove that such a process was feasible in the public service:

The Authority could have elected to hold the problem of labor relations at arm's length by deciding to build dams by contract instead of by force account. The TVA Board decided for construction by force account... By this decision the authority made it clear that it was ready to assume full and direct responsibilities as a government employer.

Moreover, it became clear that the Authority had an opportunity to establish a new standard in dealing with problems of employee relationships in the government service.\(^2\)

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1 For a review of these considerations see: TVA Division of Personnel, Information Program On TVA — Council Relationship (Knoxville, Tennessee, March, 1957), pp. 5-8.

2 Gordon R. Clapp (General Manager and later Chairman of the Board of the TVA), Collective Bargaining in a Federal Regional Agency, an address before the convention of the International Brotherhood of Electrical Workers in St. Louis, Missouri, on October 28, 1941, pp. 8-9 (mimeographed in the files of the Authority).
Reflecting its willingness and, indeed, its desire to foster collective relations among its employees, the Board was soon to establish its Employee Relationship Policy. Although a unilateral declaration, this Policy was only issued after extensive consultations with local labour officials whose comments and suggestions led to many changes and amendments. Even for a private corporation, at the time (1935), it would have been an exceptionally liberal policy. For the government service it was almost unique. Its objectives and content can best be summarized as follows:

The Employee Relationship Policy recognizes the right of employees to organize, affiliate as they choose, designate representatives, and bargain collectively with the management of the Authority. It establishes the machinery for the disposition of grievances and for the development of cooperative relationships with labour and employee organizations; sets up principles relating to employment standards, hours of work, compensation, training and placement; sets the minimum age for employment; rules out nepotism; and gives a voice to bona fide organizations of employees in the formulation of policies, rules and regulations which affect the conditions of employment and work.¹

To organized labour in the valley, this was a major breakthrough even though it was not the equivalent of a signed collective agreement. Quick to take advantage of the policy, the building trades unions of the old AFL early organized the trades and labour employees on all TVA projects. As they became stronger, however, they began to demand that TVA agree to incorporate the basic principles of its

¹ Ibid., p. 14.
Employee Relationship Policy into a formal collective agreement with each of the unions involved. TVA sympathized with these requests, but for two reasons was reluctant to grant them. The first of these concerned the legality of such a step. Once the TVA legal staff ascertained that nothing in the TVA Act prohibited such a venture, however, this qualification receded into the background. This left a second and more practical problem confronting the TVA Board. Management was already concerned about the difficulties experienced in trying to deal informally with each of the many local and international unions represented on its many projects. It decided that it would only agree to formal collective bargaining with the unions if they, in turn, would agree to form a Council to represent them collectively in their relations with TVA. Since the AFL unions had already (in 1936) established a unit known as the "Cooperative Unions," to coordinate their TVA activities, this proposal on the part of the TVA Board involved little more than the formal incorporation of such a body into their joint relationship.

The Tennessee Valley Trades and Labour Council

Since the unions were also plagued by problems arising from their separate relations with TVA, it was not long before they fulfilled management's condition. In January, 1937, the Tennessee Valley Trades
and Labour Council was established. It represented a unique development in the internal history of the AFL. For this reason, and because of its relevance to later parts of this study, the Council's composition and operation deserve some attention.

TVA union members belong to the appropriate local union in each work locality. They are not themselves members of the Council. It is composed of all the local unions in the valley which have members working for TVA. Each of these local unions affiliates with the Council for a nominal fee. The Council then represents all of them in their collective relations with TVA management. This arrangement did not develop without considerable difficulty. Since the jurisdiction of the Council was to cross state lines, the various state federations of labour were, to say the least, somewhat dubious about its merits. There was also considerable resistance to its formation among certain

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1 Although the Council bargained collectively with TVA from the outset, a formal agreement between the parties was not signed until 1940. It awaited the final clarification of the legal question mentioned above.

2 In Part IV of the thesis, certain aspects of the union-management relationships in Ontario Hydro and TVA are compared. These comparisons would not be complete without an accompanying analysis of the relative responsiveness of the unions in the two agencies to their respective memberships. This will be provided in Chapter 13.

3 There are no union security provisions in any collective agreements to which TVA is a party. Management does, however, encourage all employees, and especially new ones, to become union members and to participate in the affairs of their unions. In addition, union activity is looked upon favourably by management when considering employees for promotion. Partially reflecting this attitude on the part of the Authority, the vast percentage of trades and labour employees and most other eligible employees are union members. The unions, however, insist that some sort of union security arrangements must eventually be conceded to them. TVA considers that it would be illegal for it to grant such a concession and, therefore, has refused to do so.
of the larger local unions in the valley. Reflecting these pressures, President Green of the AFL originally refused to formally recognize the Council. Nevertheless, after considerable debate and with some misgivings, the AFL eventually did award it a charter. The stature it finally attained, and has maintained to this day, is suggested by the fact that the International Presidents of each of the unions involved must sign the basic articles of agreement with TVA.¹

The Council itself is composed of International Representatives from each of the fifteen unions² which have members working for TVA. As a formal body it does not meet frequently. It does, however, play a pre-eminent role in the annual round of negotiations with TVA.³ Since the nature of the bargaining relationship between the parties is fully explored in Chapter 11, it is sufficient, at this point, to concentrate on the related internal procedures of the Council. In this connection, it is important to note that each of the International Representatives on the Council has (with but one or two exceptions) the discretion and the power to commit his union and its TVA membership

¹ In a very real sense, therefore, the collective agreement between TVA and the Council is actually an agreement between TVA and each of the International Unions which have locals affiliated to the Council. This accounts for the strategic role of the International Representatives from each of the unions involved; a feature which is analyzed shortly.

² These include the major building trades unions as well as the International Association of Machinists (IAM). Largest in terms of its TVA membership is the IBEW which has approximately 2,000 members working for TVA.

³ With respect to grievances and other day-to-day problems affecting particular unions, the Council is not normally involved unless and until a serious impasse has been reached.
to a settlement. This means that the power to agree or not to agree on a particular matter is vested in the hands of the Council members themselves. This does not, of course, mean that they can or would dare ignore the needs and aspirations of the TVA employees. This is not the case. There is, nevertheless, as the following account reveals, some justification for misgivings in this area.

During the actual negotiations, each Council member is advised and consulted by a number of delegates from the local unions affiliated to the Council. In most cases these delegates do not have to approve of the final settlement before the International Representative can agree to it. In practice, they do normally ratify the terms, either formally or informally, before they are accepted. Nevertheless, they do not have the power to overrule their International Representative should they decide, as a group, that the terms of the settlement are not satisfactory. Equally significant is the manner in which such delegates are chosen. In several unions they are either appointed by the business agent of each local union or they are elected by a local union membership meeting which may include only a fraction of TVA employees. Only in a minority of cases, therefore, does it appear that such delegates are directly elected by TVA union members alone. It is interesting to note that it is in these instances that such delegates appear to exercise considerable

1 Most TVA union members belong to mixed locals -- that is, locals which include non-TVA as well as TVA employees. In the majority of such cases, the latter are a minority in their local unions.
influence, if indeed not outright control, over the actions of their International Representative on the Council.\footnote{1}

Since TVA union members do not vote on the agreement which is to govern them, do not elect their International Representative on the Council,\footnote{2} and, in many cases, do not even elect the delegates who are supposed to represent them during negotiations, the situation is conducive to a form of deal-bargaining.\footnote{3} While the evidence available to me does not suggest that this is the case, the unions involved, and therefore the management of TVA, are certainly vulnerable to such a charge. It is a matter, therefore, which deserves much more exhaustive attention and analysis than I was able to devote to it. It is certainly legitimate to question, however, whether or not it would be possible for the Council unions to adopt procedures which would permit the TVA union member to participate more fully in the determination of the wages and working conditions under which he must work. There are, of course, practical limitations to such participation. Some TVA union

\footnote{1}{The IAM and the IBEW, in particular, seem to emphasize the election, by their TVA membership alone, of delegates to these negotiations. Partially reflecting this situation, their representatives on the Council are known for the more hectic and complex roles which they must play. It is obvious that they are subject to far greater political pressures than are most of their counterparts on the Council.}

\footnote{2}{Except in the case of the IAM.}

\footnote{3}{For one interpretation of the meaning of deal-bargaining, see: Benjamin M. Selekman et al, Problems in Labor Relations (Second Edition, McGraw-Hill Book Company, Inc., New York, 1958), pp. 6-7. As defined in the latter, deal-bargaining seems to have an invidious connotation about it. I do not use it in that sense. I use it, rather, simply in the sense that agreements may be willingly realized under such an arrangement which do not reflect the views and wishes of the majority of the union members affected.}
officials argued, for example, that the nature of the Authority's operations does not lend itself to any other way of doing things. This is belied, however, by the experiences of the IAM and IBEW. These experiences were mentioned in a preceding footnote. They suggest that the real obstacle to further membership participation in the other unions is the fear of the complications that this would introduce into the functioning of the Council and, indeed, into the nature of the relationship between the Council and TVA management. The latter aspect of this question is considered more fully in Chapter 13.

Before concluding the present discussion, it should be emphasized that the situation in TVA, with respect to the degree of membership participation in their union's bargaining relationships with management, is probably no different than it is in most unions in the United States. In fact, it is probably a decided improvement over the conditions which exist in a good many local building trades unions. Nevertheless, in comparison to the OHEU in Ontario Hydro, it does represent a difference in degree and in emphasis, if nothing more. This is a matter which should be kept in mind in terms of the comparisons made in Part IV between the union-management relationships in the two agencies. It may well be that some of the contrasts between the two relationships reflect a difference in the nature of the unions involved more than anything else.

When actually bargaining with TVA management the entire Council is present. On matters of general application, the Chairman of the Council usually acts as its spokesman. On matters affecting individual
unions, each International Representative presents the case for his union. In doing so, however, he is speaking for the Council and has its backing. Each International Union must also individually decide whether or not to accept TVA's "final offer." This is definitely not a Council decision although it probably does exercise some moral suasion when it considers a particular union's stand is not justified. In the final analysis, however, the decision to settle or not to settle is vested in each of the individual unions. The Council supports that position regardless of how the majority of its members may feel about it.

On the whole, the Council appears to have been a remarkable success. It has represented TVA employees most effectively and has, at the same time, been instrumental in facilitating the type of union-management relationship which has emerged in TVA. The Council was a major innovation in its early days but has now been imitated in many parts of the country and under a variety of circumstances. The internal operations of such mechanisms would appear to warrant much more attention than they have received to date.

The Salary Policy Employee Panel

The Tennessee Valley Trades and Labour Council represents the trades and labour employees in TVA. White-collar unionism was much slower to develop. Since TVA gave equal encouragement to both groups

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1 As discussed in following sections of this Chapter and in later Chapters of Part IV.
of employees, this delay can only be explained in terms of the differing attitudes of the two groups with respect to unionization. This difference in outlook was aggravated by the disunity of the organizations which did early emerge to represent various groups of white-collar employees in TVA. In spite of their disunity, however, these organizations did manage to organize a majority of such employees by 1943. During the same year, they were also able to suppress their differences long enough to establish the Salary Policy Employee Panel.

Prior to 1943, TVA salary policy evolved from a tendency to follow federal civil service practices to a system designed specifically to meet TVA needs. Management consulted with the various employee organizations but did not engage in formal collective relations with them. Disunity within and between those groups convinced management that anything beyond consultation was impossible. It was this attitude which compelled the unions involved to form the Panel, even though, at least at the outset, such unity was bound to be somewhat superficial. Relations between the Panel and TVA at first continued much as had the previous relations between TVA and the individual unions which composed the Panel. By 1950, however, the Panel was proving an effective coordinating medium and TVA agreed to sign formal articles of agreement with it.

The Panel is composed of unions representing the custodial, clerical, and safety employees and of two associations of professional
The Executive Committee of the Panel is made up of one representative from each of the professional associations and one from the Council of Office, Technical, and Service Employees Unions, a sub-federation of the three AFL-CIO unions involved. In terms of its relations with management, the Panel functions in much the same fashion as does the Tennessee Valley Trades and Labour Council. Relations between TVA and the latter, however, are much more developed than are those between the Panel and TVA. This is probably due to a number of factors. There were, for example, no strong International Unions, as there were among the trades and labour employees, to promote more developed relations. The later emergence of the Panel and the problems it has confronted in attempting to develop internal unity and cohesiveness have further delayed matters. The latter handicap has been a particularly disturbing feature. Indeed, at one time the divisive forces within the Panel became so serious that TVA refused to continue the relationship until the Panel agreed to give management the right to take unilateral action on questions on which the Panel itself could not agree. In recent years this has become a much less serious problem.

1 The organizations which presently compose the Panel are the following: the TVA Engineers Association; the TVA Association of Professional Chemists and Chemical Engineers; the Public Safety Service Employees Union; the Office Employees International Union; and the Building Service Employees International Union. Each of the latter three are affiliated with the AFL-CIO. The former are independent organizations.

2 With respect to the relationship between TVA and the Tennessee Valley Trades and Labour Council, a similar but much more limited provision has always applied. If the Council cannot agree on the appropriate jurisdiction of a work assignment, TVA has the power to unilaterally allocate such work subject to final agreement on the part of the unions involved.
On the whole, the relationship between the Panel and TVA has been similar in tone and nature to that between the Council and TVA. The differences which do exist are largely intangible. They reflect the relative militancy of the Panel and the Council with the latter being the far more militant of the two organizations. In contrast to the situation in the Trades and Labour Council, all officials connected with the Panel are directly elected or appointed by and are responsible to TVA employees themselves or to the elected representatives of those employees. There are indications that TVA management is somewhat dubious about this distinction. As part of the Articles of Agreement between itself and the Panel, for example, TVA management has insisted upon the insertion of the following clause:

The organizations composing the Panel recognize that they must clothe their representatives with sufficient authority to negotiate for the membership and that they necessarily must provide for orderly and expeditious methods of conducting the Panel's business with TVA.

No such clause appears in the contract between TVA and the Council. It would appear to rule out the possibility of a membership referendum to decide whether or not the terms of the settlement will be accepted. In view of the direct control which the members of the Panel unions exercise over those who represent them, this does not appear to be a serious restriction. More significant is the fact that TVA felt the

need for such a clause. In part, this probably reflected the problems mentioned above in connection with the internal cohesiveness of the Panel. It would also seem to indicate, however, some reservations about the possible instability and/or irresponsibility which could stem from the political vulnerability of the Panel representatives. To the extent that the latter consideration is involved, it further suggests the need to explore some of the questions raised with respect to the nature of the relationship between the Tennessee Valley Trades and Labour Council unions and their memberships. The Panel representatives are obviously more directly accountable to their memberships than are the Council representatives. In this sense, the situation in the Panel parallels the relationship which exists between the officers and members of the OHEU in Ontario Hydro. Because of this distinction between the Panel and the Council in TVA, it is likely to prove far more challenging and meaningful for the Panel and TVA management to maintain the type of union-management relationship which has emerged in TVA than it will be for the Council and TVA management to do so.

The Personnel Function in TVA

Personnel administration, and particularly the handling of union-management relations, appears to be much more decentralized in

1 For a more detailed and critical analysis of the personnel function in TVA, see: Robert S. Avery, Experiment in Management—Personnel Decentralization in the Tennessee Valley Authority (The University of Tennessee Press, Knoxville, Tennessee, 1954). According to this study, personnel administration in TVA is plagued by many of the problems earlier mentioned (Chapter 7) in connection with the personnel function in Ontario Hydro.
TVA than in Ontario Hydro. Organizationally, TVA is divided into a
number of specialized staff service departments and several operating
divisions. Examples of the former include the Law, Materials and
Personnel Divisions. The operating divisions correspond to the
functional breakdown of the Authority's responsibilities. There is
the Office of Power, the Office of Chemical Engineering and so on.
To each of the large functional divisions and to each of the major
construction projects, there is attached a personnel office. Aside
from monetary items and other matters of general application, these
offices enjoy a high degree of autonomy in dealing with union repre-
sentatives on problems pertaining to their particular divisions or
projects. Geographically, on the other hand, the different personnel
offices are highly centralized.

The central personnel office in TVA is divided into three
sections. The first and most specialized of these is the Employment
Branch. It is responsible for maintaining all personnel records, for
screening applicants for employment, and for referring qualified
candidates to the line organization when so requested. The remaining
central personnel functions are divided between the Personnel Services
Branch and the Labour Relations Branch. The former is functionally
responsible for all personnel matters pertaining to employees represented
by the Salary Panel. It is also responsible for TVA employees who are
beyond all union jurisdictions. The Labour Relations Branch has a
parallel responsibility for the trades and labour employees represented
by the Tennessee Valley Trades and Labour Council. Both Branches provide advice to the various personnel field offices and to the line organization in general. They are particularly active in the preparation of bargaining briefs and in the actual negotiations with the appropriate bargaining agents. Both Branches also promote the cooperative program which has emerged in TVA.\(^1\) The Personnel Services Branch is actively involved in position classification, a problem which is not as burdensome in the trades and labour field. On the other hand, jurisdictional issues are a time-consuming matter in the latter area whereas they are practically non-existent with respect to the Salary Policy employees.

In relation to the line organization, the personnel function in TVA plays much more of an advisory or staff role than its counterpart now does in Ontario Hydro. Although there are areas where it does provide a service function (as in employment and training), this is the exception rather than the rule. The normal relationship between the line organization and the personnel staff in TVA can best be seen in relation to the collective bargaining function. Although the personnel staff does much of the work involved in the preparation for negotiations and plays an active role throughout the bargaining process itself, this does not detract from the fact that the ultimate control over the entire procedure is vested in the line organization. The

\(^1\) This program is discussed in some detail in Chapter 14.
management bargaining committees, for example, are composed of the 
Director of Personnel and line Directors from each of the major operating 
divisions affected. Although the former acts as spokesman for manage-
ment, he relies very heavily on the advice and counsel of his line 
colleagues. Should a basic difference of opinion arise between them, 
the dispute is resolved by an appeal to the General Manager. So far 
as anyone can recall such an appeal has only been necessary once in 
TVA's history. Interviews with those line officials who have partici-
pated in collective bargaining supported the conclusion that they do 
have an adequate voice in the bargaining procedure. Their subordinates, 
however, especially at the lower supervisory levels, appear to be in 
much the same position as their counterparts in Ontario Hydro. Many 
of them do not feel that their problems are adequately considered by 
top management. To the extent that the line organization does play 
an active part in the relationship with the unions, it appears to have 
had a beneficial effect. It has, for example, facilitated a much more 
speedy accommodation process than is found in most union-management 
relationships. Much of this is due, however, to the way in which 
bargaining has been structured in TVA, a subject to which we turn in 
the next chapter.
Consultation -- Accommodation -- Cooperation

Reflecting the nature of TVA's early and continuing approach to organized labour and collective bargaining, it is hardly surprising that union-management relations in the Authority should have developed in the manner in which they have. One student of TVA has accurately characterized the basic tenets of TVA's labour relations philosophy as follows:

1. Employees are responsible individuals who can be relied upon to use good judgment.

2. Employees have a stake in their organization and should be permitted to contribute to the shaping of management policies.

3. Employees should be represented by unions.

4. The contribution of employees should be made through the process of collective dealings with management. Therefore, employees should be permitted to organize, affiliate, and select outside leaders to represent them as they see fit.

5. Management's dealings should be with those unions whose membership contains a majority of the employees within the appropriate bargaining unit.

Nurtured by this philosophy, what began as voluntary consultation readily developed into a workable accommodation procedure, once formal bargaining rights were afforded the unions. The full import and meaning of this stage in the development of union-management relations in TVA will not be appreciated until the following chapter. What has been accomplished, in effect, is the structuring of the relationship so as

to facilitate accommodation between the parties in those areas where their interests were bound to conflict.

As union and management in TVA structured their accommodation procedure, they also began to think in terms of jointly exploiting those areas where their interests either did not seriously conflict or were actually mutual. At first, however, they deliberately limited their efforts in the former areas. Both parties considered it important to learn to accommodate their differences before developing formal means of cooperation. As one management official described their thinking:

TVA and the Council made no effort to establish systematic employee-management cooperation until they had established a sound basis of collective bargaining. The protective functions of the union had to be taken care of before they could move on to joint efforts...

This could likewise be said of relations between TVA and the Salary Policy Panel. Having learned to accommodate their major differences, TVA union and management then developed formal mechanisms and programs for cooperation. These are discussed in some detail in Chapter 14.

The Current Relationship Between Union and Management in TVA -- A Summary View

To imply that union-management relations in TVA are devoid of problems would be misleading and unrealistic. The relationship is not free of problems and it probably never will be. It is not difficult to understand and justify, on the other hand, the pride which both parties have in the type of relationship which they have developed.
Both parties are convinced that they have reached a point in their relationship well beyond that attained by most unions and management. This claim would be most difficult to refute.

There are a number of indices which suggest the tone of any union-management relationship. One of the most significant of these is the nature of the grievance procedure. TVA's approach to grievances may be grasped by quoting from a speech by one of its officers:

To take its rightful place in the system of relations with employees, the emphasis on machinery for grievance adjustment must be on adjustment. Adjustment doesn't need to mean compromise. It means rather a careful consideration of the facts by the employee and the supervisor so that they can learn the basis for the complaint and try to reach conclusions satisfactory to both of them. The important part of the adjustment process is that point which is reached long before the grievance is put into the more formal stage... The emphasis in the adjustment of grievances must be on what is right and not on who is right.

A grievance is anything which an employee does not like, whether or not he expresses it, and which he feels management should do something about.¹

It is interesting to compare this approach to that adopted by the management of Ontario Hydro until comparatively recently. In their fundamentals the two approaches are almost identical. There is also an interesting parallel in the role of the personnel staff in the handling of grievances. In this area, however, the two managements

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¹ Louis J. Van Mol (former Assistant Director of Personnel in TVA), Effective Procedures for Handling Employee Grievances, a paper given at the Annual Conference of the Civil Service Assembly of the United States and Canada, New York, October 23, 1952, pp. 3-4 (mimeographed in the files of the Authority).
are now moving in opposite directions. Whereas personnel in Ontario Hydro is becoming little more than the advocate and spokesman of line management, exactly the reverse is apparently taking place in TVA:

In the revision of the Agreement in 1951, the function of the Director of Personnel was changed somewhat so that he, in meeting with representatives of management and the Council, could perform a quasi-mediation function by trying to find an equitable solution to the grievance.\(^1\)

This approach evidently has met with some resistance among line representatives:

A recent memorandum from a division head to the Director of Personnel points out some of the handicaps from a management point of view. Among those noted were the feeling that it is the supervisor who is, in fact, on trial. The burden of proof to show inadequacy in cases arising out of disciplinary action is his, and he is handicapped by the fact that the employee is entitled to counsel whereas he is not.\(^2\)

Such criticism could probably be reduced or eliminated by incorporating into the TVA grievance procedure some of the features discussed in connection with the procedure originally established in Ontario Hydro.\(^3\)

On the whole, line management in TVA appears to be favourably impressed by the handling of grievances in the Authority. They recognize that management's approach to grievances has had a salutary effect upon the

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3 See Chapter 8.
unions. This is certainly supported by the grievance record. Until 1950, for example, out of the 157 cases which were appealed to the Director of Personnel, only two could not be resolved by the parties themselves without the resort to arbitration. The record since that time has been equally impressive. In view of the size and fluctuations in the work force in TVA, this is a remarkable achievement.

A number of other indices could be cited to illustrate the quality of union-management relations in TVA. One of these would be the number of work stoppages which have taken place in the Authority. In spite of the fact that strikes are illegal\(^1\) in TVA, a few work stoppages have occurred. In all but one case,\(^2\) however, they have been spontaneous and of short duration. It can be argued, of course, that the absence of serious strikes in TVA is not a valid indication of anything aside from the predilection of the unions involved to obey the law. Legal prohibition of such action, however, might be far less meaningful in the absence of effective alternative forms of protest and redress. This is the essential achievement of union and management in TVA; the creation of an effective collective bargaining relationship in the absence of the right to strike. I will have much more to say on this matter in later chapters.

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1 This is further discussed in various Chapters of Part IV.

2 The one serious strike occurred over a jurisdictional dispute and eventually resulted in the replacement of most of those involved in the walkout.
A final indication of the nature of union-management relationships in TVA relates to the question of the loyalties of TVA employees. Both sides have avoided direct appeals to the employees at the deliberate expense of the other. In fact, they usually handle all important communications jointly. There is an implicit, if not an explicit, recognition of the fact that employees can be, and indeed want to be, loyal to both their union and to their employer. Neither party questions this dual loyalty and both actually encourage it.

A Concluding Note

This completes our brief and somewhat sketchy review of union-management relations in TVA. Stemming from TVA’s original approach to unionism and collective bargaining, union and management in the Authority have gradually developed a sound and stable relationship which is solidly based on a foundation of mutual trust and confidence. Although the parties have not eliminated their conflicts of interest, they have established procedures which permit them to settle their mutual problems and differences without the resort to the usual weapons of industrial conflict. There would appear to be an awareness that the use of such weapons is inconceivable under the circumstances (regardless of the legal question) and that it is better to structure an accommodation process which retains the advantages of collective bargaining while at

1 Other indications, such as the nature and extent of union-management cooperation in the Authority, are discussed in various Chapters of Part IV.
the same time forgoing the sanctions normally associated with that process. This is the major achievement of union and management in TVA. To have gone beyond such accommodation, to develop a formal cooperative program, is important, and yet, it seems quite secondary in comparison with the former achievement. A more thorough account of both of these aspects of their overall relationship is provided in Part IV of the study, to which we are now in a position to turn.
PART IV

LABOUR RELATIONS IN THE PUBLIC SERVICE:
THE IMPLICATIONS OF CERTAIN EXPERIENCES OF UNION
AND MANAGEMENT IN ONTARIO HYDRO AND TVA
Chapter 11 - Wage Determination in the Public Service

Introduction

Having completed the general review and analysis of union-management relations in Ontario Hydro and TVA, I am now in a position to concentrate on certain specific aspects of those relationships. This will enable me to broaden the perspective considerably. By drawing upon the experiences of union and management in these two government agencies, I will attempt to derive conclusions which may be pertinent to union and management in any type of government operation. Particular emphasis will be placed upon the resolution of issues about which the parties may be expected to have conflicting views. Although most of these issues are essentially the same as those confronting any union-management relationship, the consequences of a failure to resolve them, without the resort to a strike or lockout, are likely to be more serious and far-reaching in public undertakings than in private institutions. At the same time, however, it is suggested that the peaceful accommodation of such differences may prove far more feasible in the former than in the latter. This conclusion is traced to the very nature of the public service.

1 Wage determination is used here in a somewhat broader sense than it is usually used — that is, to include the determination of all the monetary or economic conditions of work normally covered by a collective agreement. Although attention is centered on the negotiation of wages and salaries, this is not to minimize the significance of the Chapter, as revealed in a later section, with respect to the negotiation of associated fringe benefits.

2 This is not to suggest, however, that somewhat similar implications would not apply to union-management relations in essential but privately owned industries.
Also to be considered are some of the potential complications inherent in the characteristics of labour-management relations in public institutions. These are often lightly passed over in the literature in the field. This could also be said, however, of some of the more positive features which are likely to stem from the development of constructive union-management relations in the government service. These matters are explored in later chapters of Part IV.

In this chapter the central issue of wage determination is discussed in considerable detail. Involved to a lesser or a greater extent in almost every industrial dispute, it is just as important a conflict of interest in the public service as it is in any private enterprise. If union and management in the public service are to avoid overt industrial conflict -- which is, in my opinion, a practical necessity -- they must learn to accommodate their conflicting interests in this area. In this connection it is most instructive to examine the attempts which union and management in Ontario Hydro and TVA have made to so accommodate such differences.

A Possible Criterion for Wage Determination in the Public Service

The experiences of union and management in Ontario Hydro and TVA suggest that there is a distinct possibility that unions and management in the public service in general could agree on a basic criterion for wage determination purposes. In both these agencies the unions involved have more or less accepted the fact that their employers
cannot be expected to lead the field in terms of wages and working conditions. If for no other reason than the political ramifications of such a policy, they recognize that such agencies cannot afford to be the pattern setters in their respective localities. The unions do insist, on the other hand, that wages and working conditions paid and established by Ontario Hydro and TVA must reflect the prevalent wages and working conditions in the areas served by those agencies.

A similar position has been adopted by the managements of Ontario Hydro and TVA. Indeed, in both cases, such an approach was originally advanced and promoted by the management side of the relationship. In the case of TVA, as a matter of fact, such a policy was expressly provided for in the TVA Act itself. Although the full ramifications of the pertinent passages in the Act will not be apparent until later on in the study, it is convenient to quote them in full at this point:

All contracts to which the Corporation is a party and which require the employment of labourers and mechanics...shall contain a provision that not less than the prevailing rate of wages for work of a similar nature prevailing in the vicinity shall be paid to such labourers or mechanics.

In the event any dispute arises as to what are the prevailing rates of wages, the question shall be

1 Although this is not central to my analysis, it is interesting to speculate on the impact of inflation on the issues raised in this and the following sections. As long as inflation remains a threat to be reckoned with, it is even more unlikely that governments will set the pace in pay standards since this could be interpreted as a further aggravation of the inflationary pressures already apparent in our economy.
referred to the Secretary of Labour for determination, and his decision shall be final. In the determination of such prevailing rate or rates, due regard shall be given to those rates which have been secured through collective agreement by representatives of employers and employees.

Where such work as is described in the two preceding paragraphs is done directly by the Corporation the prevailing rate of wages shall be paid in the same manner as though such work had been let by contract. [Underlining added]

Since the prevailing rate principle was established under an Act of Congress, it is obvious that the TVA unions could do very little to change the situation even if they so desired. In practice, however, most of the unions involved now appear to accept the principle as the only practical alternative for a union and management in a government-owned agency such as TVA. There is evidence, on the other hand, which tends to contradict such a conclusion. As late as 1955, for example, a former personnel official in TVA observed:

The Council, in fact, protests that the prevailing rate formula is not a good one for a progressive government employer, maintaining that the government should set an example by providing a higher standard of living for its workers than does private industry.¹

¹ The Tennessee Valley Authority Act, op. cit., Section 3.

In the early days of TVA when the Tennessee Valley was an economically backward and a depressed wage region, most TVA unions would definitely have taken such a stand. Although this remains true of those unions which are still relatively weak in the valley, it does not appear to be true of the majority of the unions representing TVA employees. Many union representatives expressed the opinion that given the nature of TVA management such a principle would probably have eventually emerged in the Authority by mutual agreement had it not been imposed on the parties by Congress.

The experiences of the Salary Policy Employee Panel unions in TVA support such a view. The TVA Act only specified the prevailing rate principle with respect to "labourers and mechanics." Although this could be construed to include all trades and labour employees in the Authority, it certainly could not be interpreted to cover the salaried employees as well. Since this was the case, the question then arose as to what policy should apply to such employees. It was mutually decided, by TVA and the Panel unions, that the same principle should also have a major bearing on the determination of salaries and

1 This is not to suggest, however, that the unions would not welcome such a policy. Indeed, they would. What it means, in essence, is that most of the unions recognize the prevailing rate criterion as the most realistic and viable policy under the circumstances.

2 Even this was to stretch the meaning of the Act to some extent.

3 Two other factors were also to be considered. These were: (1) Trades and labour annual pay rates, particularly where close working relationships exist between salary policy employees and trades and labour employees; and (2) The relative difficulty, responsibility and qualification requirements of jobs. In spite of the importance of these considerations, however, the prevailing rate principle has usually been the major criterion utilized by both parties during negotiations.
working conditions for the members of the Panel unions.

In Ontario Hydro the situation is somewhat different. In essence, however, a similar policy has emerged. Although the Commission was and is empowered to fix the wages and working conditions of its employees, the Power Commission Act never specified any standards or criteria upon which it was to base its determination of these matters. The Commission was thus free to develop its own policy in this area. The first formal mention of any such policy occurred in 1943 when the Chairman of the Commission was invited to address a meeting of the Employee Representatives:

I particularly want you to know my feeling about Hydro standards for wages, working conditions, and other matters of employee concern. There is no reason why this Commission should not pay wages and establish conditions of work on terms which are as favourable as any public utility, enterprise or institution in this country, all things being taken into account. The Commission has no wish to be niggardly. As trustee for the power users of this Province, it has no right to pay out money without fair returns, but fair wages must be paid in order to secure a fair return.¹

Nothing quite so explicit or liberal has since been officially pronounced by the Commission. In its place has been substituted an unwritten policy which is now generally acknowledged and accepted throughout the organization. As described by authoritative sources in the

¹ Dr. T. H. Hogg, an address to the General Committee of Employee Representatives, December 6, 1943. At that time the Commission evidently did not confine itself to comparisons within the Province for wage determination and related purposes. Today it does so, except on those matters which are so highly specialized that the only valid comparison is with other large public utilities.
Commission, the present policy is much more precise than that described above. It may be characterized as a policy of establishing wages and working conditions in the Commission which are within the limits of those being paid by firms "in the upper quartile of leading industries in the Province." More commonly known as "the upper quartile policy," this is the terminology I will tend to utilize throughout the remainder of the thesis. Technically, of course, this might be considered a more liberal policy than that prescribed for TVA by the TVA Act. There is some evidence to suggest that this was, in fact, the Commission's original intention and that the policy was meant to be applied in such a manner. The evidence is not conclusive, however, and, on balance, it seems reasonable to assume that the two policies have amounted to just about the same thing in practice. Nevertheless, to the extent that there is a difference between the interpretation and application of the upper quartile policy in Ontario Hydro and the prevailing rate policy in TVA, the former would appear to be the more liberal of the two policies.

Despite their basic similarity, there is an important distinction between the approaches of the two managements to this entire question. The Commission has not committed its upper quartile policy to writing and probably would not now be willing to incorporate it into the Collective Agreement between itself and the OHEU. In TVA, in contrast, this has been done. The reluctance of Hydro management to formally

1 This will become more apparent in subsequent sections.
agree to such a principle stems from a number of considerations. The first and most important of these is the essential vagueness of such a principle. To establish a basis of compensation in accordance with an upper quartile policy or a prevailing rate principle (from now on I will treat them as one) is meaningless in and of itself. It almost begs more questions than it answers, a criticism to which I shall return shortly. The Commission is most reluctant to formally espouse such a policy until it has answers to some of the many questions which are inherent in it. It is also concerned about the public and political outcry which might accompany the formal promulgation of such a policy.\(^1\) The basis of this fear will not be fully apparent until the next chapter. A final and more practical consideration disturbing the Commission has been the interpretation which the OHEU has claimed to place on the upper quartile policy.

In spite of statements to the contrary, the OHEU's position on wage determination in the Commission is fundamentally the same as management's. Nevertheless, in the past, it has periodically gone on record as being opposed to such a policy. In 1952, for example, the Executive Board of the union passed a motion to the effect:

\(^1\) From a public relations point of view, it seems to me that a "prevailing rate" policy is likely to be a far more acceptable one than is an "upper quartile" policy. Since the two policies seem to amount to about the same thing in practice, the Commission would probably be better off using the former rather than the latter terminology. The latter implies a much more liberal wage policy than the former and, therefore, is likely to attract more public criticism. I will return to this matter at the end of the next section.
that the Association demand that the Commission shall take its proper position as the leader in the public utility field, thereby abandoning its existing policy of "follow the leader" in matters with respect to wages.

Such pronouncements, however, are not indicative of the union’s normal position on this question. 1 More representative of its customary thinking on this matter was the position it took during the conciliation proceedings described in Chapter 8:

Because of the publicly owned non-profit aspect of Ontario Hydro, wage entitlement is established by comparison to wage rates in other organizations so far as is possible. Ontario Hydro Management has adopted a wage philosophy that they will not lead industry, but that they will maintain wage rates in the upper quartile of rates current in the Province. The union has accepted this philosophy as long as it is applied on a fair and reasonable basis.2

As to what constitutes the latter -- that is, the fair and reasonable application of the upper quartile policy -- OHEU and Commission spokesmen have been unable to agree. The extent of their disagreement became most evident during their 1958-1959 negotiations. The Commission maintained that if the parties were to continue to accept the upper quartile policy as a basis for wage determination, the policy should apply to the total package of Hydro wages and fringe benefits and, therefore, that the same basic sample of leading firms in the

1 Such assertions may be interpreted most accurately as a part of the union’s bargaining strategy. By openly taking such a position, it hopes to keep the Commission more aware of the necessity to be as fair as possible in its application of the upper quartile policy.

2 Ontario Hydro Employees Union, NUPSE - CLC, Brief to the Ontario Conciliation Board, 1958.
Province should serve as the basis for negotiating each of the issues which compose that package. This is the position, as is noted in following sections, which is accepted by both union and management in TVA. The OHEU argued, on the other hand, that each item on the bargaining agenda should be treated on its own merits and in accordance with a separate and distinct upper quartile policy. In other words, it claimed that a different upper quartile sample should be used as the basis for the negotiation of each specific demand that it made. If the Commission accepted this interpretation, the net result, of course, would be a total package well in excess of that going to any other group of employees in the Province. As might be expected, the Commission completely rejects such an interpretation and resents the fact that the union should even propose it.

OHEU thinking on this matter is most difficult to understand. Union officials do not really expect management to seriously entertain such a proposal and many of them do not even accept it themselves. The union has never gone on record as formally adopting such a policy and it appears to be conceived as some sort of a bargaining device more

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1 It is to be recognized, of course, that there is bound to be some difficulty in deriving an accurate evaluation of the cost of some fringe benefits. This need not prove a serious obstacle, however, because during their negotiations both parties tend to place more emphasis on the nature and level of the fringe benefits prevalent in other firms rather than on their costs to those firms or to Hydro. The Commission cannot and does not ignore cost considerations, but, in accordance with its upper quartile policy, it is really the former which are the most important variables for bargaining purposes.
than anything else. Since it is almost certain that such an interpretation will never be adopted, it seems to me that it serves the union no useful purpose to advocate it. Indeed, by breeding suspicion among management officials it appears to be doing the union far more harm than good.

The Advantages Inherent in a Prevailing Rate Criterion for Wage Determination Purposes

In spite of the qualifications raised in the previous section, it is fair to assume that in general union and management in Ontario Hydro and TVA are in agreement on the basic criterion for wage determination purposes in those agencies. It is interesting to consider for a moment why such a principle as prevailing rates should satisfy both union and management under such circumstances. It is also important to understand the public-interest aspects of such a principle. This section is devoted to a brief examination of each of these

1 In the same sense as this was suggested in an earlier footnote, as the reason for the union's periodic agitation for the dropping of the principle of the upper quartile policy itself.

2 The difficulties inherent in the application of such a criterion, including the problems involved in determining what are appropriate jobs and firms for comparative purposes, are discussed in the following section.

3 It can be argued that if union and management in such cases cannot themselves agree upon such a criterion, it should be legally imposed upon them. This point of view is implicit in much of the following discussion.
questions. It does not pretend to be a comprehensive treatment of the subject matter but rather seeks to point out the major issues involved and indicate the arguments they appear to support.

From the management point of view in such agencies a prevailing rate policy entails two distinct advantages, the one economic and the other political. A high level line official in Ontario Hydro summarized these advantages most succinctly in the following fashion:

In some respects the upper quartile policy really entails a philosophy of management in Hydro. What it really amounts to is a recognition of the fact that to operate efficiently and yet to exist politically this is the only approach we can adopt. We must pay comparable wages or we won't be able to recruit and hold on to the people we need... Yet, at the same time, we can't risk the political consequences of becoming a wage leader throughout the province.

These advantages do not appear to be offset by any major disadvantages, at least insofar as the managements of Ontario Hydro and TVA view the situation.

To the employees of such agencies and to their unions, such an approach would appear to be the only practical alternative. To expect

1 It can also be argued that management would especially favour such a policy if it was incorporated into the collective agreements to which it was a party. This would commit the union(s) with which it dealt to such a principle and would enable management to use this commitment to recruit public support of its position during any particular set of negotiations. It must be remembered, however, that this kind of manoeuvring can work both ways.

2 Although they might prefer to compare themselves with other large utilities for wage determination purposes, this might tend to violate the political needs of the managements of these agencies (in the sense that it might be conducive to a higher wage level than was prevalent in their respective localities) and therefore would likely prove unacceptable on that account. If, on the other hand, such a criterion did not upset the existing wage structure in these localities, then it would not do the unions any good in any event.
them to wholeheartedly endorse such a policy is probably unrealistic and utopian. They accept it because it is the best possibility they can hope for. It would be wrong, therefore, to equate their acceptance of such a principle with a positive and outright approval of it. It might rather be termed one of the prices which such organizations are willing to pay in return for the right to engage in collective bargaining in the public sector of our economy. It might also be characterized as a part of their contribution to the facilitation of the harmonious union-management relations which I have argued are probably mandatory under such circumstances.

It is at this point that the question of the public interest enters into the picture. It has already been argued that strike action in such operations is not likely to be tolerated by the general public. If employees and their unions are to forgo the right to strike in such cases, something must be substituted in its place if collective bargaining is to have any meaning at all. Some would simply suggest that the solution to the problem is the imposition of some form of compulsory arbitration. In the event of a complete breakdown in relations this may, indeed, be the only answer. If collective bargaining is to retain any value at all, however, this is an outcome which is surely to be avoided. This can only be done by facilitating the collective bargaining process itself. This, in turn, suggests the need for some acceptable standard of comparison which can serve as a basis for the parties themselves to resolve their differences. It can also be argued that even if we are to depend on compulsory arbitration, in the event of a breakdown in relations under such
circumstances, we must eventually and inevitably develop some standards for that purpose.

The need for such a standard is also inherent in the nature of the source of the revenue from which wages and salaries are derived in government undertakings. Although this consideration is more applicable to the civil service proper than it is in government agencies which derive part or all their revenues from non-tax sources, its implications can be realized by imagining a far-from-inconceivable possibility in Ontario Hydro. In the Province of Ontario, power rates are a politically sensitive issue. There is, therefore, a reluctance to increase such rates at any time and particularly prior to a provincial election. If it were not for the protective features inherent in the Commission's upper quartile policy, and for the presence of a strong union intent on compelling the Commission to abide by that policy, it is interesting to speculate on what the above reluctance might imply. It is not unrealistic to presume that the Commission, fearful of the political consequences which might ensue if a wage increase necessitated a rate increase, might practice a policy of wage restraint regardless of whether or not there was other justification for an upward revision in wages. In essence this would amount to a version of the traditional ability-to-pay argument often utilized by unions and/or management in private enterprises. Yet ability to pay is hardly an appropriate criterion for wage determination purposes when the objective of the Commission is the provision of power at cost, so that the usual standard of ability to pay — that is, profits — is absent. If, on other grounds, a wage increase might be justifiable, to stress ability to pay would be
to compel Hydro employees to subsidize the cost of power to the general public in the Province. If public policy or political necessity suggests that Hydro rates be kept at a relatively low level, the author would contend that this should be done by means of a direct government subsidy rather than by paying sub-standard wage rates. This is not to suggest that Hydro has practiced the latter policy. In fact, if one is to judge by the wages and working conditions currently in effect in the Commission, the reverse is the more probable case. On the other hand, the analysis does suggest the problem that could arise in such situations were it not for the protective features already mentioned.

The above reasoning is so central to this study, and particularly to this chapter, that it is worth quoting in some detail from a recent presentation by a conciliation board nominee of the non-operating railroad brotherhoods of Canada. Prepared in connection with a dispute with the major railways in the country, the context is somewhat different from that which we have been discussing. The basic conditions involved and the arguments deduced therefrom are, however, equally pertinent in both cases.

The issue between the parties was this year, as it has been on previous occasions, the question of what constitutes "a reasonable standard of comparison." In all wage disputes standards of comparison are of importance; in the case of the Railways, they are of even greater importance.

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1 It is interesting to note that the same individual is the legal counsel for the OHEU.
There are two factors relevant to a consideration of railway wage disputes which give this added importance to the value of a standard of comparison. The first is that, even more than in all other industries, peaceful labour relations on the Railways are an urgent necessity to the entire country. For this reason it has always been doubtful whether governments would be prepared to permit a serious interruption of railway services. This is, no doubt, the reason why arbitration was imposed by the then government after some days of strike in 1950. It is obvious that, although the right to strike has not been legally withdrawn from railway unions, it is difficult for the Unions to exercise it both because of their responsibility to the community and because of likely intervention by governments. It is evident to me that in such a situation an appropriate yardstick which can guide the parties themselves as well as boards of conciliation to a fair and reasonable settlement of a wage dispute is of paramount, indeed, overwhelming importance.

The second reason why this is so derives from the fact, as was fully disclosed in the evidence before this Board as well as before previous boards, that railway income is subject to regulation and statutory control to an extent not experienced by the rest of Canadian industry. This regulation and statutory control results in the Railways being required to perform uneconomical services for the benefit of the Canadian economy and the Canadian people as a whole. Inevitably their net earnings are adversely affected. To put it briefly and in a rather oversimplified way, public policy is largely responsible for the alleged low level of railway earnings about which the Railways complained to this Board as they have done to other tribunals. Because public policy plays this role in the railway situation, it is again important to have an objective standard of comparison for railway wages. Only on this basis is it possible to arrive at a level of wages for railway non-operating employees which would be fair both to them and to the people of Canada. It is my firm conviction that the only level of wages which is fair and reasonable is one which results neither in the employees of the Railways subsidizing the people of Canada by a disparity in their earnings and those of comparable groups of Canadian workers, nor in the people of Canada subsidizing railway employees in
permitting them to earn a wage above that enjoyed by comparable groups of Canadian workers. This desirable result can be achieved only, in my opinion, if there is an accepted objective standard of comparison by which the parties and boards are guided in the resolution of railway disputes.¹

It would take little imagination to tailor these same arguments to the situation which exists in such agencies as Ontario Hydro and TVA as well as in the government service in general. It finds expression, in fact, in the upper quartile policy in Ontario Hydro, in the prevailing rate policy in TVA, and in the prevailing rate principles which characterize much of the legislation, in both Canada and the United States, having to do with the compensation of employees engaged directly or indirectly in government work.² The distinguishing features about the two former situations is that in the development and application of such standards, there is provided a meaningful role for unions and collective bargaining. An examination of their respective

¹ Board Member David Lewis, Additional Observations. In the Matter of the Industrial Relations and Disputes Investigation Act; and in the Further Matter of a Dispute Between Certain of the Canadian Railways (The Employers) and the Bargaining Agents of Certain of the Non-Operating Employees of the Said Railways (The Bargaining Agents), Ottawa, Canada, July, 1958, pp. 2-4. It is important to note that in other parts of this presentation emphasis was placed on the need for a mutually acceptable as well as an objective standard of comparison.

² These policies imply, of course, that such employees are likely to enjoy the benefits which others have bargained for and may, indeed, have struck to achieve. One might question the justice of government employees receiving such benefits without themselves fighting for them. Personally, however, I am not very disturbed by this consideration.
experiences in these areas follows in the next section.

One additional consideration must be mentioned, however, before I conclude this section. Although superficially just a matter of terminology, its implications may be far more significant. There would appear to be some advantage in the term "prevailing rates" as opposed to the more clumsy Hydro expression of wages within the limits of those being paid by the upper quartile of leading industry in the Province. The former is the more easily understood and the more readily justifiable. It is appealingly simple and equitable. The latter, on the other hand, is a much more difficult concept to explain or justify, especially to the general public. This explains in part, as was earlier suggested, the Commission's reluctance to formally promulgate such a policy. Since the intent behind it is essentially the same as that of the former, it might be wiser to express it in like terminology. Whether this is practical, however, in view of the traditional usage in Hydro is another question. Regardless of the terminology used, however, agreement in principle is only a fraction of the battle. The real challenge, as we shall see in the following section, is then to implement such a policy.

1 Except of course to the employees and unions affected.
The Institution and Application of a Prevailing Rate Criterion, I — The Ontario Hydro Experience

As appealingly simple as a prevailing rate policy may appear to be in principle, its institution and application is a much more complex matter. Nothing better illustrates the potential difficulties inherent in the implementation of such a policy than does recent experience in Ontario Hydro. While union and management in the Commission have agreed in principle on the upper quartile policy, that is the extent of their agreement. The upper quartile approach to wage determination has not, in any effective manner, been formally incorporated into their collective bargaining procedures. Mutual agreement in principle has not been followed up by jointly devised procedures designed to facilitate the implementation of that principle. As a result the upper quartile policy in the Commission is of about as much actual value to the parties as a pledge on the part of both union and management in a private enterprise to the effect that neither is desirous of an inflationary settlement. Such a policy is mere verbiage without joint agreement on measures designed to ensure that it plays a central role in the bargaining process itself.

Prior to the commencement of actual negotiations in the Commission, both union and management conduct massive surveys to bolster their respective contentions. Although each is aware of the firms and

1 It is only comparatively recently that the OHEU has prepared its own survey. Prior to 1950 it usually accepted and placed primary reliance on the wage data gathered by the Commission. Since that time, as it has acquired the resources and ability to do so, it has conducted more and more comprehensive surveys on its own account.
industries surveyed by the other, they have not attempted to agree on any criteria for the selection of those firms and industries which would be most appropriately included in their surveys. By the time they enter into actual negotiations, and increasingly so as bargaining proceeds, both sides manage to convince themselves that their survey is the more valid of the two, and that the survey tabled by the other is "loaded" and "selective". They then spend much of their time denouncing the validity, and often the very authenticity, of the data presented by the other.

If one is objective about the relative merits of the two surveys, it is apparent that the union's material is far more selective than management's. Not only does the OHEU survey different firms on different issues (This is in line with its stated interpretation of the proper application of the upper quartile policy.), but it often changes, quite drastically, the composition of its survey on each particular issue from year to year. Reflecting this situation, one management spokesman accused the union of the ultimate in selectivity, characterizing its approach to research as one of "selectivity within selectivity." My impression was that the OHEU would find it most difficult to refute such an assertion. In contrast to the union's survey methods, the basic survey conducted by the Commission, at least until recently, remained relatively stable in terms of its composition from year to year,¹ and was used as the basis for determining the

¹ It was bound to fluctuate somewhat if it was to remain a representative sample of the leading industries in the Province.
Commission's position on all issues involved in any particular set of negotiations. Although the survey retains the former characteristic, it appears to have been relegated in its overall significance. Perhaps more in self-defense and desperation than anything else, the Commission is now increasingly relying upon other sources of research to bolster its position at the bargaining table. During the negotiations of 1958-1959, for example, the Commission, for the first time, placed heavy reliance on survey data prepared by an outside concern, the Central Ontario Industrial Relations Institute. Since the latter's survey data are based on a far broader sample than that included in the Commission's leading industry survey, the results of the two were bound to differ. The implications of this switch in emphasis may be far-reaching in the long run. Reflecting the suspicion of the entire labour movement in the Province as to the nature and purpose of the above Institute, the reaction of the OHEU to the injection of this material into negotiations was hardly surprising. It just added to the accusations and counter-accusations concerning the relevance of the various data by then tabled as being relevant to the negotiations.

In line with this development in the Commission's research techniques, there were other signs of its willingness to downgrade its earlier emphasis on its own reasonably objective surveys and to rely more heavily on more partisan sources of information. Since the OHEU is certainly becoming no less proficient in its use of partisan sources and carefully selected evidence, there is reason to question where the process is likely to end. Judging by recent negotiations in
the Commission, it is not difficult to analyze the trend of events. During the course of last year's negotiations, for example, the following observation by one of the union's officers represented an unfortunate but reasonable approximation of the actual situation:

We're the union busy picking up one set of figures while they're management busy picking up another set. It just comes down to the question of who is the biggest liar.

Although this comment was made in a somewhat cynical vein, there is no doubt in my mind that there was an element of truth in it.

Reflecting their inability to make any practical use of their upper quartile policy, both parties increasingly rely on the usual arguments and rhetoric of collective bargaining. The upper quartile policy receives lip service but that is about all. In its place the parties argue about the cost of living, inflation, productivity, the exhaustion of the hydraulic resources in the Province and any other factor which suits their fancy or purpose. At the same time, both sides increasingly emphasize the current settlements in other firms. The union will argue, for example, that such and such a union won a 15-cent raise and that the Commission should settle on the same basis. Management then counters with a settlement favourable to its point of view. And so goes the argument. In the final analysis, neither side is paying any serious attention to the upper quartile policy and the value of such a principle is almost totally lost. Negotiations are basically no different than in any private enterprise situation and the risk of a breakdown in relations is correspondingly greater. The objective standard of comparison has not facilitated the accommodation
process and may, indeed, have actually hindered it. The question must then be asked whether this is not the inevitable case. TVA experience suggests that it is not.

The Institution and Application of a Prevailing Rate Criterion, II -- The TVA Experience

Having accepted the prevailing rate principle of wage determination, union and management in TVA early structured their relationship so as to take advantage of it. How they have done so can best be illustrated by describing in some detail the present procedure by which wages and fringe benefits are negotiated in the Authority. For clarity we will analyze the procedure first as it relates only to wages, devoting a later section to the related question of fringe benefits.

(1) Defining the Vicinity

One of the first problems to be resolved in connection with the prevailing rate principle in TVA was the determination of the area in which compensating wage differentials would be recognized in the Authority as indices of relative productivity. This determination was based on the established practice of the Tennessee Valley Trades and Labour Council and is indicated

1 In reviewing the TVA experience the description and analysis are confined to the relationship between TVA and the Tennessee Valley Trades and Labour Council, except where otherwise stated.

2 The negotiation of non-monetary matters in the Authority (e.g., work rules) is handled in conjunction with the other issues discussed in this Chapter. Since a prevailing rate criterion is less practicable with respect to the former issues, they are not subject to as objective comparison and, therefore, negotiation as are the latter. Even in these areas, however, some use can be made of prevailing practices under similar circumstances in other industries in the locality. Nevertheless, it must be admitted that the risk of a breakdown in relations over non-monetary issues is probably much greater than over wages and other monetary conditions of work.
which it was to apply. Since I will have more to say about this and related matters in the next chapter, suffice it to say for the moment that it was decided that the vicinity within which the prevailing rate principle was to apply would be the watershed of the Tennessee River. This presented problems in and of itself, however, because the boundaries of the watershed were not themselves indisputable. In 1947, union and management in the Authority debated these boundaries at length and finally negotiated a mutually acceptable revision of the original boundaries agreed upon in 1935. Since that time they have not been changed. Both parties, however, entertain factual data from outside the defined vicinity when applicable information is not available within its boundaries. To gather data on the wages and working conditions of electrical operators, for example, both union and management survey neighbouring private utilities.

(2) The Preliminary Conference

Wages and fringe benefits in TVA are normally negotiated on an annual basis. The first stage in these negotiations is the Preliminary Conference. An important formality, it is usually attended by many representatives from both union and management. Both sides announce their intention and willingness to reopen negotiations and both table the major issues that they wish reconsidered. Formal demands, however, are not necessarily made at this point. The purpose of the Preliminary Conference could therefore be described as follows:

Either party may notify the other, between September 1 and September 15, that a preliminary conference is desired in October. The need for a wage conference is
determined at the preliminary conference and the scheduling of a wage conference for late November or early December is decided upon... This preliminary conference also considers any problems which must be handled before the wage conference convenes, such as determining the framework of negotiations during the period of national wage stabilization, during the war.¹

(3) Collecting and Tabulating the Joint Survey Data -- A Unique Procedure

With the completion of the Preliminary Conference both sides intensify their data-collecting activities. It is most important to understand from whom and how these data are collected and tabulated. In this connection there are important distinctions between the arrangements which apply to the trades and labour employees and those which apply to the salaried employees.

In the case of the former both the Council unions and TVA survey the wage situation in the vicinity. Both tend to concentrate their efforts on the rates prevailing in the larger cities in the valley. This can be explained by three major considerations. In the first place, these are the communities from which the Authority must recruit much of its work force. A second and more practical reason is the fact that the data required are normally more readily available in the larger cities. The final and most important consideration relates to one of the requirements of the TVA Act:

In the determination of such prevailing rate or rates, due regard shall be given to those rates which have been secured through collective agreement by representatives of employers and employees.1

The Council, in accordance with its interpretation of the latter, has persistently pressured the Authority to exclude from its surveys all non-union rates.2 As a result, although TVA continues to survey a number of non-union establishments,3 most of the firms surveyed by both parties do engage in collective bargaining with their employees. Most of the latter firms are to be found in the larger cities in the valley.

In actually conducting their surveys, the International Unions usually canvass their major locals in the vicinity by mail. Management, on the other hand, relies much more heavily on the use of survey teams which actually visit most of the plants and contractors surveyed. Although the Authority tends to concentrate its survey on large and/or unionized firms, it uses a number of other criteria in selecting those firms which it does actually survey. Since these are similar to those

1 The Tennessee Valley Authority Act, op. cit., Section 3.

2 On the whole, TVA management tends to sympathize with the Council's interpretation of the relative emphasis to be placed on union and non-union rates under the TVA Act.

3 Most of these are moderate to large size firms and tend to pay wages and salaries equivalent to those paid by their unionized counterparts.
to be described in connection with the salary policy employees survey, they need not be discussed at this point.

The unique stage in this procedure occurs at the point of tabulating the survey data. All such data, whether it is gathered by the unions or by management, are sent to the Personnel Division in the Authority. There, it is broken down by trades classifications and by the firms or contractors from which it was derived. In each case two columns are shown, the one for management's data, the other for the unions'. In some cases one side may have surveyed a particular classification or firm which the other has not. In most cases, however, they tend to survey the same firms and classifications. The question then arises as to what happens when the data gathered by the two parties do not agree. This can often be clarified with no trouble at all. In the event that it cannot, it is passed on to the Joint Wage Data Committee, a committee to which I shall refer in more detail shortly.

In the case of the salary employees in TVA, almost sole reliance is placed upon the surveys conducted by management. The Salary Panel unions are not equipped to conduct elaborate surveys on their own and would probably find it difficult to do so in any event since relatively few other white-collar employees are organized in the valley. The Panel Unions do, however, have a major voice in the selection of the firms and jobs which are actually surveyed by TVA. In terms of the

1 No weighting is given these data by the Personnel Division. Informally, however, the parties do weigh the data in accordance with their respective estimations of an individual firm's importance in the area wage structure and so on.
firms surveyed, TVA and the Panel have mutually agreed upon a list of criteria which are used to determine their selection. Such firms must exhibit the following characteristics:

1. Their product or service corresponds to some major type of TVA work.
2. They have positions which fit some of the key classes of work in the survey.
3. They have a classification and pay plan which establishes rates of pay for established classes of work and not merely for individual positions.
4. They have a substantial number of employees in the TVA area.
5. They have good personnel policies and procedures.¹

Based on these criteria the parties have further agreed on the names of the firms which are actually surveyed. In addition, reflecting the complexion of the job structure in the white-collar field, TVA and the Panel have also agreed that only "key classes of work" are to be included in the surveys. These are selected in accordance with the following agreed upon criteria:

1. The classes represent other classes of positions in terms of related duties, responsibilities and qualifications.
2. The work is clearly identifiable.
3. The class has a substantial number of positions.
4. The prospect of getting salary data in the vicinity is good.²

² Ibid.
In the final analysis, however, the Panel must rely on the basic integrity and honesty of TVA management. This is because most of the firms surveyed by TVA will not permit it to identify their specific rates or classifications. Since TVA has never given the Panel any reason for doubting its integrity and honesty, this has not proved to be a serious handicap.

To return for a moment to the trades and labour employees, it is interesting to note that in one or two fields the Council and TVA have applied a similar technique to their survey methods. In the case of chemical and electrical operators, for example, most of the surveying is now done by TVA. The Council and TVA agree on the firms and the categories to be surveyed, then TVA does the actually surveying. In this case, however, no firm is included in such a survey unless it first agrees to allow the Council to have access to the information after it is gathered by TVA management.

The ultimate development in this type of surveying is of course a survey conducted by teams of union and management representatives. 2

1 The Panel unions are supplied with copies of all the survey data but they are compiled in such a manner as to prevent the disclosure of the names, classifications and rates of particular firms.

2 In this connection the formation of the Civil Service Pay Research Unit in Great Britain is a most noteworthy development. Established in 1956 by agreement of both parties on the National Whitley Council, it is under the authority and direction of a fourteen-man steering committee composed of seven representatives from each side of the Council. The role and purpose of the Pay Research Unit have been described as follows:

The major advantage of this machinery for fact-finding by the Pay Research Unit is that it provides the negotiating parties with material which is trusted by both sides as being the findings of an impartial investigating body, and (Continued)
TVA and the Council have actually used such a method once or twice but in most cases it appears to involve too many practical difficulties. The main obstacle to such a development, however, remains the unwillingness on the part of many firms to reveal their wage data to their own employees let alone to outside union representatives.

(4) **The Joint Wage Data Committee**

At the opening session of the Wage Conference (which is discussed in the next section):

'The unions through the Council present a General Brief which analyzes the general setting in which their requests are made, makes general proposals for dealing with compensation problems and formally presents their wage requests, which have

Footnote continued on this material they can conduct their subsequent negotiations. The result of these negotiations can be justified to public opinion as being based on the principle of fair comparisons with outside employment.

This observation appeared in the following article: Anonymous, "The Priestley Commission and Afterwards," *Public Administration, XXXVI* (Australia, Summer, 1958), p. 182. It was cited in S. J. Frankel, "Staff Relations in the Civil Service: Who Represents the Government," op. cit., p. 20. Frankel further clarified the role and purpose of the Unit in the same article:

The Unit is strictly a fact-finding organization.

It is evident that the creation of the Pay Research Unit in Britain was not intended as a means of circumventing direct negotiations. (p. 20)

The development of such a Unit probably represents the ultimate step in the procedures I have been discussing. It will be interesting to study its future operations with a view to its possible application in other public services.

1 For clarity of exposition I have purposefully separated discussion of the Joint Wage Data Committee from that of the Wage Conference itself. They are, in practice, more closely inter-related than this arbitrary division would seem to suggest. Technically, in fact, the former is really an intimate part of the latter. It is convenient, however, to consider them as separate and distinct phases of the collective bargaining procedure in TVA.
previously been submitted to the Personnel Department for tabulation.¹

With this in mind, the nature and purpose of the Joint Wage Data Committee can then be described as follows:

The requests and the supporting data, in the form of contracts, evidence of wage board decisions, etc., are thereupon referred to the joint Wage Data Committee, made up of an equal number of management and labor members designated by TVA and the Council respectively...

The function of the Wage Data Committee is to determine the "factuality" of the data presented by the Council and that presented by TVA.

The Wage Data Committee, usually meeting continuously for three or four days, hears supporting statements from union representatives, investigates discrepancies in data, and reports back to the Wage Conference its findings. It should be emphasized that this committee is a joint committee of management and labor members, so that its agreement upon a report represents a meeting of minds as to what facts shall be before the Wage Conference in the actual negotiations.²

In many respects, this is really the key stage in the collective bargaining procedure in TVA since only the evidence agreed upon by this committee is considered particularly relevant during the final stage in that procedure, the annual Wage Conference.³

² Ibid., p. 134.
³ Another committee which may play a major role in the negotiating procedure in TVA is the Joint Classification Committee. This committee, which is constituted in much the same way as the Joint Wage Data Committee, plays an extremely important part in the continuing relationship between the parties. It handles all manner and types of classification problems. When such matters become involved in the annual negotiations, it may therefore be convened in special session to deal with them.
The Wage Conference

After the completion of the forgoing preliminaries, actual bargaining commences in TVA. This stage of the Wage Conference entails a series of intensive bargaining sessions which normally last from five to seven days. During these proceedings the Council Unions are each represented by an International Representative (or his equivalent) and by varying numbers of delegates from most of local unions affected. Management is normally represented by the Director of Personnel, by three or four line directors and by a number of staff advisors. Formalities are kept to a minimum and bargaining tends to be hard and fast.

The final stage in the Wage Conference is only convened, however, after all the elaborate procedures already described have been completed. At this point the observer might enquire, somewhat skeptically:

So what? What have you really accomplished by all the forgoing? What difference does all this rigmarole make when you really get down to bargaining?

He would no doubt receive a variety of answers depending on whom he asked and on all sorts of all variables. Most frequently, however, he would probably be told something like the following:

It [the forgoing procedure] removes from the area of negotiations the usual debates about questions of fact which otherwise would consume time and money.

This is quite true but it is only part of the answer. More important and basic is the fact that these pre-bargaining procedures ensure that the central focus during actual negotiations will be upon the application of the already agreed upon principle of wage determination — that is, the prevailing rate policy. This reduces the need and the justification
for either party falling back on the type of arguments which now characterize negotiations in Ontario Hydro. When either party attempts to inject such issues as the cost of living, productivity, inflation and so on into the negotiations, they are given their hearing but are then usually reminded by the other party, "Well, that's all very well, but the survey data would seem to suggest..." Under these circumstances it does not take long before the uninitiated realize the futility of resorting to such expedients.\(^1\)

At this point, the observer, to the extent that he maintains his skepticism, has probably changed the basis upon which it rests. He will probably wonder:

Well, if everything is so objective and both sides concentrate on the survey data and are prepared to settle in accordance with the facts revealed therein, why bargain at all?

In the first place, he would find everything is not as simple and objective as he may have been led to expect. This stems from the fact that the prevailing rate principle is not some magical formula into which you plug all your survey data and then in some mysterious fashion work out a one and only correct prevailing rate. Far from it. The prevailing rate principle and the survey data gathered to facilitate

\(^1\) Council representatives evidently assist in the re-education and re-orientation, as it were, of newcomers to their ranks. Many of the latter are not accustomed to justifying their demands strictly on the basis of supporting factual evidence. Many anecdotes in TVA relate to the adjustments which some of these representatives have undergone in acclimatizing themselves to this somewhat unique bargaining environment. The amazing thing is that most of them are quite successful in their adjustment and actually seem to enjoy the "new way of doing things," as some of them describe it.
its application simply set the limits within which TVA and the Council do their bargaining. Within those limits, TVA will normally be, "interested in tipping the balance in favor of low costs, and the Council in tipping it in favor of higher wage levels." The point at which either side is willing to actually settle tends to depend very much on the usual considerations determining the respective positions of union and management in a particular situation. TVA, for example, may be planning to expand its work force in the near future. This, of course, will tend to make it more liberal in its interpretation of the data at that particular time. The Council, on the other hand, might be interested in eliminating some inequities in the wage structure. It may have a political problem on its hands. Such things will, of course, likewise influence its interpretation of the data. Neither party, in other words, wants to live or could live with a mathematical formula which would somehow automatically determine wage rates. Such a formula would be a straight jacket. To paraphrase the remarks of a management official in TVA:

What formula could take into account the ever changing number of employees working at any time on a given rate; the exact degree of comparability to TVA work; the variable factors that enter into recruitment of workmen and that have a strong bearing on practical wage rates; the "due consideration" of rates achieved by collective bargaining that the TVA Act requires? A rigid predetermined formula, based on averages or medians or weights to be given certain factors would preclude our consideration of all the available data in the light of the variables that seem to apply to each given situation.

Even more important would be the effect of such a formula on the collective bargaining process itself. By its very rigidity and inflexibility, it would destroy the most important element of that process. It would destroy the give and take of union-management relations and yet in the end probably would not result in a much different wage structure. As another TVA management official commented:

We would lose the most valuable outcome of collective bargaining; joint responsibility of both union and management for the general acceptance of the rates resulting therefrom.

At the same time, however, it would be wrong to exaggerate the amount of discretion that the prevailing rate principle in TVA permits both union and management. In the final analysis, both parties realize that the data themselves, and particularly the average rates revealed by those data, are the overriding consideration during negotiations. Although nothing explicit is ever said about the averages inherent in such data, one somehow suspects that these figures do play a key role in the thinking of both parties. The unions, in fact, are sure that TVA has a formula of its own which is somehow tied to these averages and that this formula determines the upper limit of the Authority's

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1 It would be wrong to over-emphasize the significance of these averages. They do seem to play a key role, however, as the following discussion suggests, in the thinking of both parties and especially in that of the unions. It should also be noted that such averages tend to be above the average rates for the valley region as a whole because of the nature of the firms surveyed, by TVA. This latter feature has already been described.
position. TVA categorically denies this. The unions, on their part, do place considerable emphasis on these averages. As one Council member commented:

If we get above that average, we feel we are doing pretty well.

In the back of the minds of both parties, of course, is the question of how the Secretary of Labour would interpret the data should the parties themselves be unable to agree upon it. In summary, therefore, it would be wrong to interpret the use of the prevailing rate principle and the data gathered to serve as a guide for its implementation as either a restrictive formula leaving the parties with little or no discretion or as only providing broad limits within which there is ample room for give and take. The truth, in fact, lies somewhere between these two extremes.

(6) A Note on Fringe Benefits

To complete this section the handling of the negotiation of fringe benefits must be explained. When TVA unions believe that a survey of prevailing practices will support improvements in certain fringe benefits, they so inform management during the Preliminary Conference. The information required to discuss their contention is then gathered in the course of the annual wage survey. In most years a number of fringe benefits are covered in the survey. Each fringe benefit involved is surveyed in much the same fashion as are the wage rates. The same firms are surveyed for both purposes. The procedure from this point on is then identical to that described with respect to wage determination.
Because the same survey is used to determine both wages and fringe benefits in the Authority, some of the problems mentioned in connection with the Ontario Hydro bargaining procedures have not arisen in TVA. In the latter it is really the total package which is negotiated on the basis of the prevailing wages and fringe benefits in comparable firms in the valley. Negotiations in Ontario Hydro, however, may be delineated from those which take place in TVA for reasons other than the OHEU's unusual and unrealistic interpretation of how the upper quartile policy should be applied in the Commission.

The Possible Application of the TVA Procedures in Ontario Hydro

It is interesting to speculate on the possibility of union and management in Ontario Hydro adopting procedures similar to those which have been developed in TVA. Although their respective records indicate that at one time or the other both union and management in the Commission have considered the practicability of some sort of a joint survey, this has never been a matter of formal deliberations between the parties. At the present time, however, Ontario Hydro management would probably not even entertain such a proposal. This stems from its recent experience with a type of joint survey that was conducted in conjunction with its bargaining — or, more realistically, its consultative — relationship with the Society of Ontario Hydro Profession Engineers. For a variety of reasons this turned out to be a most unsuccessful venture. The Commission claims, in fact, and with some justification,
that the whole episode did more harm than good. But the reasons behind
the apparent failure of the experiment do not necessarily reflect on
the principle of a joint survey. There were, for example, a number of
extenuating circumstances. One of the most significant of these was
the fact that the very status of the Society was then in doubt. As a
result, it was somewhat defensive and negative in its approach to this
whole matter. The relationship between the two parties, in general,
was undergoing considerable strain. This reflected the aforementioned
doubts about the status of the Society as well as the friction engendered
by the coincidental introduction of a new job evaluation plan for
engineers. As was indicated in Chapter 8, the results of this new
plan were not received with any enthusiasm on the part of the engineers
in the Commission. More important, however, than any of the above
complications was a much more fundamental problem. The basic reason
for the failure of the joint survey approach in this instance can be
traced to the underlying disagreement between the parties as to a
proper criterion for paying the engineers in the Commission. Reflecting
the gradual but steady decline in the differential between engineers
in general in Canada and the skilled trades in the country, the Society
had been asserting for some time that the Commission should not be a
pattern-follower in this area. The Society claimed that Hydro was such
a large employer of engineers that it had a marked effect on engineering
salaries in the Province and that, therefore, by dovetailing its
engineering salaries to those prevailing in Ontario, it was really, in
a sense, following itself. The merits of this dispute are not important
to the present discussion. What is significant is the fact that the parties were not agreed in the first place as to the use to which their survey data was to be put. It was hardly surprising, therefore, that the experience should have resulted in the fiasco which it did.

In any event the whole episode has soured management's attitude towards any type of joint surveys. Nevertheless, with respect to its relationship with the OHEU, there are some encouraging signs. This applies, in particular, to the nature of their construction negotiations. The OHEU represents a number of construction employees in the Commission and bargaining for this group of employees is usually separate and distinct from bargaining for the rest of the union's membership. These negotiations tend to follow the pattern established in the Commission's negotiations with the Allied Council of Construction Unions. Indeed, even though the OHEU introduces other data into such negotiations, both parties recognize that the wages established by the Allied Council negotiations are the real and meaningful terms of reference. Bargaining tends to concentrate on the appropriate differentials between the two groups.\(^1\) Beyond this point, however, negotiations tend to be far more objective than do the negotiations with respect to the remainder of the union's membership. Although admittedly a somewhat unique situation,

\(^1\) As regular employees, OHEU construction members receive certain fringes which the temporary construction workers represented by the Allied Council do not receive. The differential in the hourly wage rates of the two groups is meant to allow for these distinctions.
it does suggest the possibility of progress in this area. ¹

This possibility is further suggested by the general attitude of the union on this question. Concerned about the trend in the relationship, the union executive has frequently discussed informally the possibility of developing some sort of a joint survey technique. During the negotiations described in Chapter 8, for example, the union seriously considered proposing the establishment of a joint committee to try and agree on some ground rules, if nothing else, for the surveying of data. It did not formally advance the suggestion largely because it felt that management, stemming from its earlier experience with the Society of Ontario Hydro Professional Engineers, would have rejected such a proposal out of hand. It is also apparent that some officials in the union view the negotiation of the new job evaluation plan for the weekly salaried members (Plan B) as a possible stepping stone in the development of some sort of a joint survey for the purpose of facilitating the negotiation of wages for this group of employees. In view of the advantages which could readily accrue to both parties as a result of the development of procedures similar to those now in operation in TVA, it seems apparent that they should formally explore such a possibility. According to my analysis of the situation, the initiative to promote a conference on such matters would seem at

¹ Although both parties recognize the nature and basic cause of the difference between their construction and their other negotiations, this has not resulted in any proposals to modify their overall bargaining procedures in light of their experience in the former area.
present to rest with the Commission.¹

A Summary Evaluation

It is not difficult to defend the proposition that industrial peace is essential in government agencies such as Ontario Hydro and TVA and, indeed, in the public service as a whole. The question then arises as to how to facilitate the union-management accommodation process in such situations, without at the same time destroying the underlying value inherent in that process. For a number of reasons it can be argued that the use of a prevailing rate principle of wage determination can be a useful device upon which to base such accommodation. Such a principle not only satisfies the needs of management, and can be accepted by the employees and unions involved, but also is consistent with the public interest. Nevertheless, agreement in principle, as is suggested by the experience of union and management in Ontario Hydro, is but a fraction of the problem. The experience of union and management in TVA indicates, however, that the difficulties involved in applying such a principle are not insurmountable. Nor does it seem impossible that similar procedures could be adopted in Ontario Hydro, or, for that matter, in the public service in general.

¹ I would also argue that the development of TVA-type procedures in Ontario Hydro would tend to work to the Commission's advantage more than they would to the union's and that the adjustments inherent in such a development would prove far more difficult for the OHEU than for management. Both of these conclusions seem to me to be inherent in the foregoing analysis. They tend to reinforce my impression that the initiative on this matter now rests with the Commission.
Chapter 12 - Geographical Wage Differentials

Within the Public Service

Introduction

There is a general tendency for the wages and working conditions of regular government employees to develop along uniform lines throughout the geographical jurisdiction of the particular government in question.¹ In most cases this means that a higher real wage is being paid in some regions and/or localities than in others.² To the extent that there is not a significant spread in living costs across the territory in question, this does not present a serious problem. In some situations, however, it does raise some serious issues. The Federal Civil Service in Canada, for example, pays the same (monetary) rate of pay across the entire country.³ It persists in this policy

¹ This tends to be less true of trades and labour than of other government employees. The former are often compensated on the basis of local prevailing rates in the communities in which they are actually employed. This is true, for example, of trades and labour employees of the United States Government. Most other employees of the latter, in contrast, are paid the same rate for their particular type of work regardless of their location in the country.

² Relative to local community rates, a government policy of paying uniform wages throughout its jurisdiction is likely to result in the same sort of disparities. In some communities, its rates will tend to be above local prevailing rates and in others the reverse will apply. This feature and the problems associated with it are discussed more fully at a later point in the Chapter. In many respects, they are similar in nature and implication to those I am about to discuss in connection with the spread in real wages which result from such a wage policy. It is not suggested, however, that there is any sort of correlation between regional or local wage and living-cost differentials.

³ There are some limited exceptions to this general rule.
despite the admittedly broad spread in regional and local living costs (and in wages) which are apparent throughout the country.

It can be argued, of course, that a government may, as a matter of policy, deliberately decide to establish uniform compensation standards in the public service in an effort to reduce any disparities which exist in the general wage level across its jurisdiction. If such be a government's goal, however, surely, from both the point of view of the general public and that of the employees involved (especially of those who are located in the higher-living-cost communities and regions), a more just and equitable method can be devised to realize that objective.

It is also conceivable, on the other hand, that there may be cases where a government would actually prefer to compensate in some relationship to local or regional living-cost (or wage) differentials but does not believe that such a policy can be implemented on any practical basis.

The experiences of Ontario Hydro and TVA, and especially of the former, are particularly instructive in this connection. One of the reasons why it is difficult to generalize about the level of wages and salaries in these agencies is the fact that they operate over such vast territories that they encompass a diversity of local economic conditions. Although this is a more pronounced feature in the case of Ontario Hydro than in that of TVA, it is a significant factor in both instances. Consider the pay of an electrician in Ontario Hydro by way of illustration. In the larger cities in the Province he is certainly not ill-treated although he does tend to receive slightly less than the prevailing union scale in some cities. If this same electrician were
working in some of the smaller towns and cities in Ontario, on the other hand, or in some of the rural areas of the Province, he would be among the higher paid craftsmen in his locality and would tend to have a standard of living somewhat higher than his big city counterpart. This is true despite the fact that the Commission does in part recognize the spread in living costs in the Province by means of a zoning formula which is used as a criterion for determining the variance in wage rates in the many localities in which it employs workers. This Chapter is devoted to an analysis of some of the issues involved in this type of problem and to a review of possible solutions to it. The assumption is made throughout the Chapter that it is, indeed, a desirable objective to compensate government employees in some relationship to local or regional living costs.¹

¹ From an economist's point of view, it can be argued that the government should pay its employees in each community primarily in accordance with local labour market conditions. Although such considerations should not be minimized, I would suggest that they be downgraded except in those situations where they exercise a pronounced effect on the government's hiring requirements. Otherwise, I would personally tend to place more stress on the equity of the situation. I would also argue, however, that using local labour market conditions as a criterion for geographical wage differential purposes would seriously, and perhaps unnecessarily, complicate the problems associated with such a question.
The Advantages of Geographical Uniformity in Wages and Working Conditions

Since 1947 the general policy in TVA has been to maintain uniform wages and working conditions throughout the organization. There are obviously many advantages inherent in such a policy. One of the most important of these is its administrative simplicity. It also facilitates transfer problems. This is particularly important in TVA because many of its employees are engaged in construction work and must frequently move about the valley. In terms of the union-management relationship in the Authority, there are also many advantages inherent in such a policy. If TVA were to revert to paying local community rates throughout the valley, this would probably necessitate complex multi-local union bargaining. It can also be argued that the Authority could not pay local community rates without at the same time abiding by the associated local working practices. For an operation's point of view, this would, of course, introduce innumerable problems which do not now exist. Such considerations, however, apply mainly to TVA's construction forces. They would not seriously complicate matters with respect to the rest of its employees. Indeed, with an industrial union such as the OHEU in Ontario Hydro, this would probably not be a major consideration at all. Related to this question, however, is a further advantage in terms of the collective bargaining relationship in TVA. Because the Authority negotiates with its unions on a valley-wide basis, it is able to command the attention of and to bargain with higher level union officials than would be the case if negotiations
were conducted with the many local unions involved on a community basis. These representatives are somewhat removed from the political problems of the local business agents and are therefore able to take a much more responsible position in dealing with TVA management. This is a very real consideration which should not be minimized.

Whether or not these advantages outweigh the inequities inherent in such a policy is another question. TVA claims that the spread in living costs across the valley are not broad enough to create significant disparities in real wages. It belies this argument to some extent, however, when it pays its officials a different per diem allowance depending on the size of the cities in which they are engaged in out-of-town business.¹ There are obviously some inequities in the system but their degree or extent is very difficult to determine. Assuming for a moment that significant inequities do exist, the question then arises as to why the affected unions would accept such a situation. This would not be difficult to explain. TVA's valley-wide prevailing rates serve as a stabilizing element in the region's wage structure. The unions are satisfied by this arrangement because it sets a pattern in the low-wage areas in the valley and establishes a floor in the high-wage areas. Although this is an oversimplification of the

¹ This applies to cities both within and outside the valley and is in compliance with normal Federal Government practice on such matters. TVA officials themselves are divided on the need for and the propriety of these varying allowances. The evidence does suggest, however, as one would expect, that there is some difference in the living costs in the various sections and cities in the valley.
situation, it does suggest the value of valley-wide rates in TVA from the point of view of the unions involved.

Because of the many facets of this question, it would appear to deserve considerably more attention than can be devoted to it here. Particularly worthwhile would be a study of the positions taken by the International Unions involved as compared to that taken by the various local unions in the valley. On balance, however, I cannot believe that the spread in living costs in the valley is sufficient to warrant the trouble which a new approach to this matter would bring on in the Authority. Given the nature of the unions with which it deals and the tradition of a single valley-wide rate, I doubt that a more equitable system could be established without accompanying disadvantages which would more than outweigh any associated advantages. TVA would seem to illustrate, therefore, a situation where equity would seem to call for some sort of wage differentials within the territory encompassed but where the administrative and other disadvantages presented by such a policy would probably more than offset its inherent advantages.

The Advantages of Local Prevailing Rates

Several advantages would stem from a policy of paying local prevailing rates. In terms of recruitment, for example, it would assure the government or its agency of comparable and competitive wages and salaries in each of the local labour markets in which it must operate. One of the disadvantages inherent in geographically uniform wage rates is the fact that in some localities the government is in an excellent
competitive position, in terms of its employment needs, whereas in others (often where the bulk of government employment is concentrated), it is not able to effectively compete for the people it requires. Also to be considered is the effect of such a situation on employers with which the government must compete. In the former case, local interests are bound to be alienated by the relatively high rates paid by the government. Conversely, in the latter case, the private employer has an unfair advantage vis-à-vis the public employer. Similar arguments apply, but in the reverse order, to workers and their unions located in the two contrasting situations.

These considerations would seem to justify and, indeed, would seem to demand that some attention be paid to local prevailing rates in the determination of government wage policies. Working in the opposite direction, on the other hand, are the advantages inherent in a uniform wage policy. These were emphasized in the previous section. Even more important, however, is likely to be the attitude of government employees and their unions on this matter. From their point of view, of course, there is bound to be a great deal of resistance to the tying of their wages to local prevailing rates regardless of whether or not such rates are strongly influenced by those arrived at by collective bargaining.

Because of these opposing considerations a compromise approach to this problem is probably the best for which one can hope. One possibility would be to develop a system of geographical wage differentials based on some approximation of the variance in living costs or some
such index in the different localities involved. Although there is no simple reason why such a system should result in wage differentials which would also be correlated to the variance in local prevailing rates, Ontario Hydro experience suggests that there does tend to be just such a correlation. Equally important to me, however, is the greater equity inherent in such a system. On both grounds it would appear to merit some attention.

Community Wage and Salary Differentials Based on a Zoning Formula

A possible compromise between the extremes of widespread geographically uniform wages and a system of wage determination based on prevailing individual locality rates is a system of community zoning based on some sort of an index intended to reflect the relative cost of living in each community. The first thing to note about such a system, at least as it applies to Ontario Hydro, is the fact that it only applies directly to wages and salaries. Pensions and other fringe benefits are not zoned. Nor do working practices vary from locality to locality. Thus, to the extent that the system does recognize the spread in living

1 Another approach would involve the use of some form of regional zoning. This might be more appropriate in an operation as large as the Federal Civil Service in Canada but even then some sort of differentials might have to be devised to reflect the relative cost of living in the various communities within each region.

2 Except to the extent that they depend on individuals' accumulated earnings or on some such variable.
costs between different communities in the Province, it is only reflected in an employee's actual take-home pay. To go beyond this point would be to introduce administrative complexities of the type feared by TVA. Up to the above point, however, the system has not entailed serious administrative difficulties in the Commission.

On the other hand, ever since the Commission established its zoning system in 1935, it has been a continual source of dissatisfaction between itself and the union. Originally encompassing ten zones with a wage spread of 23 per cent between the lowest and highest of these, the system has been gradually narrowed down to the present three zones with a differential of only 6 per cent between the top and bottom zones. These zones and the 1955 distribution of the Commission's employees among them are shown in the accompanying table. The percentage breakdown would be roughly the same today.

The determination of the zone which is to apply to a given community has been a matter of contention from the outset. At one point in its evaluation, dissatisfaction with the system became so pronounced that the Commission engaged the services of an expert from the Department of Labour in Ottawa to try and develop a suitable basis for zoning.

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1 The Isolation and Inaccessibility Allowances mentioned in Chapter 8 also represent a form of zoning. They are not included in this discussion because they are determined on a different basis than are the zoning qualifications described in this Chapter.

2 About two-thirds of the employees working in Zone A communities are located in Metropolitan Toronto.
### Table VIII

The Distribution of Commission Employees by Zones

1955

<table>
<thead>
<tr>
<th>Zone</th>
<th>Per Cent of Base (or Zone A) Rates</th>
<th>Number of Employees</th>
<th>Percentage of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>100</td>
<td>7,822</td>
<td>67.9</td>
</tr>
<tr>
<td>B</td>
<td>97</td>
<td>1,882</td>
<td>16.3</td>
</tr>
<tr>
<td>C</td>
<td>94</td>
<td>1,816</td>
<td>15.8</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>11,520</td>
<td>100.00</td>
</tr>
</tbody>
</table>

1 Exclusive of management officials, engineers and scientists.

Source:

The files of the Commission.
the many localities in the Province. The report he submitted, after months of study, could only be interpreted as an indication of the hopelessness of trying to devise an accurate cost-of-living index upon which to base the system.\(^1\) Having abandoned this idea the OHEU and the Commission were unable to agree on any other standard. There ensued a period of confusion and debate which has continued to this day. In seeking revisions in the zoning status of particular communities, the union has always submitted a variety of evidence to support its demands. Management, on the other hand, has tended to hold closely to the use of population as the primary standard upon which to base the system.

With the union periodically advocating the complete abolition of the system and management taking the contrary point of view (calling for more zones and wider differentials), the situation has often been chaotic, to say the least. Although the size of the population of a community began to play a major part in their application of the system in 1956, and probably remains the most significant factor in deliberations concerning this question, the OHEU has never formally committed itself to the use of such a criterion by itself. Neither, in fact, has management. As a result the actual application of the system is negotiated on every conceivable ground. Contributing further to the undermining of the system has been its use as a horsetrading item in

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\(^1\) This does not mean that the variance in the cost of living in different communities was rejected as the underlying justification and raison d'etre for the system. It means rather that a direct index of this variance was not found to be available and that the parties were left to depend on some arbitrary standard of comparison. I will return to this matter shortly.
the closing days of negotiations. The union could always be counted on to reduce its rezoning requests if management yielded on some unrelated but more important union demand. And likewise, the Commission could be expected to agree to upgrade certain communities if the union granted some concessions on other matters more sensitive to management. The union recently summarized the resulting state of affairs in a most candid fashion:

In the past number of years, changes in zoning have followed an erratic and inconsistent pattern...

In fact, in all changes of zoning which took place prior to 1956, different criteria or perhaps no criteria at all would be applied... In fairness it should be said that the Union changed the criterion it proposed in those years if the new criterion would produce more favourable results. Just as management did not hesitate to shift from one stand to another if it paid it to do so.

Obviously, this kind of approach could produce only chaotic results.

1 Where concessions were made on either side, however, they do seem to have borne some relationship to the relative equity involved in the different communities proposed for rezoning during any particular set of negotiations. Nevertheless, neither side has ever based its position on this matter solely on the relative cost of living in different communities. The union has often been motivated by internal political considerations while the Commission has frequently been more concerned about its competitive position in different localities than it has about the relative cost of living in those localities.

2 Ontario Hydro Employees Union NUPSE - CLC, Brief to the Ontario Conciliation Board, 1958, pp. 55-56.
The need to develop a more practical and objective solution to this problem has been mounting. The Commission, under pressure from business interests in communities in which it is among the wage leaders, now appears determined to stand by the position it placed before the union in 1950:

(a) There can be no question that the Commission as a quasi-public body must respect prevailing wage and salary rates in all parts of the province. This means that some kind of modifying factor must be applied.

(b) The spread in salaries and wages throughout the province is already very much greater than the 6% embodied in our present system of zoning. A survey conducted by the Research Department of the Personnel Branch for the period May 1949 to October 1950 indicates, in terms of weekly wages, that the spread is as much as $23.00 per week or approximately 65% of the average paid in the lowest income economic zone of the province. The Bell Telephone Company, in a position similar to ours, has found it necessary to maintain a modifying factor in excess of 6%. A survey conducted by a consultant engaged by the Commission for this specific task was inconclusive as far as recommendations were concerned, but it confirmed the fact that the actual spread was far greater than the 6% represented by our modifying factor.

(c) During the last three years the Commission has been seeking to impress upon the Association that in the light of (a) and (b) above it has maintained a differential that is in fact far too narrow and is as narrow as can be safely maintained. It regards, therefore, the request from the Association for the upward rezoning of individual communities as a pressure which cannot in the long run do anything but tend to make even more narrow the effective range of the differential and therefore make the Commission's
position even more unrealistic in terms of wages paid throughout the province than it is at present.¹

The union, on the other hand, finds itself in somewhat of a dilemma. Although it has periodically advocated the complete abolition of the zoning system, it does recognize some validity in the Commission's contentions. This is reflected in its recent demands for a special Metropolitan Allowance for employees working in the city of Toronto. At the same time, however, it has to consider the internal political ramifications of any stand it takes on this question. In the past, its executive has feared that if it conceded anything in relation to the zoning system, it would do more of its members harm than good. Since its present bargaining strategy on this matter is hardly favourable to those of its members who are located in A-Zone communities, this fear hardly seems warranted. It is these groups, and especially its head office membership, which stand to gain most from any concessions made by the union on this issue. In view of the present distribution of voting power in the union,² however, it is hardly surprising that the union should pay more attention to the other groups in the union.

Further complicating the situation is the effect which the OHEU's present stand on this issue is having on the overall bargaining power of the union.

¹ A letter from the Commission to the Employees Association, December 5, 1950, pp. 5-6.

² See Chapter 6 for a discussion of this matter.
Much of management's reluctance to concede anything further in the way of wages during recent negotiations is in no small measure due to the compression of the zoning system. Whereas the Commission might have at times offered more in certain localities (e.g., Toronto), it would not do so because that would automatically raise all rates across the Province, including those in communities in which it felt it was already out of line. That the union is well aware of this, as well as of the aforementioned considerations, is indicated by the following correspondence:

In summing up the Association's views in the matter, the most important statement would be to say that the Association has continually demanded the abolition of the modifying factor. However, its officers have been forced to recognize that some sort of differential might be reasonable. In the first place, the Association finds that from time to time outside criticism has been directed toward the rates paid to the employees in the outlying areas where the wage is generally lower. They are also aware that a differential exists with respect to a number of organizations such as the Bell Telephone Company, which has a differential much in excess to that in practice throughout Hydro. Only recently Justice Kellog ruled in favour of a differential for the railway workers in certain categories. One other point which might be mentioned and which has not been given too much consideration by outside groups and that is, what happens to the groups in the 100% areas if the modifying factor is totally abolished? A new argument might arise protesting discrimination because of a very decided opinion that their costs are higher than many other localities. These are some of the circumstances which face the Association in this most controversial matter.

1 When a wage increase is negotiated, it is applied in terms of the Zone A rates. Then the Zone B and Zone C rates are adjusted to maintain the agreed upon differentials.

2 A letter from a high official of the OHEU (then the EA) to one of the union's local representatives, January 17, 1951. The thoughts expressed were not necessarily those of the Association as a whole but do appear to reflect both its past and present thinking on this matter.
Further indication of the union's awareness of the seriousness of the problem is provided by its recent agreement to break the zoning formula in the case of labourers' rates. Although there were mitigating circumstances and it was agreed that this would in no way jeopardize the overall zoning system, it does suggest that the union is beginning to earnestly reconsider its position on the whole question of zoning. It will probably never agree, however, to any change in the system along the lines currently promoted by management. The Commission has lately advanced the argument that the only sensible approach would be to base all wages on the local prevailing rates in each community. Management, however, appears no more to expect this eventuality than does the union expect the system to be abolished entirely.

The whole question is fraught with many difficulties. Nevertheless, as government data on the cost of living in different communities gradually improve, this may facilitate a solution to the problem. In view of the success which the OHEU and the Commission have had with related matters (Plan B, the Isolation and Inaccessibility Allowances and so on), this problem should not be viewed with undue pessimism. It is quite conceivable that eventually a compromise will emerge which will resolve the major problems inherent in the system. This is to be hoped for since the foreseeable future does not seem to promise a major narrowing of the wage differentials and the spread in living costs now apparent across the Province of Ontario.
A Summary Analysis

One of the problems confronting union and management in geographically dispersed government operations is the question of whether or not to pay uniform wages and salaries throughout the territory encompassed. The advantages of such a policy depend on a number of circumstances. Where there is a significant spread in the cost of living across the particular jurisdiction, however, these advantages would appear to be offset by the inequities and other disadvantages inherent in such a policy.

At the other extreme is the possibility of paying local prevailing rates in each community. This has many advantages but would be difficult to administer and probably would not be acceptable to the employees and unions involved. A further disadvantage is the fact that local wage differentials may reflect many other factors besides the relative cost of living in particular communities.

A possible alternative to both these policies is the development of a zoning system of community wage differentials designed to reflect the relative cost of living in each community. Ontario Hydro experience indicates that this is not an easy task. But it also illustrates the need for such a system and the advantages it entails for both parties. It would therefore be unduly pessimistic to predict a complete impasse in this area. On the other hand, it is certainly a problem which merits and requires much further study. Geographical wage differentials would appear to be a necessary and desirable feature under some circumstances. In Ontario Hydro this fact has been recognized and there is reason to believe that a practical and equitable solution to the problem may eventually be realized.
Chapter 13 - The Overall Accommodation Process
in the Public Service

Introduction

This chapter deals with some of the features -- unusual and otherwise -- which characterize the union-management accommodation process in the public service. The first section discusses the impact upon the latter of the internal practices of the unions involved. By comparing and contrasting the respective situations in the unions in Ontario Hydro and TVA, it dwells upon the potential dichotomy between democratic-participative unionism, on the one hand, and responsible unionism, on the other. This section is included at this point primarily as a matter of convenience. Although it does have a bearing upon the general subject matter of the chapter, its major purpose is to place the overall comparison of the union-management relationships in the two agencies in a better perspective. It thus is intended to lend itself to a more balanced interpretation of the two relationships.

The second section explores certain complications which would appear to be inherent in the political nature of the employer under such circumstances. This is a problem which is much more pertinent to direct than it is to indirect government undertakings. Consequently, a comprehensive analysis of the potential difficulties introduced by this feature is beyond the bounds of this study. Nevertheless, to the extent that this and related research do provide some insights into this area, the question does merit some discussion. It would, in
fact, be most inappropriate to ignore it altogether in a study of this kind.

Also to be considered in this chapter are further aspects of the question of compulsory arbitration. This matter was raised in the Introduction to the study. It is now necessary to expand upon some of the conclusions derived at that point with respect to this most provocative issue.

The Nature of Employee Organizations in the Public Service

A partial explanation of the differing nature of the union-management relationships in Ontario Hydro and TVA is provided by the divergencies in the type and degree of democracy which is practiced in the unions involved. This section is devoted to an analysis of the potential impact of the latter variable upon the collective bargaining process in public institutions.¹ For purposes of discussion it will prove useful to think in terms of a spectrum of forms and procedures by means of which democracy may exist and be operative within unions.² A spectrum is a useful device in this area because there are few blacks

¹ A number of sources could be cited as references to the broader issues inherent in the following discussion. For a brief but excellent account of some of these issues see: Clark Kerr, "Unions and Union Leaders Of Their Own Choosing"(a Contribution to the Discussion of the Free Society, Fund for the Republic Pamphlet, December 1957), especially pp. 10-11.

² For the concept of a spectrum in this area I am indebted to Professor Jack Barbash of the University of Wisconsin. In a seminar at M.I.T., on December 13, 1959, he gave a paper on "Models of Democratic and Non-Democratic Unions." During his presentation he developed and made use of such a spectrum.
and whites in a question such as union democracy. There are, instead, all manner and shades of greys. I will return to this point at the end of this section.

As media for collective representation, unions are noted for their political characteristics.¹ There is no reason, however, why this feature should complicate the collective bargaining process in the public service any more than it should in any private enterprise. In both cases we are confronted by the dilemma as to the extent of the role which rank and file members can reasonably play in the internal functioning of their union, particularly with respect to its relationship with management. It can readily be argued that beyond a certain point membership participation in the latter area will tend to become incompatible with a union taking upon itself any degree of responsibility in its relationship with management. It can also be asserted, on the other hand, that it would be equally undesirable to curtail such participation any more than is absolutely necessary for the effective prosecution of the union-management relationship. If collective bargaining is to be truly collective, the affected union membership must be given the maximum possible opportunity to participate in that process.

Illustrative of these somewhat contradictory points of view is the following quotation:

¹ See, for example: Arthur M. Ross, Trade Union Wage Policy (University of California Press, Berkeley, 1946), especially Chapter 2.
It is sometimes argued that unions need not or even should not be democratic. It is said that unions function best if they are removed from the pressures of democratic life. They will be more widely responsible to society and more businesslike in their operations if they are not subject to the demands and uncertainties of active democratic participation.

But the case for democracy can still be persuasive. If democracy is a superior form of government, as most of us would insist, it should be preferred in practice wherever it is possible.

Also, the workers can have a more effective voice in industry if they have an effective voice in their unions; and they are more likely to be satisfied with society if they have a sense of participation.

Assuming that both of the above considerations (democratic participation, on the one hand, and responsibility, on the other) are valid and laudable objectives, the problem then arises as to how to strike a proper balance between the two. If such a balance is to be attained, unions must somehow act as responsible agents in the collective bargaining process while at the same time securing for their members as meaningful participation in that process as is practically possible.

In this connection it is interesting to note the contrasting situations in Ontario Hydro and TVA. Although it would be unrealistic to exaggerate the distinctions between the unions involved, it does seem apparent that there is a very real difference between the nature of the OHEU’s approach to this entire question and that of the Tennessee

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1 Clark Kerr, "Unions and Union Leaders Of Their Own Choosing," op. cit., pp. 10-11. It should be noted that Kerr cites a number of other arguments, pro and con, with respect to the desirability and practicability of maintaining democracy in trade unions.
Valley Trades and Labor Council. The OHEU has traditionally vested in the hands of its membership the ultimate and decisive control over virtually all bargaining matters. To this end it has stressed rank and file participation throughout its bargaining procedures. This does not appear to have had an adverse effect upon its relationship with management -- at least until recently. Lately, however, some management officials have felt that the union was unduly emphasizing internal democratic procedures at the expense of a diminishing degree of responsibility in its relations with the Commission. I shall return to these criticisms shortly. In TVA, in contrast, the reverse would appear to be the more likely case. The Tennessee Valley Trades and Labor Council, in its efforts to maintain a responsible position in its relations with the Authority, has thereby tended to neglect rank and file participation in those relations. Although this does not mean that the views of the membership have been ignored or denied, it does mean, when combined with some of the features discussed in Chapter 10, that the responsiveness of TVA union officials to their respective memberships is less direct and pronounced than that of their counterparts in Ontario Hydro. This distinction, in turn, when viewed in conjunction with the differing nature of the union-management relationships in the two agencies, suggests the need to examine the connection between union membership participation and union responsiveness, on the one hand,

1 The Salary Policy Employee Panel unions in TVA are not included in this analysis. Their approach to this matter could probably be characterized as a compromise between that of the OHEU and that of the Tennessee Valley Trades and Labor Council.
and between these two and union performance, on the other. In this respect, it is instructive, once again, to quote from the work of Clark Kerr:

There are those, of course, who would argue that the proper test of an organization in terms of its democratic characteristics is not the degree of responsiveness to the needs of those involved, but rather the degree to which the persons involved actually and directly participate in the decision-making process. For them, only town-meeting democracy is fully satisfactory; and, given the nature of industrial society, their test can be met by very few consequential organizations. It should be noted that "responsiveness" is not only a different test from "participation" but is also different from the test of "performance." "Performance," in the sense of "bringing home the bacon," may be quite exceptional without, at the same time, having much connection with "responsiveness." "Performance" refers to results; "responsiveness," to the processes which connect leadership behaviour with membership desires. Performance, however, may usually be expected to be superior in the long run where responsiveness exists; and this is one of the basic tenets of democratic thought. Perhaps it should also be noted that active participation, where it is possible, is often an effective means of assuring responsiveness but by no means guarantees such responsiveness; in fact, it can serve as a technique of control. The view taken here is that performance alone is not enough and that participation, as through a two-party system, is more than can be expected under the circumstances, and, consequently, that the appropriate test is responsiveness. Responsiveness rests on a minimum degree of participation and will yield, usually, a reasonable measure of performance.1

Although I would personally tend to place more emphasis on participation (of the type described in Chapter 6 in connection with the internal

1 Clark Kerr, "Unions and Union Leaders Of Their Own Choosing," op. cit., p. 13.
operations of the OHEU) than does Kerr, even his less stringent criterion
would seem to lend itself to the conclusion that there is, in the case
of most of the TVA Council unions, a need for a greater emphasis on
responsiveness and participation. In comparison with their excellent
performance record, it seems to me that they have some way to go in
terms of developing a more responsive and participative relationship
with their membership.¹

There is no doubt, on the other hand, that the nature of the
TVA Council unions has contributed to their constructive relationship
with TVA management. This is reflected in the attitudes of TVA
officials towards some of the issues discussed immediately above and
in Chapter 10. As one of them commented:

We feel an appointed International Representative
can take a more statesmanlike position than if he
were directly elected by the TVA membership... If
we hadn't had this we would have had far more
trouble... We feel that union spokesmen should be
given authority, within limits, to come up with a
settlement...

It is difficult to dispute the logic behind such a statement. Never-
theless, one can quarrel with it, as was earlier suggested, on the
grounds that such an arrangement, at least to some extent, negates the
whole concept of "collective" bargaining. That there is room for mis-
giving in this area is indicated by the fact that both union and manage-
ment officials in TVA strongly resisted the suggestion that union
members covered by a proposed settlement determine by a secret ballot

¹ My thinking on this point was developed at some length in Chapter
10 and need not be repeated here.
referendum whether or not to accept the terms of that settlement. Although both parties can marshall a number of practical objections to such a suggestion, especially with respect to the construction employees, there is reason for questioning whether or not such reluctance does not stem from something deeper and more fundamental. If the affected employees understand and accept the terms of the collective agreement which governs them, and, if they support the leadership of their unions, then surely there is nothing to be feared from such a proposal. If not, then there is even more reason for questioning whether democratic collective bargaining has yet really emerged in TVA. While I am reasonably confident that the former is the actual case, there is room for some skepticism in this area. The justification for such skepticism would be removed if TVA union members were given a more direct voice in the determination of their wages and working conditions.

It may well be, however, that such a proposal is a practical impossibility in TVA in view of the number of unions involved. This is not a problem in Ontario Hydro except with respect to the Allied Council of Ontario Hydro Construction Unions (the Allied Council). This organization is almost an exact duplicate of the Tennessee Valley Trades and Labor Council and is subject to the same sort of considerations as have been mentioned in connection with the latter. Of particular

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1 In the sense that the results are negotiated by unions which respond to and allow for participation by their memberships in terms of their collective bargaining functions.
interest in this respect were the observations of those management officials in Ontario Hydro who have had some experience with both the OHEU and the Allied Council. Most of these officials were very much aware of the distinctions in the internal operations of the two organizations. Although many of them respected the OHEU for its democratic characteristics, they did tend to be critical of its lack of responsibility in recent years. Reflecting this view, some of them felt that of late the Allied Council was definitely the more reasonable and realistic of the two organizations with which to deal. This view is not prevalent, however, among most Commission officials.¹

In spite of the fact that the OHEU has, indeed, recently evidenced a certain amount of irresponsibility in its relations with the Commission—in the sense that it has increasingly catered to internal political expediency²—in most management officials continue to value the nature of the union's basic democratic characteristics. With respect to the use of the membership referendum as the final and decisive stage in the union's bargaining procedure, for example, a surprising number of Commission officials appear to favour it as much as do their union counterparts. Whether or not they would continue to hold or profess such an opinion in the absence of the support normally afforded OHEU

¹ At least it is not to date.
² See, for example, the discussion of the grievance procedure in Chapter 8.
officials by the union's membership is, of course, another question. At least to date the union's executive has commanded the respect and support of the majority of the members on most matters. This is not to minimize, however, the difficulties confronting the Commission because of the responsiveness of the OHEU to its membership and because of the participation afforded that membership in terms of the union's collective bargaining function. That these OHEU characteristics do present some difficulties to management is suggested by the attitude of those who have dealt with both the OHEU and the Allied Council, and would prefer to deal with the latter. A detailed treatment of the relative merits of these contrasting approaches to the relationship between a union, its officers and its membership, from management's point of view, is, however, beyond the confines of this study.

Regardless of management's stake in this question, it does seem clear that if collective bargaining is to realize and attain the values inherent in such a process, the employees affected must exercise a reasonable amount of control over the course of the negotiations which are to determine their future wages and working conditions. Such is

1 What constitutes a reasonable amount of control is, of course, the crux of the matter. My interpretation of this elusive concept is inherent in the above analysis. At the very minimum, to be more explicit, it would seem to require either the election of the responsible bargaining officials by those affected by the results of their efforts or the direct submission of those results to a vote of the membership involved. In other words, adequate control by the membership would seem to necessitate either direct or indirect control, on their part, over the nature of the collective agreement which is to govern them. Otherwise, I personally would have difficulty in construing such a process as one of true collective bargaining.
definitely the case in Ontario Hydro. It can be argued, on the other hand, that such formal and direct participation by the membership in the bargaining procedure is unnecessary where the union is democratically constituted in the first place. In either event, however, the advantages would appear to outweigh any disadvantages which might possibly stem from the complications thereby introduced into the overall union-management accommodation process.

In terms of the contrasting approaches to this whole question on the part of the OHEU and the Tennessee Valley Trades and Labor Council, it will be useful to conclude this section by a reference to the spectrum mentioned at the outset. Membership participation in the internal life of their unions can take a variety of forms. In the OHEU it takes a very direct and pronounced form. In the Tennessee Valley Trades and Labor Council, on the other hand, such participation is more indirect and limited. Partially reflecting these differences, there is a tendency for the relative responsibility of the two organizations to vary inversely with their degree of direct membership participation. This, in turn, suggests the challenge which both organizations are confronted with in the future. The OHEU is confronted with the challenge of maintaining its existing democratic framework and procedures while at the same time avoiding the pitfalls of irresponsibility which can so easily result from such direct membership participation and control. The Tennessee Valley Trades and Labor Council, on the other hand, is confronted by the challenge of maintaining its present responsible relationship with TVA management while at the same time providing for
increased participation on the part of rank and file members in the internal affairs of their individual unions.

The Nature of the Employer in the Public Service

If collective bargaining is to prove practical in the public service, then those who negotiate for the government must be clothed with a reasonable amount of discretion and authority. Although this consideration is not limited to the collective bargaining process in the public service, it is particularly significant under such circumstances. This stems from the fact that a government, whether acting as an employer or in any of its many other capacities, is essentially a political instrument.

The nature of the problems introduced by this feature can be illustrated by comparing recent experiences in Ontario Hydro and TVA. One of the factors which explains the prolonged negotiations which have characterized union-management relations in the former is the limited degree of authority and discretion delegated to those officials who have lately constituted the Commission's bargaining committee.¹

¹ I am not suggesting that this is the sole or even the major explanation of this situation. It is perfectly conceivable, for example, that the major explanation of the current state of affairs in the Commission, and of the contrasting circumstances in TVA, might relate to the different nature of the unions involved. In other words, it may well be that it is the democratic characteristics of the OHEU which tend to prolong negotiations in the Commission. Although this is certainly part of the explanation, I would not myself overly emphasize it. In the present context, however, the exact cause of the situation is not the significant factor. What is more important are the implications which tend to follow from such a situation. I would caution the reader, therefore, not to unduly concern himself with causal factors but rather to concentrate on the implications inherent in the present analysis.
While it is difficult to distinguish between cause and effect in this situation, it does seem evident that there is some connection between these two features. What is even more disturbing, however, is the trend in this area in recent years. As negotiations have become more and more time consuming, the Commission has tended to react by assigning lower and lower level officials to its bargaining committees. Finally, as was pointed out in Chapter 8, the actual negotiations were entirely turned over to personnel specialists. It was decided that line representatives just could not afford to spend as much time away from their normal work. But these developments, in turn, have contributed to a further lengthening of the time involved in negotiations. Although both union and management in Ontario Hydro profess a desire to end this vicious circle (for that is what it amounts to at least in part), it is questionable whether they can without a radical restructuring of their entire relationship.

In TVA, in contrast, the participation of high level line officials in the actual negotiations is deliberately facilitated by the elaborate preparations which precede the formal Wage Conference. Both of these features then combine to reduce the time required to finalize an agreement. The brevity of negotiations, in turn, permits the continued participation of top line officials therein. Here again we have a mixture of cause and effect, but in this situation, as opposed to that in Ontario Hydro, the outcome is conducive to more effective and less extended deliberations.

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1 As was mentioned in a footnote in Chapter 8, there are now signs that this decision is to be reversed.
The contrasting circumstances in Ontario Hydro and TVA illustrate, at least to some extent, the significance of the composition of the management bargaining committee. This consideration is even more important in the government service itself. In the latter case not only is the time element a crucial factor in determining the authority of those who are to represent management in negotiations but so also is the nature of the ultimate employer. In the public service this is, in the final analysis, the legislature of the government in question. It is the body which must eventually appropriate the necessary funds to cover the costs of any concessions made during the course of collective bargaining with representatives of government employees.

It is possible to argue, on the other hand, that the ultimate employer is really the public in general. In theory and essence, of course, this is true. In fact, however, it is not an interpretation of practical significance, and, therefore, it need not be given serious consideration. A more plausible hypothesis relates to the function of the executive branch of the government in relation to such matters. Under the parliamentary system of government (as practiced in Canada and the United Kingdom) the executive and legislative branches of the government can usually be treated synonymously insofar as most major policy decisions are concerned. Under such an arrangement, it follows that the management of the government, for collective bargaining purposes, is, for practical purposes, vested in the hands of the cabinet. This has a tendency to simplify the application of the collective bargaining process in the public service. Although it in no way eliminates the political considerations which are likely to impinge on union-management
relations in government undertakings, it does, at least, assure the presence of a responsible body able to negotiate with the employee organizations and able to take a position which the legislative branch of the government will normally support. This advantage is not present under a separation-of-powers system of government such as that which characterizes the United States system of government. Unfortunately, the absence of such a feature can, as the following observation suggests, seriously complicate, if indeed, it does not completely jeopardize the concept of collective bargaining in the public service:

In the United States where the legislative and executive powers are independent, the former can and frequently does fail to go along with the policy of the latter. The separation of powers makes the overriding authority of the legislature a real limitation upon collective bargaining in the American public service, for no agreement reached between the administrators and the employee representatives is worth the paper it is written on if the legislature fails to make the appropriation necessary to carry it out or passes legislation contrary to the agreement terms.

This is a problem which will require serious analysis when and if governments, which operate under such a system, decide to concede

1 These are discussed in Chapter 15.

2 This is not to suggest, of course, that this is the only problem which is likely to accompany the institution of collective bargaining in the public service. Judging by experience in the United Kingdom and in the Province of Saskatchewan, however, other problems are not likely to prove insurmountable under a parliamentary system of government. Nevertheless, even then, the difficulties inherent in such a procedure are not to be minimized. See, for example: S. J. Frankel, "Staff Relations in the Civil Service: Who Represents the Government," op. cit.

bargaining rights to their employees. A close parallel to the type of situation which is likely to arise under such circumstances is provided by many of the municipalities which now bargain collectively with their employees. This is evident from the following extract from a study of Canadian experience with collective bargaining in the municipal field:

Collective bargaining presents problems of a difficult and complex nature when the employer is a municipal corporation. While there may be formal similarities in the structures of municipal and private corporations, the distribution of effective operating power differs rather sharply. The managing director of a private corporation is delegated the primary operating responsibility within the framework of a widely defined general policy. In contrast, the municipal council remains a real day to day decision making body, exercising fully its authority and powers. The size of the council and its range of responsibility for administrative detail raises the question of the most effective machinery for collective bargaining. Successful bargaining requires that each of the parties actually engaged in the bargaining possess a reasonably wide range of discretionary power. Superficially it would appear that the council itself should be its own bargaining committee, but the number of people involved and the complexity of the issues make this impracticable in most municipalities. Instead Canadian municipalities have been represented in a variety of ways: - by a leading administrator, by an all political committee of council and by a joint committee of councillors and administrators.

1 The problems should be no greater in this area, however, than they are in other areas where a separation-of-powers system of government would appear to complicate the government decision-making process. A good example of such an area relates to the negotiation and ratification of foreign treaties in the United States. That this procedure has proved workable would seem to suggest that the complications referred to above in connection with the adoption of the collective bargaining process in the public service should prove no more of a problem. This is also suggested by the following discussion.

Based on an analysis of experience under the latter alternatives, the authors arrived at three major conclusions. With appropriate rephraseology each of these would be equally relevant to any level of government constituted on the basis of a separation-of-powers theory of government.

1. Labour relations are bound to be embittered if a council rejects an agreement which is the result of bargaining between the union and a committee named to represent the city. Though this possibility cannot be eliminated it may be kept to a minimum by assuring that the committee representing the council a) reflects, in its composition, the general political orientation of the council; b) contains some of the leading and most responsible members of the council, preferably including a leading member of the finance committee; c) keeps the other councillors informed, either informally or through formal channels, of the progress of negotiations.

2. The council cannot expect to repeat in detail the work done by its agent. Good labour relations require that the union bargain directly with representatives whose advice the council will normally accept. This means that the appointed agent of the council must be given a real measure of its confidence. This is particularly important where a leading permanent administrator is appointed as the bargaining agent. In this case as there are no councillors already committed to the agreement, the danger of its rejection by the council is correspondingly higher.

3. Whatever the method of representation, adequate provision should be made for the contribution which the experience and knowledge of the permanent municipal administrator can make.¹

To the extent that these observations illustrate the nature and possible solution of the problems discussed in this section, they also suggest, as has already been emphasized, the need for considerable

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¹ S. J. Frankel and R. C. Pratt, Municipal Labour Relations in Canada, op. cit., pp. 85-86.
further research in this area. It is a matter which must be resolved if effective collective bargaining is to be instituted in the civil service proper where a separation-of-powers system of government prevails.

**Third Party Intervention in Disputes Between Union and Management in the Public Service**

In the Introduction to this study it was suggested that the usual sanctions associated with collective bargaining — the lockout and, more commonly, the strike — would not be permitted in the public service. Ruling out the possibility of a unilateral legislative decree in the event of a breakdown of union-management relations, this left only one alternative. Some sort of third party intervention would have to be employed to help the parties accommodate their differences or, indeed, to break the deadlock for them. It is now appropriate to discuss the various forms which such intervention can take and to consider their likely effect on the nature of the collective bargaining process itself. For both purposes, the experiences of union and management in Ontario Hydro and TVA can provide some interesting insights.

The course of the recent dispute in Ontario Hydro (see Chapter 8) illustrates the value of the more accepted forms of third party intervention when a collapse of union-management relations in a public institution appears imminent. At the height of this dispute, the potential effectiveness of conciliation or mediation — call it what you will — was exemplified. It is clear that a settlement would not have been arrived at, without the resort to more drastic action, had it not been
for the efforts of the Provincial Minister of Labour and his Chief Conciliation Officer. It is interesting to examine for a moment, therefore, the reasons why this voluntary form of third party intervention proved as effective as it did in this particular instance. It was earlier suggested that this was due, in large measure, to the doubts which both union and management had as to what would ensue should they be unable to accommodate their differences without the resort to more drastic action. These misgivings had a major bearing on the willingness of both parties, and especially the union, to come to an agreement at this stage in the dispute. Had they known in advance what the government would have done in the event of a strike, they might have incorporated these expectations into their bargaining strategy, thereby jeopardizing the possibility of attaining a settlement even at the late stage that one was reached.

This whole episode illustrates, more than anything else, the value of leaving the parties in doubt as to what action will be taken in the event that they cannot resolve their differences without the resort to some form of overt industrial strife. It also suggests (as was revealed in Chapter 8) that where an interruption of essential

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1 This conclusion is much less applicable to the civil service proper than it is to autonomous government operations. With respect to the former it is meaningless to speak of the government keeping itself in doubt as to what it will do if it cannot peacefully accommodate its differences with the representatives of its employees. Because of this the resolution of conflict in the civil service proper may ultimately have to depend on the resort to some form of compulsory arbitration. This possibility is discussed shortly.
services is threatened, intangible factors may be very effective in
eliminating the possibility of such strife. In this latter respect,
the observations of a student of labour-management relations in the
New York City public transit system are especially instructive:

For activities that are peculiarly indispensable,
where the injury to the beneficiaries of the service
is immediate, inescapable and profound, a condition
tends to arise in which the right to strike is
neither denied nor utilized. The situation involves
elements of balance that elude formal statement.
The system seems unworkable to those who insist on
logically tight systems. Yet free institutions
rest in part on just this sort of equilibrium;... 1

It is, however, relatively easy to challenge the implications of such
a point of view:

To permit the resolution of the strike problem in
the public service to be governed by a problematical
and precarious social equilibrium is to invite the
possibility of widespread social disruption should
conflicting parties fail to reach agreement. 2

Nonetheless, such a possibility does suggest, as does the above dis-
cussion in general, that legislation designed to eliminate industrial
disputes in the public service (and, indeed, in privately owned in-
dustries deemed vital to the public health and welfare as well) should
provide the administrators of such legislation with as much discretion

1 Arthur N. Macmahon, "The New York City Transit System: Public
Ownership, Civil Service, and Collective Bargaining" (Political Science

2 M. R. Godine, The Labor Problem in the Public Service, op. cit.,
p. 169.
and flexibility as possible. Otherwise, the expected consequences of a breakdown in their relations is likely to be incorporated into the bargaining strategy of both union and management with a corresponding diminution in the effectiveness of the very measures designed to forestall such a breakdown.

In spite of the relative desirability and the potential effectiveness of voluntary forms of third party intervention in union-management relations in the public service, there will always remain the possibility that such measures will fall short of meeting their assigned task. If voluntary procedures do not prevent a breakdown in relations in the public service, then political expediency and/or economic necessity is likely to require more compulsive measures. One of the more common forms which the latter may be expected to take is that of compulsory arbitration. In many quarters, such a possibility is likely to instinctively conjure up all sorts of dire predictions as to its likely effect on the nature of the collective bargaining process itself. These fears and misgivings were reviewed in the Introduction to this study. At that point, it was suggested that such fears and misgivings might not be as appropriate in the public service environment as they would be

1 An excellent example of this type of legislation exists in the Commonwealth of Massachusetts. Commonly known as a choice-of-procedure approach to emergency disputes, it permits the Governor of the Commonwealth a number of alternatives in the event of a strike which seriously jeopardizes the public welfare. For an explanation and evaluation of this approach to emergency disputes, see: George P. Shultz, "The Massachusetts Choice-Of-Procedure Approach To Emergency Disputes," Industrial and Labor Relations Review, Vol. 10, No. 3 (April, 1957).
under other circumstances. TVA experience, for example, suggests that it is perfectly conceivable for effective collective bargaining to exist in the absence of the right to strike or lockout. This interpretation is so contrary to the usual logic employed with respect to this question that it deserves some analysis.

Because it was considered illegal for any employee of the United States government to strike, union and management in TVA were early confronted by the problem of replacing the strike weapon with an appropriate and alternative sanction for collective bargaining purposes. Such a sanction was actually provided by the legislation under which the Authority was established. The TVA Act specified that if any dispute arose as to what was a prevailing rate (for wage and fringe benefit purposes) the matter would be referred to the United States Secretary of Labor for a final and definitive ruling. All disputes over wages and fringe benefits in TVA are thus subject to compulsory arbitration by the United States Secretary of Labor in the event that

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1 Although this provision was meant to apply primarily to disputes between TVA and its contractors, it could easily be interpreted to apply to similar disputes between the Authority and representatives of the unions of its employees.

2 It can be argued that because the Secretary of Labor is himself an employee of the United States government, this cannot be construed as being compulsory arbitration as it is usually understood. Strictly speaking it is not. Judging by the attitude of union and management in TVA, and on the basis of my own analysis of the situation, it is, however, reasonable to conclude that it amounts to the same thing in practice. This will become more apparent in the following discussion.
the parties themselves cannot accommodate their differences.\footnote{Non-monetary matters are not subject to compulsory arbitration. It is provided in the agreement between TVA and the Tennessee Valley Trades and Labor Council, however, that both parties will agree to mediation and will consider voluntary arbitration if they should reach an impasse in their negotiations with respect to such matters. To date, the latter expedient has not been found necessary. A similar but less formal arrangement could be said to apply to the relationship between the Authority and the Salary Policy Employee Panel.} What is especially surprising about this arrangement is the degree to which it has been accepted by the unions involved. It can be argued, of course, that this is not really very surprising because the unions could not do anything about it even if they so desired. Nevertheless, although it would be inaccurate to suggest that they would not change the existing arrangement if they were given the chance, it would be equally wrong to characterize the attitudes of the unions as being strongly opposed to this procedure. Their attitude should rather be characterized as one of passive acceptance. This is largely attributable to the fact that the presence of the threat of compulsory arbitration has not drastically affected the nature of their relationship with TVA management. It has not had the inhibiting effect on the collective bargaining process which is usually associated with such measures. Less than ten appeals have been filed with the Secretary of Labor and most of these have involved only one or two classifications of particular trades.\footnote{According to one TVA official, the Secretary's decisions have been in the Authority's favour in slightly more than half the cases involving the Council. In decisions involving appeals by independent contractors, I believe that TVA has been upheld in every instance. The most significant of the latter cases concerned the validity of a uniform valley-wide wage rate. A contractor in one of the lower wage cities in the valley appealed this policy but his appeal was rejected by the Secretary.}
be explained by two considerations. The first relates to the deliberate avoidance of such appeals by both union and management in TVA. Both parties have always felt that a mutually acceptable solution to their differences was much more satisfactory than one imposed on them by a third party. Nor have they been unaware of the dangers inherent in such appeals. The fears of those who argue that compulsory arbitration can undermine the collective bargaining process are not groundless. If one or both parties continually resorted to appeals to the Secretary of Labor, it is obvious that this would eventually have a drastic and detrimental effect upon their collective bargaining relationship. Both union and management in TVA have been very conscious of this possibility and therefore have studiously avoided appeals to the Secretary of Labor wherever possible. This brings us to the second and more important explanation as to why the inhibiting effects of compulsory arbitration in public institutions should not be exaggerated. This relates to the terms of reference under which the Secretary of Labor is to render his decision. His interpretation is to be based upon the same criterion as the parties themselves have accepted as the basis of their negotiations -- that is, the prevailing rates in the vicinity. In addition, he usually is working from the same facts as were introduced by TVA union and management in their endeavour to come up with an agreeable compromise on their own. Since the Secretary's task is but to interpret the data already gathered by the parties themselves in the process of negotiations, it is not likely that either party can hope to gain very much by appealing to him.\footnote{Even if they do, the fact that his terms of \ldots}
reference are so narrowly defined makes it unlikely that his role will seriously jeopardize their future relationship. This conclusion is borne out by the record in TVA. It would seem, therefore, that given the willingness to avoid the resort to third party intervention and given the fact that such intervention is to be bound by the same terms of reference as are the parties themselves in their own negotiations, it is not necessarily true that there is a fundamental incompatibility between collective bargaining and compulsory arbitration. Subject to the above qualifications, there is, in fact, some evidence to suggest that the possibility of a third party review of the situation can have a sobering and beneficial effect on union-management negotiations. Many TVA union and management officials indicated that the possibility that a third party would have to review their positions, within a given frame of reference, compelled them to be more objective than they might otherwise have been.

There is, however, one major qualification which should be mentioned with respect to the applicability of the TVA experience to other situations in the public service. The Secretary of Labor in the United States is far enough removed from the TVA situation that it is possible to conceive of him, in some respects, as being a third party. Since he is himself a representative of the government, such an arrangement would not likely prove acceptable to unions of direct government employees. In such cases a more neutral arbitration procedure would seem to be mandatory. This should not, in and of itself, unduly complicate matters. With given terms of reference, for example, such an arrangement should not pose any serious threat to the sovereignty of
the government. On the whole, therefore, there would appear to be no reason why some type of neutral arbitration should not be subject to the same sort of considerations as were mentioned with respect to the existing arrangement in TVA.

In this section two major propositions have been advanced. The first and more conventional of these is the suggestion that legislation designed to reduce industrial disputes in the public service should be as flexible as possible. The recent dispute in Ontario Hydro indicates the value of leaving the parties in some doubt as to what will ensue if they do not settle their differences peacefully. It further illustrates the effectiveness of mediation and/or conciliation under such circumstances. The history of union-management relations in TVA suggests, on the other hand, that the threat of compulsory arbitration does not necessarily inhibit the collective bargaining process. If both union and management deliberately avoid the resort to compulsory arbitration and if such arbitration, when utilized, is governed by the same terms of reference as the parties themselves have accepted in principle, it is even possible that the threat of compulsory arbitration may have a salutary effect on a collective bargaining relationship.

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1 This is suggested by experience in the Bonneville Power Administration. Although labour relations in the latter were modeled after those in TVA, some innovations were incorporated into the former which do not apply to the latter. The most important of these, in the present context, was the agreement to submit unresolved wage disputes to impartial jointly agreed upon third party arbitration. From what I have been able to learn of this arrangement, it has in no way jeopardized the position of either party. For a brief account of this unusual arrangement, see: M. R. Godine, The Labor Problem in the Public Service, op. cit., pp. 255-57. If this experience proves acceptable to both parties, I can see no reason why a similar procedure should not prove feasible in other government operations.
Concluding Comments

The purpose of this chapter was to highlight some of the major considerations, institutional and otherwise, which are likely to have a significant bearing on the nature of the union-management accommodation process in the public service. By drawing upon the experiences of union and management in Ontario Hydro and TVA, some insight was provided into the problems associated with each of the three major areas which were singled out for attention. In the first section it was pointed out that the potential incompatibility between democratic-participative unionism, on the one hand, and responsible unionism, on the other, was no less of a dilemma in public institutions than in private enterprises. It was suggested that a part of the explanation of the differing nature of the union-management relationships in Ontario Hydro and TVA could be attributed to the divergencies in the approaches of the unions involved to this vital question. In the second section, the problems inherent in the political characteristics of the government, particularly in its capacity as an employer, were explored. It was emphasized that these problems would likely be less acute under a parliamentary system of government than they would be under a system characterized by a separation-of-powers concept of government. In both cases, however, it was suggested that the problems involved should not prove insurmountable. In the final section, further aspects of the question of compulsory arbitration were discussed. Some of the points raised in the Introduction to the study were pursued in more detail and, among other things, it was suggested that the usual misgivings as to the effect of compulsory arbitration on the collective
bargaining process might not be as appropriate in the public service environment as they would be in private institutions.

With respect to all three sections of the chapter, it should be emphasized that the findings and conclusions presented therein are tentative at best. This is true, of course, of the entire study. It is especially true of the material included in this chapter because the related research was not as exhaustive or definitive as it might have been. On the basis of the research that was done, however, the conclusions arrived at do seem to be borne out by the facts. There is a need, on the other hand, for much further study in all three areas.
Chapter 14 - Union-Management Cooperation in the Public Service

Introduction

In evaluating the practicability -- and, indeed, the desirability -- of collective bargaining in the public service, it is all too easy to concentrate on the apparent difficulties involved and to ignore some of the potential advantages inherent in such a development. In this study attention has so far been centered on some of the former aspects. Implicit throughout the discussion, however, has been the assumption that there is a real value in the collective bargaining process regardless of the complications which may accompany it. This chapter goes beyond the usual values attributed to the collective bargaining process to explore the advantages which can accrue to all concerned if union and management can develop effective cooperative programs in those areas where their interests are mutual. Just as there are many matters in private industry with respect to which the interests of union and management are far from incompatible, so also are there similar matters in the government service. It is

1 My thinking throughout this chapter has benefited from my contact with Mr. Fred Lesieur and his work in connection with the Scanlon Plan at MIT. The parallels between the type of union-management cooperation embodied in the latter and that practiced in TVA are striking. At many points in the chapter I will therefore have cause to make frequent references to the former. Although these references do not lend themselves to specific citation, they can be further explored in an excellent account of the nature and philosophy of the Scanlon Plan; see: Frederick G. Lesieur (editor), The Scanlon Plan: A Frontier in Labor-Management Cooperation (published jointly by The Technology Press of the Massachusetts Institute of Technology and John Wiley & Sons, Inc., New York, 1958). I must also acknowledge my debt to Mr. Lesieur for his many helpful comments and suggestions on the initial drafts of this chapter.
with the joint development by union and management of their mutual interests in these areas that this chapter is concerned.

This aspect of labour relations in the public service can best be illustrated by examining the formal program of cooperation which has been established and structured by union and management in TVA. It is also exemplified, to a lesser extent, by past and recent experiences in Ontario Hydro. In the case of the relationship between the OHEU and the Commission, however, little or nothing has been done in the way of developing a formal cooperative program.

The Prerequisites of Union-Management Cooperation

When the TVA Board of Directors originally drafted the Employee Relationship Policy in 1935, they envisaged and looked forward to the day when mutual cooperation would be a major facet of union-management relations in the Authority.¹ The Board felt, however, that such cooperation would probably not emerge and would certainly not survive unless it was preceded by and based upon a solid foundation of union-management accommodation in those areas where there was bound to be some divergence in their respective interests.² The emphasis which was

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¹ The Board of Directors, The Tennessee Valley Authority, The TVA Employee Relationship Policy, 1935, p. 10.

² It should be noted that other successful examples of union-management cooperation do not support the conclusion that such ventures must be preceded and based upon a satisfactory collective bargaining relationship. When the Scanlon Plan was adopted by union and management in the Lapoint Tool and Die Company, for example, it was tried almost in desperation. Their collective bargaining relationship was so bad that the parties were willing to try almost anything. That cooperation did (Continued)
placed upon this point is suggested by the remarks of a former Chairman of TVA:

I do not think this system—the union-management cooperative program—would work in TVA if we had started to build this cooperative system first and had postponed the thornier problems of union recognition, majority representation, collective bargaining agreements, and improvement of grievance procedures. Those are the things which over a period of time establish working relationships between employees and management, that are threaded together by abiding new faith and confidence and which tests and tests alone can prove exist. This has been the capstone of a broader job of building. If foundations had not been developed jointly, I do not think we would have union-management cooperation committees.1

Reflecting this view the Board of Directors stressed that the parties should first structure a workable accommodation process before attempting to develop a formal framework for union-management cooperation.

Footnote continued
prove highly successful in this environment suggests that it is not necessarily true that such a development should or must be based on a sound accommodation process. I would tend to argue myself, however, that such an undertaking is more likely to prove successful where it is (as it was in TVA) a logical outgrowth of a mature bargaining relationship in which the desire of both parties is to make the institution of collective bargaining as fruitful as possible. In the public service, of course, an even more basic complication is involved. If unions of government employees are not even recognized as such, it is unlikely that they will lend their organized support to any sort of formal labour-management cooperation. It would, in fact, be an error for them to do so from a strategic point of view. It does seem reasonable to conclude, therefore, that a primary prerequisite of such cooperation is the formal recognition and acceptance of a legitimate role for the employee organizations involved.

1 Gordon R. Clapp, Union-Management Cooperative Program in TVA (a speech before the Federal Personnel Council at a meeting held in Washington, D. C., on April 24, 1952), p. 6. Mimeographed in the files of the Authority.
Having achieved the former at a relatively early stage in their relationship, it is surprising that a formal cooperative program did not emerge earlier than it did. The actual impetus for such a program was provided by World War II. As did many industries during this period, TVA established a number of labour-management councils throughout its operations. Unlike most of these wartime councils, however, the TVA councils survived the war and continued to expand in number and significance. The nature and scope of the current cooperative program in TVA is specified in all collective agreements to which it is a party. The following clause is typical:

TVA and the Council, having recognized that cooperation between management and the employees is indispensable to the accomplishment of the purposes for which TVA has been established, maintain and support a Central Joint Cooperative Committee and local joint cooperative committees as an effective means by which to foster such cooperation.

These cooperative committees give consideration to such matters as the elimination of waste; the conservation of materials, supplies and energy; the improvement of quality of workmanship and services; the promotion of education and training; the correction of conditions making for misunderstandings; the encouragement of courtesy in the relations of employees with the public; the safeguarding of health; the prevention of hazards to life and property; and the strengthening of the morale of the service. The committees shall, however, not consider and act upon subjects or disputes the adjustment of which is provided by Articles VI, VII, and VIII which deal in turn with jurisdictional boundaries, grievances and collective bargaining matters in general of this agreement.1

The latter qualification is especially important. As far as TVA union and management are concerned, formal cooperation must not only be based on a foundation of effective collective bargaining but it must also avoid impinging on matters which are properly the subject of such bargaining. As a result union-management cooperation in TVA has in no way been a substitute for collective bargaining and has never been so conceived.¹

**Organization for Cooperation**

The Tennessee Valley Trades and Labor Council and the TVA Salary Policy Employee Panel both sponsor jointly with the Authority a formal program of cooperation between their respective members and TVA management. Each of these programs is based upon a system of joint committees: those involving the Council unions and their members are known as Cooperative Committees and those involving the Panel unions and their members as Cooperative Conferences. Since there are many parallels between the two programs only one of them need be discussed here.

1. **The Central Joint Cooperative Committee**

To promote and develop cooperation between employees and management, TVA and the Council maintain a Central Joint Cooperative Committee.

¹ The same thing is true of the Scanlon Plan approach to union-management cooperation. In both cases, however, the dividing line between matters appropriate for discussion under the cooperative program as opposed to those which are essentially matters for determination through the collective bargaining process is sometimes very difficult to draw. It is, in fact, almost impossible to draw such a line. The distinction is, nonetheless, a meaningful one which can be applied with little difficulty in most situations.
It is composed of the same representatives who constitute the bargaining committees for the respective parties. In their new capacities, however, they do not negotiate over differences but attempt rather to provide an environment and framework within which employees and management can work together to resolve their mutual problems. Although this Committee meets only periodically, its function and purpose should not be minimized. It is responsible for sponsoring the overall cooperative program, for supervising the publication of the monthly bulletins issued under the auspices of the program, and for arranging the annual valley-wide meeting. The nature and importance of these responsibilities will become more apparent as the analysis proceeds.

(2) The Local Cooperative Committees

Fundamental to union-management cooperation in TVA are the local plant, area or project cooperative committees. These are established only at the instigation of local union and management. Both are encouraged to form such committees, but it is felt that they will only prove effective and enduring if they are actually created at the request of the local parties themselves. The size of these committees varies considerably depending on local circumstances. They are usually composed of roughly the same number of representatives from each side and are chaired, on an alternating basis, by the employee and management co-chairmen. Discussion is generally uninhibited and friendly, although in some of the meetings I attended there was a tendency for some management officials to dominate and stifle the discussion.1

1 This tendency did not appear to reflect the nature of the subject matter under discussion, but appeared, instead, to be a general (Continued)
Local committees usually meet on a monthly basis although here again the local conditions are the determining factor. The order of business runs about as follows. Often, and especially on construction projects, management will open the meeting by giving a progress report. This usually summarizes progress on the particular job, highlights some of the obstacles and problems to be overcome, and outlines the future outlook. General TVA problems may also be introduced and discussed during this stage in the proceedings. This is normally followed by a review of suggestions in the process of being implemented and by a reconsideration of those suggestions carried over from the previous meeting for further study. New suggestions are then submitted in detail and are analyzed at some length. Such suggestions may entail anything from a minor aspect of hygiene or safety to a highly technical proposal designed to improve productive efficiency.

Suggestions tend to receive more emphasis in the trades and labour cooperative committees than they do in the white-collar cooperative

Footnote continued
phenomenon where it existed at all. Local union representatives (as well as some personnel officials) attributed such behaviour to the still prevalent feeling among some line elements that the whole cooperative program was something to be tolerated rather than accepted. This attitude is gradually diminishing, however, and as it does so the effectiveness of the program will probably increase. It does serve to illustrate, on the other hand, the natural resistance in line quarters to such ventures and the time that it often takes to disabuse line officials of their fears and misgivings in this area.

1 Some committees representing rural operating regions, for example, only meet semi-annually. All concerned with such committees express dissatisfaction with these arrangements. They feel that their meetings are so few and far between that there is little continuity and that the interest in and the effectiveness of the program are greatly reduced under such circumstances.
conferences. To a certain extent this is a reflection of differences inherent in the nature of the work of the two groups. As a result there tends to be correspondingly more interest in such things as bond drives and community chest campaigns in the conferences than there does in the committees.¹ My impression was that too much time was devoted to such matters in the former and that a concerted effort should be made to develop among the affected employees a greater awareness of the need for suggestions as to how to improve work methods and procedures in their areas. While the nature of trades and labour work lends itself more readily to such suggestions, I fail to see myself why similar results could not be realized from clerical and related workers if the environment was properly cultivated.

(3) **The Annual Valley-Wide Cooperative Conference Meeting** ²

One of the most exciting and fascinating aspects of union-management cooperation in TVA is the annual valley-wide meetings, one each held in conjunction with the cooperative committee and cooperative conference programs. These are institutions in and of themselves. Consider, for example, the Annual Valley-Wide Cooperative Conference Meeting. In attendance are the TVA Board of Directors, numerous other

¹ This tended to reflect itself in the attitudes of the management officials involved in the two programs. Those involved in the trades and labour committees seemed to be far more impressed by their results than did their counterparts on the white-collar conferences.

² In this instance the valley-wide conference rather than the valley-wide committee meeting is discussed because the author was able to attend one of the former and could not arrange to attend one of the latter.
top management officials, many high-level union representatives and approximately 200 local cooperative conference members from both union and management. The meeting usually lasts one and one-half to two days. During this period there is included a review of progress in the last year, discussions as to how to improve the cooperative program, an appropriate number of social hours, and the usual rostrum of speakers. Although I felt that some of the activities tended to be unduly time-consuming and tedious (such as the review by each local cooperative conference of its most distinguished accomplishments in the past year), I would not for a moment discount the value of such meetings. There is, in fact, as the following discussion suggests, an immense and irretrievable value inherent in these sessions.

One of the most striking features of these valley-wide meetings appears to have become even more significant in recent years. At least one TVA Board member, as well as other top-level management officials, addresses the meeting on one or two of the major problems confronting the Authority. At the meeting I attended, for example, Board members explained in considerable detail two extremely significant controversies in which TVA was then embroiled. One of these had to do with the proposed self-financing of TVA's power operations which was then being considered by Congress and was of vital concern to the Authority. The other concerned the then raging debate over the TVA multi-million dollar purchase of foreign generators. In both instances a number of questions were raised by the attending delegates and were answered by the speakers. This sort of thing, on this scale, is probably unheard of in American industry. Imagine a stockholder-type meeting for over
one hundred employee representatives. Yet the value of such a meeting is tremendous. This could be seen by the attention given the various speakers, by the questions which were asked, and by the amount of such information which was conveyed back to the local cooperative conferences and thereby, indirectly, to the employee body in general.

The values inherent in this particular aspect of union-management cooperative in TVA are impossible to measure. It brings together union and management representatives, and employees and supervisors, in a completely different atmosphere than that to which they are normally accustomed in their day-to-day relations. It permits them to get to know one another and to share their mutual shortcomings and accomplishments in an environment which is conducive to the development of better understanding. By itself such an achievement would probably be superficial and meaningless. It might even do more harm than good. When combined with TVA's overall philosophy of management, however, and with the nature of the general relationship between union and management in the Authority, it appears to contribute greatly to the morale of the TVA work force.1

1 The basis of this conclusion rests entirely on the many interviews I held with local union and management representatives as well as with a scattered sample of rank-and-file employees.
a willingness to consider some sort of an individual award system, it was formally discussed by most of the cooperative committees and conferences. It was mutually decided, however, that such a system would be inconsistent with the underlying assumptions of the program. The thinking of the majority of the Employee Representatives on this matter has been summarized quite accurately in the following words:

Many suggestion systems include a scale of cash awards, the amount of the awards depending on the value of suggestions accepted. This question of cash awards came up early in the discussion of TVA’s cooperative committee program. The cooperative committees voted against adopting such a system in TVA. The employee representatives said it would glorify individual instead of group contribution. They said it would make employees secretive about their ideas instead of encouraging them to talk about them to their supervisors or fellow workers in order to improve the ideas before they were turned in as suggestions. They said it would eliminate any suggestions except those on which a cash value could be placed and this would eliminate those offered for the improvement of employee morale and minor working conditions and safety. Most important of all, they said it was difficult to know who really had an idea first, and if somebody made a suggestion that another employee might also have conceived, jealousy and hard feeling would develop within the group which would destroy teamwork.¹

The logic behind these arguments is almost irrefutable, at least as they apply to monetary incentive systems based on individual cash awards. The same objections, on the other hand, would probably not apply to a group incentive plan. Although the TVA experience proves

that no monetary incentive is necessary to enlist effective employee interest and cooperation, it would be difficult to deny the potential motivational value inherent in such an incentive. This would be especially great where the appeal was to the employee body as a whole and not just to individual employees. The difficulties which would be encountered with such a system (at least in TVA) would not be of the type mentioned in the previous quotation but would be of a more practical nature. The problem would be to develop a meaningful standard upon which to base such an incentive. Since TVA does not make a profit, this eliminates the possibility of any form of profit-sharing. Nor would it be possible to base such an incentive on some sort of a labour-cost of production ratio.1 Not only would it be difficult to derive an appropriate cost of production index in the Authority, but it would also be difficult to apply a labour-cost of production ratio to anything but the overall TVA operation. Such an incentive might not be meaningful to the individual employees and therefore would not serve its purpose effectively. Further exploration in this area, however, might reveal a method by which some sort of a meaningful ratio could be developed. It would be especially significant if some sort of a ratio could be derived for each of the many local plants, areas and projects.

These remarks are not meant to suggest that the TVA program is now meaningless because it is not tied in with a group incentive. Quite the contrary. Indeed, what is particularly noteworthy about

1 As is done under the Scanlon Plan.
the cooperative program in TVA is the fact that it has been so effective in the absence of such an incentive. Nevertheless it is quite conceivable that the program could be even more effective than it has been to date if such an incentive were tied in with it.

The Value of Formal Union-Management Cooperation

From management's point of view the advantages of a formal union-management cooperation program are both tangible and intangible. This is also true of the employees and their unions although in their case the intangible advantages would appear to outweigh the more tangible ones. Although the line between these various tangible and intangible values is sometimes difficult to discern, it will be useful to organize the discussion in accordance with such a distinction.

(1) Tangible Benefits

A number of tangible benefits can be attributed to the formal union-management cooperative program in TVA. A brief review of some of these will suggest their significance.

(a) One of the most common and fruitful areas of cooperation is in the field of technical suggestions for more efficient production. TVA records revealed that by 1955 approximately 8,000 suggestions had been submitted since formal union-management cooperation was inaugurated in the Authority during the early stages of World War II. Between one-third and one-half of these dealt with ways of doing the job better, quicker and cheaper. Some of these suggestions have been
most impressive. One Operating Superintendent summarized his evaluation of this aspect of the program as follows:

It never ceases to amaze me how many solutions come up from the boys once we admit that we don't have all the answers and we ask them for their help on a particular problem.

The total savings entailed in such suggestions is difficult to estimate. They have certainly contributed to TVA's overall goal of greater efficiency but by how much they have done so it is impossible to say.

(b) Many suggestions have led to better safety procedures and to improved working conditions in general. This tends to eliminate minor irritants and inconveniences before they become needless complaints or grievances. It also illustrates, as was mentioned in a previous footnote, the impracticability of attempting to draw a hard and fast line between matters fit for consideration under the cooperative program and those appropriately handled by collective bargaining.

(c) The cooperative program has also immensely improved communications between employees and management in the Authority. It has provided a natural two-way medium of communications not only in terms of word-of-mouth but also in terms of the monthly bulletins which are issued jointly under the auspices of TVA and the Central Joint Cooperative Committee and of TVA and the Central Joint Cooperative Conference. According to representatives of both union and management

1 Space does not permit a detailed review of the nature and significance of such suggestions.

2 The former publication is entitled Teamwork and the latter Wire.
the value of this contribution is difficult to exaggerate.

(d) A final consideration to be mentioned under the heading of tangible benefits relates to the handling of community projects in the different localities. Whether it is a blood drive or a government bond drive, a local mercy mission or the annual community chest drive, TVA experience indicates that such projects are bound to be far more effective if they are sponsored and administered jointly by union and management.

(2) Intangible Benefits

As important as the tangible benefits of union-management cooperation may be, they are probably far outweighed by the more intangible benefits which stem from such cooperation. This assertion would appear to be borne out by TVA experience.

(a) Union and management representatives in TVA both claim that the cooperative program has had an important impact upon the individual employee's identification with his work and upon his morale in general. As one TVA official observed:

But the big result...that comes from these arrangements, these devices for cooperation, is the new meaning for the individual. He gains an idea of the importance of what he can do to influence the results of an agency that means something to the lives of many people outside the employment roles.

That union-management cooperation in TVA has made a significant contribution to the morale of its work force would be difficult to deny. Especially important in this respect has been the extent to which it has lent more meaning to the individual employee's work. In my estimation, this would, by itself, more than justify any of the costs associated with the program.
(b) Related to the questions of job identification and morale is the equally important matter of on-the-job employee-management relations. In terms of the relationship between supervisors and job stewards the cooperative program appears to have had a major impact.

Another less tangible result of this program of employee-management cooperation has been the better relationships on the job which result from people meeting regularly to discuss and explore their mutual interests. People who see each other only to discuss grievances or complaints are not in the best position to appreciate fully each other's merits and responsibilities. No matter how intelligent the job steward or how fair the supervisor, their relationship cannot avoid being controversial much of the time. The cooperative program brings representatives of management and labour together on an entirely different basis. They meet as a committee, not on opposite sides of a bargaining table... Relationships which were strained and difficult have become more informal and friendly.1

There seems to be no doubt of the salutary effect which the cooperative program has had on all levels of the union-management relationship in TVA. This is considered more fully in the next sub-section. Whether the same effect could be attributed to the program in terms of employee-supervisor relations is, however, a more difficult question to answer. There is reason to believe that the effect on this aspect of labour-management relations in TVA could be much greater than it has been to date. This conclusion is analyzed in more detail in the following section.

1 George F. Gant, Employee Participation in TVA, op. cit., pp. 10-11.
(c) There is no doubt, on the other hand, that the cooperative program has improved the general climate of union-management relations in TVA. This was attested to by almost every union and management official with whom I had contact. Typical of their comments in this area was the observation of one International Union Representative:

Through the Cooperative Committees we've got to know and understand each other much better. It's made a great deal of difference in our attitudes. We have more confidence in management. We know they will give us a fair hearing. There was a time when I would hardly talk with management. Now I don't hesitate to drop in for a moment or two on any problem.

A management official reflected a similar viewpoint when he spoke of his impression of the real significance of the suggestions submitted under the program:

They merely provide the excuse for getting together... The important thing is to get union and management people to sit down around a table and discuss problems of mutual interest.

While this is certainly one of the program's greatest advantages, it may be, at the same time, an indication of one of its inherent weaknesses. In some respects, as is suggested in the following section, the TVA cooperative program has become more of a means to an end than an end in itself. This is not to suggest that the two are incompatible but only that it would be a mistake, in my mind, to emphasize the one or the other at the expense of the other. For the moment, however, the important thing to note is the striking contribution which the cooperative program has made to the development of a much more understanding relationship between union and management in TVA than might otherwise have been the case.
(d) Two other effects of the program deserve brief attention before this section is concluded. Not only has it facilitated a better understanding between union and management but it has also improved relations between the different unions themselves. This is particularly important with respect to the building trades unions on the construction projects. By learning to cooperate with management they have also developed a better relationship between and among themselves. This has facilitated the resolution of jurisdictional disputes and has contributed to a much better working relationship among the different crafts than normally prevails.

Management development has also been facilitated by the cooperative program. In fact, a former Chairman of the Authority has gone so far as to say:

I know of no more effective device at work in the TVA to train management, to improve supervision, and to test supervision, and to locate and discover potential leadership in managerial ranges, than this system.¹

This provides an excellent final example of the type of indirect benefits which can flow from a formal system of union-management cooperation.

¹ Gordon R. Clapp, Union-Management Cooperative Program in TVA, op. cit., p. 5.
A Critical Evaluation of Union-Management Cooperation in TVA

In spite of their pride in what they have already accomplished, neither union nor management in TVA is fully satisfied with the existing cooperative program. Indeed, many officials expressed the belief that the parties had only just begun to make progress in this area. One high-level union official was extremely critical. He concluded, rather acidly: "Cooperation won't succeed if it's only practiced one day in each month."\(^1\) Another union representative was more general in his criticisms; he felt that, "The proper environment to create freedom of expression is not yet present." Both of these quotations reflect a feeling which is prevalent among many union (and management) officials. They feel that on-the-job cooperation has a long way to go and that the monthly cooperative committee meetings, as successful as they may have been, are not the telling factor in the overall effectiveness of the program. Many TVA officials agree with this interpretation. Reflecting this viewpoint, for example, one management official concluded: "We're only developing about 5 per cent of the potential that exists in cooperative efforts." There would thus appear to be a general consensus in TVA that much remains to be done in the way of developing effective cooperative relations.

There is certainly room for improvement in the program. It has already been suggested that one thing that may be needed is some

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\(^1\) This and the following quotations were made in the context of interviews dealing solely with the cooperative program itself. As far as I was able to perceive, they were directed only at deficiencies in the latter and not at any misgivings concerning the nature of the overall union-management relationship in the Authority.
sort of a group incentive. This would probably develop more interest in the program among the general employee body and would likely motivate the individual worker to participate more actively in it. But such an incentive by itself would probably not be enough. A number of more fundamental problems are inherent in the program as it exists today. At least to some extent, these reflect the tendency, mentioned above, to visualize the program as more of a means to an end than an end in itself. It was seen as a means to improving union-management relations in general more than it was as something inherently desirable regardless of its effect on the latter. Although it would be unfair to over-emphasize this point, it would be equally unrealistic to ignore it altogether. Its influence can be seen in a number of the following areas.

(1) The Degree of Involvement of the Individual Employee in the Cooperative Program

The latter point is especially evident when one examines the degree of involvement of the individual employee in the program. In all too many local cooperative meetings the emphasis is on contact between union and management representatives rather than on that between employees as such and their supervisors (either immediate, once removed or otherwise). This is particularly true of those cases where the job steward is automatically the employee representative on the local cooperative committee. While in many locations the position is rotated

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1 This may not have been the intention behind the initial establishment of the program but it seems to me that such an intention is inherent in the way it has worked out.
among the men in question or is subject to a separate and distinct
election from that of the job steward, in the majority of cases, at
least among trades and labour employees, the job steward automatically
attends as the employee representative. To enlist a greater degree of
employee participation in the program one of the two former procedures
is probably to be preferred. On the other hand, if the major purpose
of the program is, indeed, to promote understanding between union and
management representatives, then of course the latter procedure is to
be favoured.

(2) The Use of Production Committees

Related to this is the need for the more effective use of what
might be called production committees. These would be two-man
committees at the lowest organizational levels in the particular
operation covered by a specific local cooperative committee. Such
committees now exist in TVA but they are not broken down as finely as
they might be and they are not functioning as effectively as they
could be.¹ Here again, there is also the need to consider the means
whereby the employee member of such committee attains his position.
The most appropriate procedure would depend, as was emphasized in the
previous sub-section, on the primary purpose of the program. Regardless
of this consideration, the importance of such committees should not
be minimized. The value of such a program is likely to depend very
much on the nature and effectiveness of this level of its operations.

¹ Experience under the Scanlon Plan would again be instructive in
this area.
(3) The Role of Lower Line Management in the Union-Management Cooperative Program

One of the most serious weaknesses in the cooperative program in TVA stems from the degree to which it has jeopardized the position of lower line management. In many cases the job stewards represent the employees on a local cooperative committee while senior line officials in the locality represent management. In effect this completely bypasses lower line management. In some instances the effect of this situation has been alleviated by having the foreman and other lower line supervisors attend the cooperative meetings on some sort of a rotational basis. This has not really resolved the problem, however, and it will probably require more attention in the future than it has received in the past. If the cooperative program is to realize its full potential, it would seem almost axiomatic that it must have the wholehearted support of lower line management. This is not likely to be forthcoming as long as they feel that the program is bypassing them.

(lb) The Separation of the Program into Cooperative Committees and Cooperative Conferences

Under the Scanlon Plan, one of the most encouraging features has been the cooperation engendered between white- and blue-collar workers.

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1 This is true, of course, of the collective bargaining process in general. In the latter area, however, it is not as vexing to line supervisors because they have grown accustomed to it and have learned to understand the need for it. On the cooperative committees, on the other hand, matters are discussed which have a direct bearing on the efficient management of the Authority. Line supervisors tend to resent the fact that such matters should be discussed with their subordinates in their absence.
Experience under the Plan suggests, in fact, that the benefits which flow from such cooperation may even be greater than those which flow from formal cooperation within the two separate groups. In TVA, in contrast, the historical separation of the two groups for purposes of the cooperative program has not been conducive to the development of such cooperation. The reasons for this separation can, of course, be traced to the identical separation of the two groups for bargaining purposes. As long as the means-to-an-end concept of formal union-management cooperation prevails in the Authority, there is naturally no incentive for combining the two programs. From the point of view of developing the maximum potential inherent in such programs, on the other hand, this dichotomy is difficult to justify. Much could probably be gained from some sort of a partial or complete coalescence of the two separate programs.

(5) The Future of Union-Management Cooperation in TVA

In spite of the qualifications suggested above, union and management in TVA have now built a sound foundation upon which to further develop their formal cooperative relations. The effectiveness of their efforts to date has been handicapped by the disproportionate amount of their time which the parties have spent in trying to develop cooperative relations. Indeed, the parties have spent more time attempting to facilitate and enlist cooperation than they have in trying to analyze what they wanted to do with it once they had it. The former task has now been largely accomplished. Initial skepticism among line management, for example, has been largely overcome. The parties must now tackle the more difficult task of deciding how better to utilize
the cooperative framework which has been structured. There are, even now, many signs that this is already taking place. The innovation described with respect to the Annual Valley-Wide Meetings is one example of their progress in this area. Another is the increasing trend apparent throughout the organization for management to present particular problems to the cooperative committees. In some cases such problems have been posted on bulletin boards with exceptionally gratifying results. More of this is likely to develop in the future.

The greatest problem in the long run will be to maintain interest in the program. This can probably be done if the program is brought closer to the employees themselves. It will then become more of an employee-management cooperation plan as distinct from what is today, primarily a union-management cooperation plan.

Joint Training and Apprenticeship Programs in TVA

Union-management cooperation in TVA is not confined to the formal programs already described. It tends to permeate their entire relationship. An excellent illustration of one of its more specific outlets relates to the handling of training and apprenticeship in the Authority. TVA policy on these matters is accurately described by the following:

When a training program which is designed to provide a means of establishing eligibility for placement or promotion is being considered, the personnel officer indicates to the employee organization which represents the group of employees for whom the training is being planned the responsibility which it would be expected to assume under joint administration. If the employee organization wishes to participate in the planning and administration of the training program, a joint training committee is formed...
Joint training committees have responsibility... for planning and administering programs which provide a means of establishing eligibility for placement or promotion.

The apprenticeship program in TVA provides a good example of this type of joint training. Since 1938 TVA and the Tennessee Valley Trades and Labor Council have maintained a Central Joint Council on Apprenticeship. This body exercises general supervision over all apprenticeship programs in the Authority. At each operating centre which is involved in such programs a Local Joint Apprenticeship Committee and appropriate Craft Subcommittees are established. These groups are responsible for the actual operation of each program within their respective jurisdictions. Each program is truly a joint venture. From the initial planning of the program to the final determination of those candidates who have successfully qualified under it, such programs are mutual and joint undertakings. Both union and management, and especially the former, are deservedly proud of their achievements in this area. An indication of the quality of these apprenticeship courses is provided by the experience of men who have failed to make the grade in the TVA-Council joint training program for electrical operators. Such men have had no difficulty in securing positions, some as qualified operators, in neighbouring electric utilities. An even better indication of the effectiveness of the overall apprenticeship program in TVA was the tribute paid it by the Director of the

1 TVA Division of Personnel, Joint Training Committees (Interdivisional Instruction, effective September 1, 1955), p. 1.
Apprenticeship Training Service of the United States Department of Labor:

The training program which the TVA has worked out over a period of years may...legitimately be offered as an example of what a major private business establishment can and should do in the training of its apprentices.¹

More recent reports on the TVA program by the same Apprenticeship Service have been equally flattering.²

Union-management cooperation in TVA really began with its joint training and apprenticeship programs. The latter remain today one of the outstanding features of this aspect of labour-management relations in the Authority. It was in these areas that union and management in TVA first realized the advantages of joint undertakings in areas of mutual interest and concern.

Union-Management Cooperation in Ontario Hydro

Although the Commission has promoted formal union-management cooperation with the other bargaining agents with which it deals, it has never done so in the case of OHEU. After a brief examination of the former programs, the rest of this section will be devoted to a consideration of the absence of such a program with respect to the


² Since joint apprenticeship training was adopted in TVA (in 1938), over 1,500 fully qualified journeymen have been graduated in a total of eighteen different crafts.
relationship between the OHEU and the Commission and to a consideration of the likelihood of such a program emerging in the future.

(1) Formal Union-Management Cooperative Programs in Ontario Hydro

In its relationship with the Ontario Hydro Allied Council of Construction Unions (the Allied Council), the Commission has sponsored a number of labour-management cooperative committees on many of its recent construction projects. In almost every case these have been attended with a great deal of success. The following brief description of two of these committees is typical:

Employees and management of the Ontario Hydro Electric Power Commission at construction projects at Whitedog and Caribou Falls found that the organization of labour-management committees at the different sites contributed greatly both to efficient operations in the building of the dams and power plants and to better camp life.¹

Of even broader significance is the following statement which appeared in the final issue of St. Lawrence Power, a bulletin published by the St. Lawrence Power Project Labour Relations Association, an organization in which the Commission controlled over 50 per cent of the voting power:

It is only fitting that the story of union-management Project co-operation should be recognized because we are justly proud of it, and we think that in every accomplishment achieved through co-operation there is a lesson to be learned by others. When co-operation is the rule rather than the exception in an organization little publicity is given to the fact. Should the opposite condition prevail everyone becomes aware of the unhappy state.

¹ Labour-Management Co-operation Service, Industrial Relations Branch, Department of Labour, Canada, Teamwork in Industry (Vol. XV, No. 9, October, 1958), p. 3.
These groups [the unions and contractors involved in the Project] can be justly proud of their achievement and, in future, point to this project as an example of how groups with differing views can get together, talk out their problems, and inevitably come up with a solution that is palatable to all.

The Commission also engages in a formal cooperative program with the International Union of Operating Engineers in the two steam plants in which the latter is the bargaining agent for the majority of the employees involved. Two types of meetings are held in these plants. One set is usually held monthly and in purpose, structure and operation is almost identical to the Cooperative Committees in TVA. In fact, these particular committees are known by the same name. The other type of meeting is held periodically for the purpose of examining the current state of the relationship. Both union and management "get things off their chests" and then go on to discuss constructively how their relationship could be improved. The purpose of this meeting is really to clear the atmosphere. Both types of meetings have apparently proved extremely successful.

Thus, with two of its bargaining agents, the Commission has sponsored and maintained a formal program of union-management cooperation. In both cases the results have been gratifying and in neither instance has either party proposed that all such meetings be discontinued.
(2) Formal Union-Management Cooperation and the OHEU

Although the Commission has engaged in effective union-management cooperation with its other bargaining agents, it has never seriously promoted a similar program with the OHEU. The reason for this dichotomy is not clear. The Commission did at one time consider such a program but after an abortive attempt to institute joint councils in one head office department evidently rejected the whole idea. The one attempt made to institute such a program occurred in one of the departments in the engineering division in which a number of Engineering Joint Councils were established. Composed of departmental line officials and representatives from the OHEU (then the Employees Association) and from the Society of Ontario Hydro Professional Engineers, these councils were intended to function in the same manner as the cooperative committees and conferences in TVA. For reasons which no one in Hydro seems able to explain, these Councils never really got off the ground and appear to have simply died a natural death. Later on, in the same division, a Joint Engineering Effectiveness Program was established under the auspices of the Society and the Commission but this did not involve the OHEU. This program too apparently collapsed before it really had a chance to get started.

After the Commission decided against the idea of formal union-management cooperation with the OHEU, it embarked upon a prolonged study and analysis of various suggestion plans. In June, 1957, after

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1 It should be noted that this was not a question which was discussed formally with the union except in connection with the joint councils already described.
much procrastination, it finally introduced a plan of its own. Centrally and unilaterally administered by a top-level management committee, the plan is based upon an individual award system. Although it is too early to judge the long-run merits of the plan, its results to date do not give rise to an optimistic interpretation. For many of those who were involved in its development, it has been somewhat of a disappointment to say the least. Those who are familiar with the nature and results of both the Suggestion Plan and the formal cooperative committees discussed in the previous sub-section are convinced that the latter provide a far more effective medium of employee-management cooperation regardless of the criteria used to compare the two devices.

Despite the lack of a formal cooperative program between the OHEU and the Commission, it would be unfair to suggest that cooperative relations between the parties are totally lacking. There is, in fact, a good deal of informal cooperation. 1 Surprisingly enough, however, this cooperation has been largely confined to areas which one would normally associate with conflict between union and management. Yet some of the recent successes which the parties have had in resolving their problems (as described in Chapter 8) have certainly been marked by a type of union-management cooperation. 2 If the parties can cooperate in resolving matters of conflict, the likelihood of their

1 In line with the reasoning developed in Chapters 8 and 9, there is evidence to suggest that such cooperation is gradually becoming a thing of the past.

2 Although it would probably be more accurate to characterize these as signs of a healthy union-management accommodation process, it is not unrealistic or deceptive, in the present context, to consider them examples of a form of union-management cooperation.
developing even more effective cooperation with respect to matters of mutual interest should be even greater. Yet management resists such a development. In recent years, for example, the Commission has repeatedly rejected the union's request for the formation of a joint apprenticeship committee to consider the development of a formal union-management program in this area.

The Commission's reluctance to agree to such a proposal appears to stem from a number of considerations. The most frequently voiced of these is management's contention that the parties already spend too much time and money on joint committee activity. It is able to point to the fact that in 1957 alone, for example, special joint committees met together for a total of forty-six days. Although they accomplished a considerable amount of constructive work, there is no doubt that they also wasted a good deal of time. Both sides bear some of the responsibility for this state of affairs. Management, for example, is partially justified when it claims that some union representatives on these committees are just as glad to prolong the deliberations because of the opportunity it gives them to spend a few days off the job. But the union is on even stronger ground when it argues that the basic reason for the time-consuming nature of such meetings rests with management. The union's representatives are usually better prepared when they come to such meetings and they are usually in command of more authority and discretion than are their management counterparts. When written proposals are the basis of discussion, they are more often than not prepared and presented by the union. The major cause of the problem becomes even more apparent when one relates
the composition of the committees to their effectiveness. Ignoring differences in personalities, there would appear to be a definite positive correlation between the effectiveness of such committees and the degree of authority delegated to the management participants therein.

The root cause of the Commission's reluctance to agree to the establishment of any further joint committees seemed to me, however, to go much deeper than any of the above considerations would appear to suggest. Reflecting the changing nature of the overall relationship between union and management in the Commission, I have already noted the emphasis now being placed by both parties on prerogatives and rights.¹ As these matters become more contentious, the Commission is bound to question anything which is jointly determined or administered. In such an environment management is therefore likely to argue that joint committees and especially the union participants in those committees be restricted to a consultative role.² It can readily rationalize such a position. Unless the union is prepared to bear joint responsibility for administering the decisions arrived at by such committees, it can be argued that it has no right to participate in the making of those decisions. Since to do both, however, is inconsistent with the union's policing or protection function, it can be further

¹ See Chapters 8 and 9.

² This is, in fact, what the Commission has already proposed in connection with certain existing committees.
argued that it should do neither.\textsuperscript{1} To carry such an argument to the extreme, of course, would be to imply that a union should not engage in formal collective bargaining at all or at least that it should not commit itself to a written agreement as part of that process. Even in this extreme form there is a good deal of logic to such an argument. In fact, it is largely to counter such reasoning that there is a grievance procedure in almost all collective agreements on this continent. The written agreement provides the framework within which the parties must co-exist from year to year. Under such an agreement management retains the right to administer its work forces and, indeed, the collective agreement itself, but at all times it exercises those rights subject to the union's right to dispute its actions under the grievance procedure.

Essentially the same argument can be applied to the use of special joint committees in Ontario Hydro. They are normally created to try and resolve particular problems confronting the parties. Neither union nor management is committed to anything beforehand. As a result, if they are unable to agree to a solution of the problem, there is no change whatsoever in the situation. The Commission's prerogatives have in no way been jeopardized. It remains free to make any decisions that it chooses to make and to implement them. At the same time, however, it does remain subject to the union's right to file grievances and/or to insist on a revision in those decisions during the next set of negotiations. It is, in fact, to avoid such an outcome that joint

\textsuperscript{1} Some Commission officials strongly assert such a view.
committees have been used so extensively in the Commission in the past. If they are able to realize a mutually acceptable solution to the particular problem at hand, both sides stand to benefit. A framework is established for the handling of such questions in the future without the need to resort to prolonged grievance proceedings or to complicate ensuing negotiations. Here again, however, this does not mean that the Commission has sacrificed any prerogatives. In the first place, it does not have to agree to any solution. It only does so if it believes it to be in its interest. Secondly, it retains the right to administer any proposals that it agrees to. The union, on its part, has in no way jeopardized its protective or policing function. It too has agreed to the solution only because it felt it to be in its interests to do so. By doing so, however, it has not given up the right to grieve against management's interpretation of that agreement nor to seek a change in it later on if it so desires.

If the OHEU was demanding that the Commission agree to a clause in the Collective Agreement which would restrict management's ability to act in accordance with its interpretation of that agreement, or if it was demanding the right to be consulted or the right to veto such action before it was taken, then the Commission would, indeed, have reason to be concerned. The present use of joint committees in the Commission presents no such threats. They afford instead an opportunity to gain those advantages which flow from prior agreement on the many matters which are likely to complicate a union-management relationship such as that which exists in Ontario Hydro. They would appear to entail no risks and offer many potential advantages.
What can be said of the role of special joint committees in the relationship between the OHEU and the Commission can be said even more conclusively of the possible adoption of some sort of joint cooperative committees by the parties. Just as the institution of such committees has proved fruitful to union and management in TVA and just as similar committees proved successful in the Commission’s relations with its other bargaining agents, there is reason to believe that such a venture would have a beneficial effect on its relationship with the OHEU. The advantages inherent in union-management cooperation in those areas where their interests are mutual would do much to improve the tone of the overall union-management relationship in the Commission. Such a development could hardly do their relations any harm and might do them a great deal of good.

A Summary Analysis

It is far too easy to think of the possibility of collective bargaining in the public service solely in terms of the problems associated with such a development. This chapter, in contrast to most of the earlier material presented in the study, has dealt with some of the potential advantages inherent in the latter. It has emphasized the point that union-management cooperation can prove just as beneficial to all concerned in government undertakings as it can in private institutions. Particularly enlightening in this respect have been the experiences of union and management in TVA.
The early development of an effective collective bargaining relationship in the Authority was quickly followed by the establishment of a highly successful program of joint training and apprenticeship. Under the impetus of wartime conditions this program was supplemented by the inauguration of an equally impressive cooperation program designed to capitalize on other areas of mutual interest and concern to the parties. Although both union and management in the Authority are justly proud of their accomplishments in these areas, neither side is fully satisfied with their progress to date. There are, in fact, a number of ways in which their cooperative efforts could be improved. Many of these appear to stem from a tendency on the part of both union and management in the Authority to view their cooperative program as a means to an end rather than as an end in itself. It is thus conceived by many union and management officials primarily as a means whereby to improve their overall relationship. To the extent that this attitude has been prevalent, it seems reasonable to conclude that the program is more of a union-management than an employee-management cooperative program. Although neither of these facets of such a program is to be minimized, it seems to me that it would be a mistake to emphasize either one at the expense of the other. In the case of TVA I would argue that this is indeed what has happened. It seems likely, however, that this and other shortcomings in the program will diminish in significances as the parties are able to devote more time and effort to the utilization of the cooperative environment which they have by now largely developed and place less stress on the cultivation of such an
atmosphere. In the long run, therefore, there is likely to be a further maturing of the cooperative relations between union and management in TVA. Although the effectiveness of their efforts to date is hardly to be minimized (in terms of both tangible and intangible values), they may become even more striking in the future.

In spite of its relative success with various forms of union-management cooperation with the other bargaining agents with which it deals, Ontario Hydro management has never engaged in a formal cooperative program with the OHEU. Although it is relatively easy to justify the need for such a program, the trend in the relationship between the parties is not now conducive to its establishment. Recent relations between the OHEU and the Commission, even in areas of conflict, do tend to suggest, however, that there still remains a strong possibility that a formal cooperative program could be successfully adopted and structured by the parties. This is highly unlikely, on the other hand, unless the Commission and the union are able to divorce themselves somewhat from their present concern with rights and prerogatives. As long as such matters remain uppermost in their minds, they are bound to inhibit the development of any sort of formal cooperative relations between them. This is indeed unfortunate since the values inherent in such a venture would probably tend to have a salutary effect upon their relationship as a whole.

Employee-management cooperation is something which would benefit the public as well as the private sectors of our economy. In both areas it is likely to prove more effective if it is accompanied by and, in fact, is based upon an associated union-management cooperative
program. This is probably an impossibility in the public service until some sort of a legitimate role is recognized for unions of government employees. It is unreasonable to expect such organizations to engage in cooperative relations with the government employer unless they are also granted bargaining rights for their members. When and if this is granted, it is quite conceivable that union-management cooperation can play an important part in the development of constructive collective bargaining in the government service.
Introduction

Political interference\(^1\) in government undertakings is not usually considered conducive to the general efficiency of those operations. Nor is it likely to improve the morale of government employees. Regardless of its nature, such intervention is normally the party to some particular interest group rather than to the welfare of the public in general. In spite of its insidious influence, however, few would argue that political interference has been entirely, if indeed even largely, eliminated from the government service. It remains a serious problem at many levels in most governments.

This chapter is concerned with the impact of political considerations upon personnel administration in general and upon union-management relations in particular in the public service. It deals with formal and informal measures which tend to minimize such interference and places particular emphasis on the role which unions can play in that process. Questions are raised, on the other hand, with respect to the involvement of government employees and/or their unions in various forms of political activity. It is suggested that it would be judicious to distinguish between such activity on the part of

\(^1\) Although it might have been wiser to use the expression "improper political interference" instead of simply "political interference," I did not choose to do so because of my general impression that the line between the two is usually more imagined than real. In any event, the type of interference to which I refer is readily apparent in the following discussion.
individual as distinct from that on the part of organized groups of public employees.

It is unfortunate that the nature of these problems do not lend themselves to more searching examination. Because of their sensitivity, individuals closest to the situation are sometimes reluctant to freely discuss them. There is thus a paucity of information readily available to the outside observer. Because of these limitations, this analysis can in no way be considered a definitive treatment of these questions. Its primary purpose is to stimulate further interest in these vital areas by introducing some evidence which is especially pertinent to them.

**Patronage in the Government Service**

In spite of elaborate measures designed to eliminate such influences, political patronage continues to flourish in certain areas of almost every government service. Commenting on the general situation in the federal government in the United States, for example, one authority has observed:

Despite their severity, the civil service regulations and the Hatch Act do not touch the central problem of political influence in the federal service, namely, the interference of Congress and outside politicians with internal administration and personnel processes. Every federal employee, particularly in the field service, knows that the important positions are filled not on the basis of merit and efficiency, but on the basis of political affiliations.1

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Although this account probably exaggerates the situation somewhat, it does suggest the continued prevalence of such considerations.

Although the situation in most jurisdictions in Canada appears to be less serious than in the United States, it still leaves much to be desired. Despite policy statements to the contrary, whole departments in particular administrations are sometimes set aside for the placement of political appointees. In other cases, certain groups of employees, often temporary workers, are excluded entirely from the coverage of legislation designed to protect government employees from political considerations. This sort of arrangement was discreetly but severely chastised by a recent report of the Civil Service Commission of Canada:

Most important of all is the problem of maintaining the merit principle in the Civil Service when so much government employment is not under the Civil Service Act. The Act of 1918 has been highly successful in achieving one of its foremost objectives: the appointment to the Civil Service on the sole basis of qualification and relative merit. Yet preferment on other grounds still persists in certain areas because there is no statutory barrier applicable to the Public Service as a whole. The prevailing rates trades and labour group is a notable case in point but the possibility of deviation from the merit system is still present in other exempt groups. Appointment and promotion based on merit is a well recognized and well honoured principle in the Canadian Civil Service. The fact that it does not apply to the whole Public Service is a matter of concern to all Canadians.1

Although such situations obviously lend themselves to abuse, it is, of course, difficult to detect just to what extent they are abused. There is reason to suspect, however, that far more advantage is taken of these loopholes than is ever subject to public exposure.

One of the most striking achievements of both Ontario Hydro and TVA is the degree to which they have eliminated the possibility and opportunities for such occurrences. In this respect, as in so many others, there is something to be learned from each of their experiences. TVA, for example, illustrates the formal prerequisites for the elimination of political patronage. Ontario Hydro experience, on the other hand, indicates that the integrity of the organization and its top officials is just as important a factor and that it can, in fact, be equally effective in the elimination of political patronage, even in the absence of related formal prohibitions such as those which exist in TVA. What is even more instructive, however, is the role which employee organizations can play in the reduction of such considerations. This too is suggested by recent experience in Ontario Hydro.

(1) **The TVA Experience**

Denoting the importance originally attached to the elimination of any form of political patronage in TVA, the TVA Act itself expressly prohibited any such considerations:

In the appointment of officials and the selection of employees for said Corporation, and in the promotion of any such employees or officials, no political test or qualification shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency. Any member of said board who is found by the President of the United States to be guilty of
a violation of this section shall be removed from office by the President of the United States, and any appointee of said board who is found by the board to be guilty of a violation of this section shall be removed from office by said board.\textsuperscript{1}

The likelihood of these provisions being adhered to is enhanced by the length of tenure and by the procedure by which the TVA Board of Directors is appointed. All three Board members are appointed for overlapping terms of nine years each. Nominated by the President of the United States they must be confirmed by the Senate. In addition, and more important, is the following requirement as specified in the TVA Act itself:

All members of the board shall be persons who profess a belief in the feasibility and wisdom of this Act.\textsuperscript{2}

This includes, of course, a belief in the wisdom and feasibility of eliminating political considerations from the administration of the Authority. To assure compliance with such a belief the Act further requires:

Each member of the board, before entering upon the duties of his office, shall subscribe to an oath (or affirmative) to support the Constitution of the United States and to faithfully and impartially perform the duties imposed upon him by this Act.\textsuperscript{3}

Although the original intention of Congress in passing the TVA Act appears to have been the establishment of a non-partisan Board of

\textsuperscript{1} The Tennessee Valley Authority Act, \textit{op. cit.}, Section 6.
\textsuperscript{2} \textit{Ibid.}, Section 2h.
\textsuperscript{3} \textit{Ibid.}, Section 8c.
Directors, the Eisenhower Administration has interpreted the Act to call for a bi-partisan Board. While this is resented by many management officials in TVA, it is probably the more practical and politically realistic interpretation. In any event, whether the Board is non-partisan or bi-partisan, it is far more likely to uphold the Act's prohibition of political considerations than if it were strictly a partisan Board.¹

In accordance with the above strictures, TVA management appears to have completely eliminated the problem of political patronage. This is attested to not only by union and management officials in TVA itself, but also by a number of politicians and independent authorities who are familiar with the situation in the Authority. Typical of their findings is the following:

In operating outside the civil service and without the protection of ranked registers and "the rule of three" in certification, the TVA has exposed itself to influences of all kinds inimical to the "merit and efficiency" standard. Yet these pressures have been resisted in a way which few would have believed possible. According to all the evidence, patronage requests have been consistently ignored. Mr. James A. Farley, who should know, wrote that A. E. Morgan "never consulted Democratic Senators." Senator McKellar from Tennessee, who has few peers in this line of work, stated in the Senate that, "I do not know of a man I have recommended who has been appointed by TVA; not one." Representative

¹ The significance of the method of appointment and the oath of office were set forth in a recent article in The Reporter (January 9, 1958). Written by Katherine Glover, the article was entitled "TVA: Is Jones The Man For The Job?" It clearly reveals the advantages inherent in the present arrangement although it does lead one to suspect that even the existing procedures could not check a determined effort on the part of the Administration to undermine the spirit and intent of the TVA Act.
Maury Maverick wrote: "Woe to him who applies for a job with the endorsement of a Congressman or Senator. The directors have little comprehension of the political mind; and the personnel department, wholly inexperienced in dealing with politicos, writes unnecessarily sharp letters."¹

Reflecting the latter assertion many TVA union officials were convinced that political connections often did an applicant for employment in TVA far more harm than good. A similar conclusion was also expressed by a former United States Senator:

The TVA has been so anxious to obey that injunction of the Congress /the provision in the TVA Act forbidding political considerations of any kind/ and to be meticulous in the observance of that law that a recommendation by a Member of the Senate or the House was a disadvantage rather than an advantage to those who sought employment.²

The measures designed to eliminate political patronage from the Authority have thus proved highly effective. According to all concerned this has never been and is not now a problem in TVA.

(2) The Ontario Hydro Experience

Although the Power Commission Act of Ontario does not expressly prohibit political patronage in the Commission, Ontario Hydro appears to be remarkably free of this form of political interference. This has not always been the case.³ At one point during the thirties, for

example, the Commission was rocked by political intrigues and there was a wholesale turnover among some of its senior officials for nothing other than political purposes. The situation became so drastic, in fact, that for a time it was questionable whether the Commission could survive the turmoil. Largely as a reflection of this experience politicians in the Province have since been hesitant to use Hydro for patronage purposes. It is almost as if an unwritten truce applies to the Commission. It appears to have been realized that Hydro is too vital to the Province to jeopardize its existence for the sake of political expediency. The party in power will not risk the consequences of doing so, nor will the ever vigilant opposition parties allow it the opportunity to do so.

Organizationaly, however, the Commission is vulnerable to such influences. At the root of the problem is its very composition and the procedure by which its members are appointed. There are none of the protective features such as those which were noted above in connection with TVA. The Commissioners are appointed solely by the provincial cabinet and hold office only during pleasure. It is consequently taken for granted that they would be replaced in the event of a change in government. Furthermore, they are not required to ascribe to an oath of office of the type described with respect to TVA. Because of these features the Commission could indeed be considered an instrument of the incumbent political administration in the Province.

The fact that its resulting vulnerability to patronage pressures has not been recently abused may be attributed to a number of considerations. There is first and foremost the memory of the near-catastrophic
effects of such a policy in the thirties. Not to be minimized, however, is the calibre of some of the past and present commissioners and chairmen and the tradition of political impartiality which they have established. For a number of years now, the Commission has been fortunate, at least in this respect, to have had at its helm men of integrity who were unwilling to cater to the political needs of members of the provincial legislature.¹ Their motivation, however, may not have been entirely altruistic. The political repercussions of bowing to such pressures are not to be minimized. Nor indeed can the role of representatives of the municipal utilities who sit on the Commission be ignored. Ever jealous of the autonomy of the Commission they can be counted on to resist any pressures which might tend to threaten the existing relationship between the government, the Commission and the local utilities. Political patronage is one such tendency.²

¹ This is not to suggest that there have been no such incidents. Many union and management officials claimed to know of a number of instances where political considerations appeared to have had a bearing upon the situation. By their very nature such claims are not easy to substantiate and are almost impossible to document. Nevertheless, in one or two cases of which I was made aware the evidence of political patronage was pretty convincing. On the whole, however, this is certainly not a major problem in the Commission.

² Another excellent example of the watchdog role which such representatives tend to play in connection with the Commission's relationship to the government occurred during the past year. A rumour began to circulate throughout the Province that the government planned to change the status of Hydro by bringing it under closer government scrutiny. The Throne Speech lent substance to this rumour. At one time, in fact, it almost appeared as though the Commission was to become an integral department within the government itself. The Ontario Municipal Electric Association immediately passed a sharply worded resolution informing the government that it would bitterly oppose any change in the status of the Commission. Since that time the government has refuted any suggestion that it ever intended or planned such a drastic change.
As strong as the latter features have been in preventing the infiltration of political considerations into the personnel and especially the hiring practices of the Commission, it must be admitted that they are largely intangible in nature and are therefore readily susceptible to diminution in influence. More tangible and possibly of equal importance has been the role of the OHEU in reducing the opportunity for political interference in such matters. Although such may not have been the conscious and deliberate goal of the union, this has tended, in fact, to be one of its major effects. Because of the nature of the collective agreement between the OHEU and the Commission, present employees who are union members are protected against all forms of political subterfuge. Even temporary employees are now protected to the extent of their seniority by a special layoff and recall procedure. Thus, while it is still conceivable that a change in government could introduce political changes at the middle and upper levels in the Commission, it is not possible for such considerations to pervade the general ranks of the employee body. Nor does management appear to have strongly resisted this development. It gives the Commission the legitimate justification it has always needed to fend off those politicians who would use Ontario Hydro to promote their own political ends.

In connection with the role which the OHEU has played in reducing political considerations in the administration of personnel matters in the Commission, it is interesting to note the comments of others who have studied this general question. Commenting on the interest of government employee unions in extending the merit principle throughout
the civil service, for example, one authority has noted their selfish motivation in doing so:

They actually have an institutional interest in combatting the evils of outside political interference in the service. They know that as long as the individual employee feels that his security and advancement depend upon political influence, he will spare no effort to build up such influence for himself and that his reliance on his union organization for his betterment and protection will be weakened.¹

Another authority observed the same self-interest with respect to the early and well-known efforts of the American Federation of Federal Employees to extend and strengthen the merit principle in the federal civil service in the United States:

It is true, of course, that its motives in this respect are largely self-interested. The maintenance of autonomous unionism in the public service is dependent in substantial measure upon the preservation of the merit system. Group objectives cannot readily be attained through concerted effort in a bureaucracy organized according to spoils principles unless union leadership betrays its responsibilities and becomes a party to a series of odious bargains with political leaders whereby concessions to employees are made in exchange for political support or employee demands are compromised in return for the extension of public favours to union officials.²

For those interested in the elimination of political patronage in the public service, this is, of course, an additional argument in favour of extending to government employees the right to bargain collectively with their employer. Such a policy would permit those responsible for the administration of the public service to devote less of their time

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1 Sterling D. Spero, Government as Employer, op. cit., p. 53.
to the elimination of political patronage and thereby correspondingly more time to the better management of the service. Elaborate measures designed to reduce the possibility of any form of favouritism in the public service can, at the same time, have a very adverse effect upon its administrative flexibility and overall efficiency. The Civil Service Commission of Canada recently concluded that this was decidedly the case in some segments of the federal civil service in Canada. It thus observed:

Forty years ago, the need was for a civil service free from what Sir Robert Borden called "the malign influence of patronage." Forty years ago, and this is all too frequently forgotten, the need was also for a public service free from nepotism, the coddling of incompetent favourites, the granting of promotions for consideration and similar internal abuses. Not much is gained if the "malign influence" of political patronage is replaced by bureaucratic patronage, which may be less apparent but which can be no less insidious and demoralizing.

By permitting civil servants to establish unions and engage in collective bargaining with the government, a natural and effective barrier to the most flagrant abuses of all forms of favouritism would be provided. This would enable the management of the service to concentrate primarily on improving the general administration and effectiveness of the service.

1 It is to be recognized, of course, that there would be an increase in the amount of time necessarily devoted to labour relations matters. How important this consideration would be is a matter of conjecture. In terms of the efficiency of the public service it seems to me that any increase in cost associated with the foregoing would be more than offset by related benefits.

Other Forms of Political Interference

Although patronage is the most obvious form which political interference can take in the government service, such interference is not necessarily confined to that sphere. The more general lines along which political intervention may proceed are beyond the confines of this thesis. Two additional areas of specific impact do, however, merit some consideration. In the cases of both Ontario Hydro and TVA it has already been noted that political implications are an important variable affecting the nature of the wage determination processes. Such implications are equally significant with respect to the closely related matter of the contracting out of work by such agencies.¹ Both Ontario Hydro and TVA have at times been subjected to tremendous pressures to contract out more work by interests representing those desirous and likely to benefit from such a policy. The electrical contractors in Ontario, for example, almost continually lobby the government in the hope of having it compel the Commission to contract out more of its work. Concern about this pressure was one of the factors which induced the OHEU to demand some sort of a clause in the collective agreement between the parties which would limit or constrain the Commission's

¹ In the following discussion it is assumed that public policy with respect to the contracting out of work by established government agencies is based upon the relative cost of doing such work. It is recognized, of course, that the decision as to the degree of work to be performed by public agencies themselves may be determined on the basis of a number of other criteria. In those situations where the relative cost of doing the work by public or private means is not the most important consideration, in the decision as to how to accomplish such work, the relevance of this section of the study is correspondingly reduced.
right to contract out work in the future.¹ A great deal of the Commission's reluctance to accede to such a demand can likewise be traced to the nature and power of the lobby representing the electrical contractors in the Province. Yet the relative strength or weakness of such a lobby does not seem to me to be the appropriate basis upon which such an important matter should be decided.

It is at this point that it is essential to realize the close connection between the contracting out of work in these agencies and the process of wage determination and, indeed, the level of wages established in such agencies. The two matters are inextricably bound together as is specifically recognized by the TVA Act. The latter provides that contractors working for TVA must pay the prevailing rates of pay in the vicinity as determined by the Authority. In practice this means that they must pay the same wages and salaries as those negotiated by TVA with representatives of its own employees.² Such a provision tends to place all contractors on an equal footing with respect to labour costs. Even more important, however, is the fact that the contractors are neither at an advantage nor at a disadvantage, in this area, with respect to TVA itself. Since this is the case, as

¹ It may be asserted, of course, that unions are likely to be absolutely opposed to subcontracting regardless of the conditions under which it is done. I will argue shortly that this attitude is not justifiable and that the public interest cannot bow to such pressure especially in government undertakings.

² This policy automatically limits the number of contractors who are willing to bid on TVA projects. By its very nature, therefore, it tends to reduce the possibility of controversy in this area between union and management in the Authority. This will become more apparent as the analysis proceeds.
long as TVA can do any particular job equally or more economically than the bidding contractors, there is no reason why it should not do so. Indeed, it would be illogical and uneconomical for it to do otherwise. There remains, however, the possibility that the prevailing rates and conditions established by TVA may not be fair or applicable in the particular case at hand. In the case of TVA it has been recognized that a contractor has a right to disagree with TVA's interpretation of the prevailing rates. Contractors may thus appeal those rates to the United States Secretary of Labor. Once such rates are established by TVA, however, they apply until overridden by the Secretary and all contractors bidding on TVA projects must agree to pay them while engaged in TVA work.

This most unusual procedure appears to have worked with considerable success in TVA. Whether it would work elsewhere, however, is a question which I am unable to answer. Nevertheless, it does provide one possible answer to the dilemma confronting governments in this area. It would not seem desirable to have such agencies do their own work simply because of a vested interest in so doing. It would be equally undesirable, however, to have them contract out such work simply because of the political power of those groups desirous of such a policy. In Ontario Hydro the former possibility is partially checked by the power of the lobbies interested in the latter alternative. The OHEU in turn provides a possible check to their influence. It would be

1 Although the difficulties involved in the determination of the cost of government agencies doing their own work on force account are beyond the confines of this thesis, this aspect of the problem should not be minimized.
more in the public interest, however, if some sort of procedure
could be devised which would assure that while all Commission work
was done at prevailing wages and working conditions, that within that
general stipulation, it would then be completed as economically as
possible.  

Political Activity on the Part of Government Employees,

Their Representatives and/or Their Unions

(1) Individual Political Activity

Just as far-reaching as are the ramifications of political
interference in the management of public agencies are the equally
serious consequences likely to follow from political activity on the
part of employees of those agencies, their representatives and/or
their unions. To the extent that political pressures from outside
interests may inhibit the efficient administration of government
operations so also may political pressures exercised on behalf of
government employees have an equally detrimental effect. That this
is recognized is indicated by the elaborate precautions normally taken

1 It should be emphasized that this entire discussion has been framed
in terms of government agencies already established and equipped to do
some of their own work on force account. The decision as to whether or
not to so equip such agencies is bound to encompass many more variables
other than those mentioned in this section. With respect to their
existing capacity to do their own work, it does seem to me, however,
that the criterion suggested in this analysis should be the governing
factor in the determination of whether or not it pays them to make use
of that capacity. Even here, on the other hand, a number of other
matters may also have to be considered.
to prevent the individual government employee from taking an active role in political affairs. Although the following example is perhaps more liberal than the usual restrictions placed upon the exercise of political rights by government employees in North America, it is not atypical:

In order to preserve public confidence in the integrity of the administration and personnel of TVA it is essential that no officer or employee of TVA, while retaining the right to express privately his own view on all political subjects and to vote as he pleases, directly or indirectly use, or seek to use, his authority or official influence to control or modify the political action of any other person, or during the hours of duty engage in any form of political activity, or at any other time take part in political activities or political campaigns as to impair his effectiveness in the position he occupies or impair TVA's program, irrespective of which side of partisan or political issues such activity supports or through what political party such activity finds expression.¹

The rationale for such a policy is not difficult to understand:

The prohibition of the right of civil servants to engage in political activity individually or collectively has generally been defended on the assumption that such restrictions are indispensable to the operation of a merit system and to the assurance of impartiality in the performance of public functions.²

Unions of public employees, however, have criticized such restrictions and the assumptions upon which they rest:


The emergence of the labor movement in the public service has been responsible for a significant challenge to the commonly accepted justification of these restraints in terms of their necessity in the conduct of public personnel administration or their compatibility with the requirements of a democratic society.1

As increasing numbers are engaged in government employment, such restrictions are bound to have a serious and pronounced effect upon the vitality of our democratic processes. On this ground alone they will probably command more critical appraisal in the future than they have received in the past.

In this connection it is interesting to note that in most European countries -- Britain being the outstanding example -- the attitude and policy on these matters are much more liberal than that which generally prevails in North America. In the name of neutrality in the public service governments on this continent have severely restricted the civil liberties of their employees. The government of Great Britain, in contrast, would appear to have attained the desirable and elusive goal of neutrality, within the public service, without at the same time having found it necessary to so severely restrict the civil liberties of its employees. Referring to this distinction one American authority has commented:

The doctrine of civil service neutrality was brought here to the United States from England by admirers of the undeniable merits of the British civil service...

Yet in Great Britain, the birthplace of the doctrine of civil service neutrality, there are no sweeping

1 Ibid.
restrictions on political activity like those found in the United States or Canada. Legislation or, more frequently, departmental regulations place varying restrictions on the activities of employees depending upon the nature of their work and their relations with the public.¹

Only in one jurisdiction in North America, in the Province of Saskatchewan, has an equally, if not more liberal, approach to this question emerged.

Recent developments in this jurisdiction have been described as follows:

The Province of Saskatchewan has recently enacted a public-service law granting government workers freedom to engage in political activity subject only to such restraints as are clearly necessary in the public interest. Restrictions stipulate that no person in the public service shall be...compelled to take part in any political undertaking, or to make any contribution to any political party; ...or directly or indirectly use...the authority or official influence of his position to control...the political action of any other persons; or during his hours of duty engage in any form of political activity or at any time take part in political activities as to impair his usefulness in the position in which he is employed.

Subject to these prohibitions, however, civil servants are as free as other citizens to participate in political affairs or campaigns. They may even be granted thirty days' leave of absence to run for public office and are permitted to retain their positions in the event of defeat.²

The striking and unique aspect of this approach to the question of political activity on the part of individual civil servants stems from

¹ Sterling D. Spero, Government as Employer, op. cit., pp. 55-56.
its deliberate avoidance of blanket prohibitions of such activity.

It proceeds rather upon the assumption that such conduct is intrinsically unobjectionable and will be made the subject of disciplinary action only if it violates the legislative proscription of specific acts designated as coercive, the abuse of official authority, the conduct of political activity during working hours, or a basic conflict between partisan activity and a discharge of public duties.¹

Experience under Saskatchewan's fresh and liberal approach to this problem will merit increasing attention as it develops. There would appear to be no reason why it should not prove successful and there is every reason to hope that it will. If nothing else, however, it indicates an awareness of the dilemma confronting us in this area — an awareness which has been totally absent from other jurisdictions in North America.

(2) Legislative Lobbying and Other Forms of Political Activity on the Part of Organized Groups of Government Employees

With respect to organized groups of government employees the situation is somewhat different than in the case of individual government employees. Although such groups are not expected to engage in political activity, in the sense of supporting particular candidates or parties, they do engage, and would appear to be expected to engage, in all forms of legislative lobbying.² Indeed, this is the manner by

¹ Ibid.

² The type of lobbying to which I refer here is that which is practiced in lieu of, and as an alternative to, the right to engage in formal collective bargaining with the government. To the extent that such lobbying is carried on by these groups with a broader social purpose in mind, it is beyond the confines of this discussion.
which government employee organizations have traditionally pressured for better wages and working conditions. Aside from the practical problems which this procedure presents, there is an even greater danger inherent in it. This arises from the fact that the line between legislative lobbying and more overt forms of political activity is sometimes an extremely tenuous one. This becomes the more so as organized labour in general, to which growing numbers of government employee unions are affiliated, becomes more active in the political field. To the extent that organized public servants engage in political activity, the same sort of problems arise as were mentioned in the previous section. With respect to political activities sponsored by organized groups of public employees, however, the threat to the merit system and to the doctrine of neutrality in the public service would appear to be far more serious than in the case of involvement in political affairs on the part of individual civil servants. This is simply because of the fact that when acting in an organized group the interests of government employees in political matters is likely to be concentrated on questions related to their employment. This is less likely to be the case when public servants participate on an individual basis in political affairs.

Assuming that unions of government employees are engaging in political activity, either directly or indirectly, and that it is desirable to minimize such activity, the question then arises as to how to do so. At least in the area of wages and working conditions, the experiences of Ontario Hydro and TVA are once again enlightening. In neither case have the unions involved resorted to the expedient of
political lobbying to raise the wages or better the working conditions of their members. They have not been forced to resort to such tactics. Because the employees of these two agencies have been granted the right to bargain collectively with their employer, they or their unions have not been compelled to engage in political activity with respect to the determination of their wages and conditions of work. This suggests that the best way to minimize political activity on the part of government employee unions is to remove the chief justification for such activity by providing them with an alternative means of servicing their members -- that is, by granting them the right to engage in collective bargaining.¹ This reasoning is supported by one of the most significant observations in the recent report of the Civil Service Commission of Canada:

¹ Here has so far been no systematic procedure for discussion of these matters between representatives of the employees and representatives of the Government. In our opinion this is an unsatisfactory situation from every point of view. Civil servants compare their position unfavourably in this respect with that of other employees; neither side has adequate opportunity to

¹ It is to be noted that I suggested that the granting of collective bargaining rights would only remove the chief justification for government employee unions engaging in political activity. Of almost equal importance would be some of the other features already reviewed in connection with the union-management relationships in Ontario Hydro and TVA. Especially significant, for example, would be the nature of the wage policy of the government in question. If the latter is unwilling to adhere to a prevailing rate policy, the granting of collective bargaining rights by itself is not likely to provide a sufficient inducement for government employee organizations to withdraw from political activity. It seems to me, however, that the primary prerequisite to such an inducement is the need to grant such employees and their unions some form of bargaining rights.
explain its case; the inevitable consequence is the resort to pressure tactics and public controversy.

Although the Civil Service Commission did not recommend that civil servants be extended collective bargaining rights, it did advocate that their organizations be asked to participate more actively — on a consultative basis — in the wage-determining process. Almost identical reasoning led Godine to a somewhat more liberal proposal. After reviewing collective bargaining procedures in TVA and in a number of other federal government agencies in the United States, he suggested the following:

Their extension to other areas of public employment might lead staff associations to be more disposed to accept administrative arrangements which would compensate them for the surrender of pressure-group tactics by providing an adequate opportunity to present and discuss staff demands with responsible administrative officials competent to reach decisions which would normally, at least, be ultimately approved by legislative authorities. 2

Godine suggests a number of reasons for the elimination of conditions which compel organized public servants to rely on political means to achieve their objectives. Aside from the ineffectiveness of such procedures from the employee's point of view, and therefore the growing discontent of their unions with these devices, Godine establishes an even more telling point:


The resolution of labour problems in the public service essentially through pressure-group tactics has further resulted in the failure to evolve basic policies which might produce a rational and periodic revision of public salaries. In the absence of an explicit and coherent public wage program the activities of employee organizations will remain as opportunistic as the parallel conduct of the state employer is devoid of theoretical consistency.¹

Most crucial and central to this problem, however, are the consequences which are likely to follow from the increasing involvement of public employee groups in political affairs. In this respect the situation -- at least in Canada -- is hardly promising. Recent developments do not appear conducive to the reduction of political activity on the part of organized government employees but are rather working in the opposite direction. In an effort to compel the various governments in Canada to grant them bargaining rights, public servants are playing an increasingly active role, directly or otherwise, in the political affairs of their respective jurisdictions. This is the more significant in Canada because of organized labour's alignment with the Cooperative Commonwealth Federation, the Canadian counterpart to the British Labour Party. For public employees and their unions to play an active role in such a development would not seem to me to be compatible with our traditional and accepted concept of the government service as an independent and politically impartial body. Indeed, it was largely the fear of the consequences of such an alignment which prompted Ontario Hydro to challenge the affiliation of the union of its employees with organized labour in general in Canada. Nor has the OHEU been unaware of the possible implications in this area. Extremely careful to avoid

¹ Ibid., p. 214.
formal commitment to any political philosophy the union appears fully
cognizant of the dangers in this area. This is suggested by the
following extract from one of its special committee reports:

In view of the closer co-operation between the CCF
(the Cooperative Commonwealth Federation) and the
CLC (the Canadian Labour Congress) and their in-
tentions to establish a Labour Party, your committee
wishes to point out that the present policy of the
CLC is that unions will contribute on a voluntary
basis to the Political Action Department of the CLC.
Your Union will not contribute to this area of the
CLC unless a majority of the membership indicates
that it is their desire to do so through a refer-
endum.¹

Although the union itself has avoided all manner of formal political
entanglements and involvements, some of its staff members have not
been so discreet. This has lent credence to management's suspicions
in this area and is a feature which could conceivably further complicate
the already strained relationship between the parties.

Recent experience in Ontario Hydro raises the question of the
limits which should be placed on government employee unions in terms
of their affiliation with other organized workers. In general, it
would seem both unwise and unfair to unnecessarily restrict the freedom
of such unions to affiliate with organized labour in general. In fact:

It is only in the event of a challenge to its
authority or of an intrinsic incompatibility
between public duties and group affiliations
that the state may properly deny the legitimacy
of other loyalties... The threat to impartiality
should be real and clearly recognizable before
affiliation is prohibited.²

¹ OHEU Unity Committee, Report to the 1959 Council of Chief Stewards,
October 21-23, 1959, p. 3.

What this assertion would seem to suggest, in essence, is that limitations placed upon the affiliation of government employee unions should not be lightly entertained. There is a point, however, beyond which it is probably necessary to restrict the right of public employees to affiliate with other groups. It would seem to follow, for example, that:

The imposition of stringent restrictions would appear justified should the privilege of affiliation with a politically conscious and articulate labour movement be abused in such a manner as to violate the principle of civil service neutrality.¹

In other words, where the affiliation of public employee unions would seem to imperil the administrative efficiency and the political impartiality of the government service as a whole, then the state would probably be justified in prohibiting such affiliations.

The problems raised by the participation of unions of government employees in the political life of the governments they serve are likely to receive increasing attention as labour in general engages more actively in political activity. It is a field which merits far more attention than has been devoted to it to date. This brief discussion of the question has hardly begun to explore the issues involved. Even so it does seem to suggest that it would be both unrealistic and unreasonable to expect organized groups of government employees to forgo the right to, or to reduce the scale of their growing political entanglements, without at the same time providing them with the right to engage in collective bargaining.

¹ Ibid., p. 267.
The General Problem

If this chapter has done little more than stimulate interest in the problems it has raised, then it has served its purpose. What it suggests, essentially, is that there is need for much further study into the political dimensions of labour-management relations in the government service. In and of itself, however, the research which supported this analysis would seem to suggest a number of tentative conclusions. One thing that does seem apparent, for example, relates to the role which employee organizations can play in helping to eliminate political patronage from the public service. The evidence considered in this chapter suggests that unions of government employees can play a very positive role in that process.

More complex is the need to strike a proper balance between the civil (or more specifically the political) liberties of government employees, on the one hand, and their responsibilities and obligations as public servants, on the other. My impression is that North American governments have tended to over-emphasize the latter at the unnecessary expense of the former. English experience suggests that the two objectives are not necessarily incompatible and that we can, in fact, extend the civil liberties of public servants while retaining, at the same time, an independent and impartial government service. Particularly disturbing to me is the tendency for North American governments to insist upon blanket prohibitions of political activity on the part of individual government employees. Developments in the Province of Saskatchewan in Canada suggest, however, that a more realistic and reasonable approach
to this entire question may eventually emerge on this continent.

An even more controversial issue concerns the appropriate restrictions to be placed upon unions of government employees in terms of their political activities. It seems to me that in contrast to such activities on the part of individual public employees, organized political action on the part of civil servants poses a much more serious threat to the independence and impartiality of the public service. I would find it difficult myself, however, to advocate the imposition of stringent restrictions on such activities unless we first grant public employees an effective alternative means of pursuing their legitimate objectives. The extension of collective bargaining rights to such employees would seem to me to be the prime need and the only effective alternative available in this area. I would qualify this conclusion, however, by suggesting that this by itself would not be enough. When combined with some of the features discussed earlier in this study (such as a prevailing rate wage policy and the right to appeal to arbitration in the event that an impasse is reached in the collective bargaining process), such a concession would, in my mind, provide the effective alternative of which I speak. Given these conditions it would not seem unreasonable to me to curtail the rights of government employee unions in terms of those political activities on their part which might be expected to have an adverse effect upon the neutrality of the civil service.
PART V

SUMMARY AND CONCLUSIONS
Chapter 16 - The Relevance of This Study:

Collective Bargaining in the Public Service

Introduction

In this chapter the general relevance of the study is considered and its most significant findings are summarized from that point of view. The chapter is divided into two major sections. The first is devoted to a comprehensive analysis of the broader applicability of the experiences of union and management in Ontario Hydro and TVA. There is then presented, in the final section of the study, a summary of the possible implications of these experiences in terms of labour-management relations in the public service in general.

In Part I of the thesis the motivation for a study of this kind was suggested and the nature of the major problems singled out for attention was emphasized. Part I thus provided the general framework and the central focus for the following research and analysis. In Part II there was then presented a detailed history and analysis of the relationship between the Hydro-Electric Power Commission of Ontario and the Ontario Hydro Employees Union, NUPSE - CLC. This was complemented, in Part III, by a parallel but much less intensive review of labour-management relations in the Tennessee Valley Authority. This set the stage for the more comprehensive and critical examination of some of the more vital aspects of the union-management relationships in the two agencies. This was the purpose of Part IV of the thesis which relied, almost exclusively, on the comparative case study research procedure. Throughout this discussion, it was implied, and indeed,
deliberately intended, that the material developed therein would be of relevance not only to public agencies with characteristics similar to those of Ontario and TVA but also to the government service in general. The time has now come to examine the validity of that assumption.

The Relevance of the Study

The broader significance of this study depends upon the validity of generalizing from the experiences of union and management in Ontario Hydro and TVA to the field of labour-management relations in the public service in general. Although one can adduce a number of reasons which would appear to rule out the soundness of such a generalization, the preponderance of the evidence would seem to support its basic validity. A review of the major arguments to be considered in this respect seems to me to sustain this contention.

(1) One of the most persuasive reasons for suggesting that the experiences of union and management in Ontario Hydro and TVA are somewhat unique, and therefore of limited significance, relates to the degree of autonomy enjoyed by each of these agencies. In the case of TVA, for example, it can be argued that because it is an autonomous government agency, that it is:

\[ A \text{ corporation clothed with the power of government but possessed of the flexibility and initiative of a private enterprise.}\]

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That consequently it has many advantages over most government undertakings. This is just as true, of course, of its personnel administration and industrial relations functions as it is of its many other policy-making and administrative responsibilities. And what is true of TVA in this respect applies, as we have already seen, to an even greater extent to Ontario Hydro.

Such autonomy has certainly contributed to the ability of these agencies to engage in formal collective relations with their employees. But whether the absence of such an advantage would necessarily inhibit the development of somewhat similar collective bargaining relationships is another matter. It is, of course, perfectly conceivable that it would. Experience in large private enterprises, on the other hand, would not appear to bear this out. More important would seem to be the general attitude and policies of the managements of such institutions, whether they be privately or publicly owned and operated. It is obvious that if a government did not favour the development of collective relations with its employees, then collective bargaining could not emerge, let alone survive, in any of its departments or agencies (regardless of their degree of autonomy) on any effective long-term basis. If, on the other hand, the reverse should be the case, then the obstacles to the emergence and successful development of collective bargaining in the various departments and agencies of a government should not be decidedly greater than if they were, as in the case of Ontario Hydro and TVA, relatively autonomous bodies.
Before I conclude this section, however, one or two qualifications are in order. It is to be noted, in the first place, that none of the above discussion was intended to discount the disadvantages which would probably result from the emergence of separate and distinct union-management relationships in different parts of a government service. Even then, however, the difficulties would not seem to me to be insurmountable. The Allied Council and Salary Panel arrangements in TVA provide excellent illustrations of the manner in which such complications can be circumvented when a number of unions are involved. The OHEU in Ontario Hydro, on the other hand, indicates that one union can properly represent the variety of occupational groups involved in a government work force and thus greatly reduce the outward manifestations of such complications. This brings me to a second and more serious qualification. It would be misleading to minimize the difficulties inherent in attempting to introduce any form of meaningful collective bargaining into a monolithic and highly centralized system of personnel administration such as that which presently characterizes the federal civil service in the United States. To what extent these conditions would affect the practicability of collective bargaining in the civil service, it is difficult to say. It may be assumed, however, that they would, at least to some extent, inhibit and complicate effective collective bargaining. In lesser jurisdictions, on the other hand, this should not present as serious a problem. The

1 I will have more to say on this matter shortly.
number of employees involved tends to be much smaller and, therefore, the detrimental effect of centralized bureaucracy, to the degree that it exists at all, is not likely to be of such paramount importance.

(2) Related to the previous point, but in itself providing a more striking distinction between government agencies such as Ontario Hydro and TVA and the public service in general, is the issue suggested by the following quotation:

With hundreds of thousands of persons now employed in a vast number and a bewildering variety of classes, a question arises as to the adequacy or desirability of a single comprehensive legislative solution to the salary problems presented by a work force of this magnitude. In brief, must employees choose between inequitable and inept wage administration by operating officials and a uniformity imposed by legislative prescription at the cost of flexibility? It was previously shown that the legislative determination of salary scales has invariably been marked by an unresponsiveness to changing economic conditions. There is no apparent reason to expect a fundamental improvement in this aspect of public compensation arrangements as long as exclusive and detailed responsibility is retained by the legislature. It remains to be determined whether salary flexibility under administrative auspices can be achieved without inequitable and discriminatory practices and with adequate regard for ultimate legislative responsibility in money matters.1

Although this statement was addressed primarily to the problem of administrative flexibility — or more appropriately the lack of it — in the United States civil service, it is equally relevant with respect to the question of the feasibility of introducing collective bargaining into such an environment. The problems it raises are much more pertinent to the civil service proper than they are to government agencies such

as Ontario Hydro and TVA. This is because of the differing nature of their respective relationships to the appropriate legislative assemblies. In the civil service proper, the legislature normally exercises a much more direct and pronounced control over all personnel matters than it does in the case of government agencies. The legislature would therefore tend to be more directly involved in the collective bargaining process itself in the former.¹ This possibility introduces a number of complications which stem from the fact that both sides of the union-management relationship would then tend to be essentially political in their nature and composition.²

Under a parliamentary system of government this is not likely to prove a very serious problem. Under the United States system of government, on the other hand, it could prove to be a most disturbing feature. Such a problem has not been a handicap in either Ontario Hydro or TVA because of the lack of legislative restrictions impinging upon them in these areas. Although these agencies are ultimately accountable to the appropriate legislatures for all of their activities, the nature of this accountability has left them virtually independent with respect to their relations with their employee organizations. This is an advantage which should not be minimized. It would, however,

¹ In government agencies, in contrast, the relationship between those who represent the agency for collective bargaining purposes and the appropriate legislative assembly is usually an indirect and less tenuous one. Consequently they are not normally subject to the complications considered in this discussion.

² A number of the resulting complications were discussed in Chapter 13.
be equally wrong to exaggerate its importance. The fact that the legislative branch of the government might be an intimate part of the bargaining process in the civil service proper (because it would have to specifically appropriate the funds to cover the costs of concessions made in the course of negotiations) does not necessarily negate that process. It implies -- as was stressed in Chapter 13 -- procedural rather than substantive difficulties. 1

(3) Although the question of the size of a government undertaking has already been mentioned in connection with the first point, size itself is really a separate and distinct matter. To the degree that increasing size (in the sense of the number of employees involved) tends to be associated with increasing complexity in industrial relations, this should not prove to be any more of a handicap in the public service than in private industry. Indeed, to the extent that collective bargaining processes in the latter have proved flexible enough to adjust to the size variable, so also may they be expected to do so in the public service. Insofar as this study is concerned, however, it must be admitted that size itself has not yet proved a major problem.

1 It can be argued that if a government was willing to abide by a prevailing rate wage policy this would significantly minimize the problems discussed in this section. It would then be possible to delegate to the executive branch of the government the responsibility for negotiating with the employee organizations within the terms of reference (the prevailing rate criterion) laid down by the legislature. If both branches of the government (and the employee organizations) acted in good faith, this type of arrangement might prove quite viable. I tend to suspect myself, however, that few legislative bodies would be willing to accept such a passive and subordinate role in the actual implementation of such an important policy matter. I would suggest, therefore, that the complications referred to above are not that readily avoided. Other possible solutions to this problem were mentioned in Chapter 13.
in either of the agencies studied. Of itself, therefore, this study
cannot be said to have revealed anything definite about the relation-
ship between size and the practicability of collective bargaining in
the public service.

(4) Another possible justification for distinguishing between
the labour-relations policies which would be appropriate to public
agencies such as Ontario Hydro and TVA, as opposed to those which
should apply to the civil service proper, relates to the different
nature of the revenues available to each. In fact, as was mentioned
in the Introduction, this was the major reason given by a former Prime
Minister of Canada for not granting federal civil servants the right
to bargain collectively with the government. In contrast to the
direct public service, Ontario Hydro and, to a lesser extent, TVA
are not dependent on taxation to finance their activities. They are,
instead, in business to sell a product at cost and they thus derive
their revenue from sales to the public. In the latter respect, they
resemble a private corporation more than they do most government undertakings. Stemming from the above distinction it can be argued that
labour policies promoted in the private sector of our economy can be
extended to such agencies whereas it would not be appropriate to extend
them throughout the entire public service. In some mysterious way --
it is never explained by those who espouse such a view -- the fact
that government revenues are derived from the imposition of taxes,
and not from the sale of a product, rules out the possibility of
collective bargaining in the civil service proper. If anything,

1 It is recognized, of course, that this is only one of many arguments
normally advanced against the extension of bargaining rights to such
(Continued)
however, such a consideration would seem to me to work in the opposite
direction. Since the wages and salaries of civil servants are derived
from taxes, they are dependent for their income and for any increases
in their income, upon the vagaries of the legislature and upon the
predilections of the electorate as a whole. Increases in taxation are
never popular and political expediency being what it is, it is far
easier for the government to ignore the needs of its employees -- and
possibly the injustices being done to them -- than to risk the political
repercussions of a tax increase. Rather than militate against the
adoption of collective bargaining in the civil service, this considera-
tion would seem instead to further support the need for it. It is to
be emphasized, on the other hand, that the need for collective bargaining
procedures in the public service and the question of the practicability

Footnote continued

employees. A number of other arguments were reviewed in the Introduction
to the study. It was suggested at that time that there was little of
real substance to any of them.

1 In spite of the fact that wages in general in Canada have been rising
steadily for the past few years and in spite of an avowed government
policy of paying its employees wages and salaries in accordance with
equivalent standards in comparable private employment, federal civil
servants in Canada have not received a significant pay increase in the
last three years. An indication of the resulting disparity in the
treatment of federal civil servants as compared to other employees in
Canada was the recent recommendation of the Civil Service Commission
of Canada that a substantial wage increase (up to 10 per cent in many
instances) would be required to bring the pay of the former into
reasonable realignment with that of the latter. The government, to
no one's surprise, refused to implement the recommendation. It is no
mere coincidence that this period of a virtual wage freeze has been
accompanied by considerable political manoeuvring in the country and
by stringent budgetary constraints. It provides an excellent illustra-
tion of who is likely to suffer when political expediency will not
support a tax increase or further deficit financing.
of such a development are two distinct matters. The question of the source of revenues deserved attention, however, because of the significance it has attained in such matters. In Canada, for example, one of the major explanations of the dichotomy in the treatment of indirect as opposed to direct government employees, as regards their collective bargaining rights, stems from the differing nature of the revenues from which their respective earnings are derived. Indirect government employees are usually employed by agencies which derive their revenues from the sale of a product and have been afforded bargaining rights. Civil servants, in contrast, are paid out of tax revenues and partially because of this have not been granted bargaining rights.

(5) A number of more intangible arguments can also be cited to suggest the particularity of the union-management relationships in Ontario Hydro and TVA. In both of these agencies, for example — and especially in the latter — the nature of the leadership offered by certain key management officials, in the shaping of early labour policies, was instrumental in the creation of an environment which was conducive to the type of union-management relationships which eventually emerged. As a result of the efforts of such men, later management officials in Ontario Hydro and TVA did not inherit the anti-union stigma which even today characterizes many administrative officials in other branches of the public service. The absence of such a tradition can, as we saw in Part II, have a tempering effect on later relationships even in the most trying of times. In the public service in general, unfortunately, there are few governments, indeed, which
could today claim the absence of such a tradition. On the whole, however, I do not see why this disadvantage should be a major problem. Given a willingness to engage in collective relations with their employees in the future, few governments should find themselves seriously handicapped by their past attitudes and approach to this question.

(6) There is another intangible consideration which seems to suggest that the union-management relationships in these two agencies, and especially in TVA, may be somewhat unique. Unions representing TVA employees have always been conscious of the pioneering role which they, and TVA management, were and are playing in the field of employee relations in the public service. If collective bargaining failed in TVA, then there was little likelihood that it would be extended to other parts of the government. On the other hand, should the TVA experiment in this area prove to be successful, then the possibility of similar arrangements emerging elsewhere in the government would probably be enhanced.¹ Although it is impossible to gauge the influence which such considerations have had upon the thinking, and therefore the approach, of both union and management in TVA, it is difficult to believe that they have had no impact at all. Indeed, the early history of the Authority indicates, as was revealed in Part III, that TVA management officials were far from unmindful of these considerations. It is a reasonably safe assumption that this was also true of some of the union officials involved.

¹ Labour-management relations in the Bonneville Power Administration, for example, were established and modelled after the earlier developments in TVA.
In Ontario Hydro, on the other hand, very little attention or appreciation appears to have been devoted to such considerations. Even in Hydro, however, their influence has not been totally absent. With respect to the threatened strike in 1959, for example, both parties, and particularly the union, were very much aware of the possible ramifications of their actions in this area in terms of the precedent which could have been created if a strike had occurred and the government had acted to prevent its continuance.

To the extent that such considerations have affected the nature of the union-management relationships in these agencies, they are likely to become less significant if, when, and as collective bargaining is extended to other parts of the public service. Even then, however, the resort to strike action may well be tempered by the type of reflections which were operative in the Ontario Hydro situation.

(7) One intangible but nonetheless important feature which has been an advantage in the development of constructive union-management relations in TVA — and to a lesser extent in Ontario Hydro — could easily work in favour of a similar tendency in the public service in general. Both of these agencies are public-service as distinct from profit-making organizations. In both cases, but especially in TVA, the objectives associated with the agencies were ones with which the labour movement could sympathize. Indeed, in all such cases, the trade union movement, to the degree that it has any broad social philosophy at all, can usually find more in common with public agencies than it can with private enterprises. This would tend to be the case even
where they might be engaged in identical undertakings.¹

TVA provides an excellent illustration of this point. The fact that its objectives complemented and were equally as controversial as those of the labour movement, exercised a restraining influence upon relations between them. In addition, and more positively, the fact that TVA has been under continual and strenuous attack since its inception has tended to weld together union and management in the agency more so than would otherwise have been the case. Indeed, as one TVA official observed:

TVA was fortunate in being so controversial because it united the whole staff into a common endeavor to prove the soundness of the system.

Although it would be extremely difficult to measure the impact of such influences, it does seem clear that they have had a significant effect upon the nature of the union-management relationship in TVA.

In Ontario Hydro, in contrast, such influences do not seem to have had much bearing upon the nature of the relationship between the OHEU and the Commission. To a large extent this probably stems from the fact that Ontario Hydro passed beyond the menacingly controversial stage some years ago and, therefore, there has not been the same need as in TVA for an internal union-management coalescence to defend the institution itself. Nevertheless, many officials in both union and management did feel that the nature and status of the Commission had had a healthy effect — an admittedly subtle one — upon the tone of their

¹ The reverse would be the more likely case, of course, where the right to engage in collective bargaining is granted to employees of private enterprises but withheld from employees of public agencies.
relationship.

To the degree that such considerations -- whether imperceptible or otherwise -- have had a restraining influence upon the union-management relationships in these two agencies, there is no reason why the extension of collective bargaining to the public service as a whole should not be subject to somewhat similar tempering influences.

(8) The evidence considered thus far would not appear to conclusively prove or disprove the validity of generalizing from the experiences of union and management in Ontario Hydro and TVA to the question of an appropriate labour relations policy in the government service as a whole. Although it does not tend to rule out the validity of such a generalization (except perhaps where the numbers involved are of great magnitude and a separation-of-powers doctrine of government prevails), it is not convincing one way or the other. When we add to the above reasoning, however, some of the considerations discussed in the Introduction, a much more persuasive case for such a generalization emerges.

The dominant and most important characteristic in the civil service proper, as well as in government agencies such as Ontario Hydro and TVA, is the nature of the ultimate employer. Although the employees of such agencies are not civil servants in the strictest sense of the word, the distinction between the two groups, at least with respect to the specific question at hand, is more superficial than real. Both groups are government employees. In addition, and even more compelling, is the fact that the work performed by the employees of such agencies is usually equally if not more vital than that of direct government
employees. The question of strike action is consequently equally
distasteful in both situations. In general, therefore, although there
may be a technical difference between the status of direct and indirect
government employees, it makes more sense, in the present context, to
consider their situation as being similar, if not identical. Thus,
insofar as the question of collective bargaining in the public
service is concerned, it would appear to me to be eminently reasonable
to generalize from the experiences of union and management in Ontario
Hydro and TVA.

Collective Bargaining in the Public Service

Having evaluated the broader significance of this study, the
task now remains of reviewing its major findings with that perspective
in mind. This, of course, has been the purpose of the entire study
and particularly of the fourth part of it. In this section, we draw
upon all this material to analyze, in summary form, the answers to
some of the questions raised in the Introduction. With respect to the
controversy which surrounds the issue of collective bargaining in the
public service, the section thus poses and answers the following
question: What can be learned from the experiences of union and
management in Ontario Hydro and TVA?

(1) The Importance of the Question

Before attempting to answer this question, however, a brief
discussion of its basic significance is in order. Two fundamental reasons
would seem to be compelling a thorough re-examination of the appropriate
role of unions in the public service. There is, in the first place, a growing awareness of the dichotomy which exists in our treatment of most public as opposed to private employees. From this awareness there inevitably arises the question as to the justification for this disparity. It would seem to be logical to assume that to the degree that collective bargaining has contributed to industrial jurisprudence in private industry, so also could it make a similar contribution in the public service. Indeed, as one authority has commented:

> The history of public personnel administration in virtually all jurisdictions has lent substantial justification to the view that an autonomous labour movement devoted to the protection and advancement of employee needs is as indispensable in public as in private employment.¹

Possibly more important than the equity of the situation, in the long run, may be the consequences of continuing to ignore the trend in government employee organization. Whether the role and contribution of the numerous and growing civil service unions are likely to be negative or positive, depends to a very large extent upon the reaction and response of the public employer. In this connection, the remarks of a former Assistant General Manager of TVA are as pertinent today as they were in 1944:

> One generalization seems justified on the basis of experience on record: if we, as public managers, foster policies and practices designed to frustrate normal employee aspirations and merely to control their activities, we will, without question, provoke and promote the negative features and abuses of unionism. On the other hand, if we have the good

sense to remember that public employees are human, being no different from employees in private enterprise, and if we have the vision and patience to meet these aspirations halfway, great benefit can redound to the public service and to the taxpaying public. As the public service continues to expand, both in function and numbers, the way in which the millions of public employees will view their place in a democratic society will be influenced deeply by the labor policies and practices applied in public employment. It is a mistake to assume that public employees will or should content themselves with labor policies which are obsolete and below the standards and practices established by law in private industry.¹

It is these two considerations, the equity of the present situation, on the one hand, and the implications of various possible policies in this area, on the other, which command a searching re-examination of our existing labour policies in public institutions. Of particular relevance in this respect, it seems to me, are the experiences of union and management in Ontario Hydro and TVA.

(2) The General Implications of the Union-Management Relationships in Ontario Hydro and TVA

The first and most fundamental feature about both these agencies is the fact that in each case unions do exist and do engage in formal collective bargaining with the respective managements of the two agencies. Binding collective agreements govern the relationships between the parties in both instances. And yet, in neither case do these developments appear to have undermined or jeopardized the

¹ Arthur S. Jaudrey, Employee Relations in the Public Service — TVA as a Specific Example (remarks before the Minnesota Chapter of the American Society for Public Administration at the University of Minnesota, Minneapolis, May 10, 1944. Mimeographed in the files of the Authority.), pp. 18-19.
peculiar nature and status of the employer. In fact, in all collective agreements in TVA, the unusual position of the Authority is explicitly recognized. Typical of such recognition is the following clause:

The parties recognize that TVA is an agency of, and is accountable to, the Government of the United States of America. Therefore TVA must operate within the limits of its legally delegated authority and responsibility.1

Although nothing as formal or explicit as this has been incorporated into any of the collective agreements to which Ontario Hydro is a party, it is acknowledged by all concerned, in both union and management in the Commission, that its final authority and responsibility is vested in the provincial legislature. Experience in neither of these agencies, therefore, would seem to support the contention that there is a fundamental incompatibility between collective bargaining in the public service and the ultimate and essential sovereignty of the state and its agencies. If anything, their experience suggests exactly the reverse. There need be no such incompatibility and consequently it is quite conceivable that collective bargaining could be introduced into the public service without any misgivings in this respect.

Although union-management relations in neither of these agencies have been perfectly harmonious, there is nothing of profound importance in their experiences to suggest that the collective bargaining process is anything but feasible under such circumstances. Indeed, the experiences of union and management in both Ontario Hydro and TVA (in spite of recent

1 The Tennessee Valley Authority and the Tennessee Valley Trades and Labor Council, General Agreement Covering Annual Employment (revised through July 1, 1957), Article II, Section 1.
difficulties in the former) would seem to suggest that the collective bargaining process is a practical alternative to existing employee relations policies in the civil service proper. One of the reasons why collective bargaining has proved feasible in these agencies stems from the way in which it developed. In both instances — and particularly in Ontario Hydro — the emergence of a collective bargaining relationship was preceded by less advanced forms of employee representation. It was an evolutionary process. It was, in fact, almost as if — and here again, this is especially true of Ontario Hydro — management deliberately intended to structure the nature and basic framework of the future labour organization with which it was to deal. In any event, deliberate or otherwise, this was the net effect. The tradition of employee representation, which was developed in these agencies prior to the emergence of formal collective bargaining, to some extent at least, shaped and facilitated their later union-management relationships.

This sequence of events is not without its parallel in the government service in general. Many forms and varieties of employee representation now exist in the various state, provincial and federal governments in the United States and Canada. In many jurisdictions, in fact, formal employee organizations exist to represent, in one fashion or another, the collective interests of public employees. In most cases, however, the emergence and development of these groups has been neither encouraged nor welcomed by government officials. In contrast to the early approaches adopted by the managements of Ontario Hydro and TVA, any form of employee organization has been discouraged, if not openly opposed, by most governments affected. Nevertheless, in
spite of official hostility, government employee organizations have continued to multiply and expand in both the United States and Canada. Denied the right to engage in collective bargaining, these groups have often channeled their energies into legislative lobbying and/or other forms of political action. It was suggested in the last chapter that these alternatives have proved neither effective nor desirable. It was further suggested that the need to rely on such measures would be drastically reduced if public employee unions were granted the right to engage in formal collective bargaining with the government employer. In most branches of the public service, however, the feasibility of this alternative has not even been tested. Governments have, instead, sought refuge in a variety of arguments for refusing to extend this privilege to their own employees.

In Ontario Hydro and TVA, in contrast, a more positive approach was adopted. Instead of taking the negative point of view that there was no possible way in which collective bargaining could be applied to the public service, these agencies chose rather to earnestly try and make it work. This does mean that they ignored the potential difficulties inherent in such a procedure. This is far from the case. Byembarking on experimental programs of collective representation they began to explore the problems involved. As their initial programs proved successful, they were then able to proceed to more advanced forms of collective bargaining. The same sort of process is now in evidence in a number of jurisdictions in Canada. In these instances, however, the initial experiments are not being voluntarily introduced by the public employer, but rather are being forced upon reluctant governments by the growing strength of the various civil service unions. Under these
circumstances, the likelihood of the emergence of successful union-management relationships is greatly reduced. Given a more positive attitude on the part of the governments involved, however, it is difficult to believe that union-management relations similar to those which have been established in Ontario Hydro and TVA could not also be developed throughout the public service.

(3) The Potential Nature of Union-Management Relations in the Public Service

The nature of the relationship between union and management in TVA indicates that collective bargaining in the government service can be a distinct advantage to all concerned. Collective bargaining in TVA has not only served to accommodate the usual differences between employees and management but also has been the basis upon which the parties have structured a cooperative framework to deal with those matters where their interests are mutual. In a very real and meaningful sense, therefore, TVA illustrates the potential advantages inherent in the collective bargaining process in the public service. The experience of union and management in this agency clearly reveals that there can be effective collective bargaining in an atmosphere of creative peace and industrial health between organized employees and the management of public institutions.

Recent experience in Ontario Hydro, on the other hand, suggests that public ownership, of and by itself, is not necessarily conducive to the establishment of relatively peaceful and harmonious union-management relations. It would, of course, be very surprising indeed if this was the case. The problems confronting union and management
in public institutions are just as varied and complex as those confronting their counterparts in private enterprises. They are, in addition, just as susceptible to the influences of particular philosophies and approaches to industrial relations matters. There is reason to believe, in fact, that the latter consideration may be an even more acute variable in the public service than it can be in private enterprises. Since the sanctions normally associated with collective bargaining in the latter area are unlikely to be permitted in the former, neither union nor management in the public service can afford the luxury of engaging in approaches or tactics conducive to the eruption of overt industrial conflict.¹

At the same time that recent experience in Ontario Hydro illustrates the possibility of markedly strained relations between union and management in public agencies, however, it also suggests that even in the most trying of times there are very real and substantial advantages which can accrue from collective representation in such agencies. In spite of their recent differences, the union-management relationship in Ontario Hydro continues to yield substantial and constructive contributions to employee relations and, therefore, to

¹ Especially instructive in this connection are the conclusions which emerged from the series of studies sponsored by the National Planning Association into the causes of industrial peace. See: Committee on the Causes of Industrial Peace Under Collective Bargaining of the National Planning Association, Causes Of Industrial Peace Under Collective Bargaining (Case Study No. 14, Fundamentals of Labor Peace: A Final Report, National Planning Association, Washington, D. C., December 1953), especially the concluding chapter. These findings would seem to me to be particularly pertinent to union-management relations in the public service.
the better management of the Commission. An excellent example of such an achievement was the negotiation and implementation of an entirely new job evaluation scheme during 1959-1960. This and the other bilateral achievements reviewed in Chapter 8 probably could not have been realized in the absence of a union which was willing to take upon itself the responsibilities which these accomplishments required. There is, on the other hand, some reason to question whether the parties in the Commission can continue to profit so greatly from their relationship. Primarily because of underlying changes taking place in both union and management in the Commission, their relationship has been subject to considerable strain in recent years. As a result, a definite adverse trend in the nature of their relationship has been set in motion. While it is to be hoped that the pressures aggravating this trend can be corrected, it is unlikely that a reversal in the present trend can take place in the absence of a restructuring of the basic elements in their relationship. Unlike their counterparts in TVA, union and management in Ontario Hydro have failed to take advantage of those aspects of their environment which are conducive to the establishment of a more effective accommodation procedure. They have also failed to develop formal cooperative programs in those areas where their mutual interests would probably permit such a development. In view of these shortcomings, it is hardly surprising that they should be subject to the difficulties normally experienced by union and management in private enterprises.
The Potential Advantages Available to Union and Management in the Public Service in Terms of Their Accommodation Procedures

In spite of the essential similarity between union-management relations in public and private institutions, there are certain important distinctions between the two situations. Some of these distinctions suggest that union and management in the public service can accommodate certain of their major differences more readily than can their counterparts in private industry. This is especially true, for example, with respect to the negotiation of wages and other monetary conditions of work. Because of a number of considerations, union and management in public undertakings can usually agree to settle their differences in these areas on the basis of prevailing wages and working conditions. It is possible, in other words, for them to agree to be pattern followers. This can provide a significant advantage in terms of the nature and quality of their overall relationship. Union and management in TVA have taken full advantage of this opportunity. Having agreed in principle on the prevailing rate criterion, they then structured their bargaining procedures so as to facilitate the utilization and application of such a principle. This has had an extremely beneficial effect upon the overall union-management accommodation process in TVA. The reason for this is not difficult to understand. It is apparent from the following observation of a prominent management official in TVA:

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1 These were discussed in Chapter 11 and need not be repeated here.
We have a tremendous advantage over private companies. Our bargaining is done within limits set by prevailing practice, limits laid out on the table for all to see. The union can have an intelligent and constructive part in determining what rates reflect the facts of prevailing practice; they are not fighting to uphold a request based on a guess as to profits, the company's ability to pay, and the maximum they can get through persuasion or threats.

Agreement in principle alone, however, on such a vital matter is likely to do little or no good at all. This is suggested by the present situation in Ontario Hydro. Even if it could be assumed that the OHEU and the Commission were in full agreement on the basic principle which should govern their wage negotiations, it is highly unlikely that this would do them any good. This is borne out by recent experience in the Commission. To the extent that they have agreed in principle on a wage policy they have altogether failed to follow this up with any sort of joint procedures designed to facilitate its introduction. In the absence of the latter, it is difficult to determine whether their limited agreement in principle has had a beneficial or a detrimental effect upon their overall relationship. I suspect that the latter may be closer to the truth.

(5) Certain Complications Which Are Somewhat Peculiar to the Collective Bargaining Process in the Public Service

Just as there are potential advantages accruable to union and management in the public service, in their endeavour to accommodate their differences (because of the nature of their environment), so also are there certain problems somewhat peculiar to their situation. Because of the nature of the government service, for example, it usually encompasses a much more diverse and geographically dispersed
work force than do private enterprises. This not only presents internal
problems to the unions involved but also, to the extent that there is
a spread in wages and/or living costs across the territory encompassed,
raises the question of the propriety of geographical wage differentials.
This involves matters of equity, political expediency and administrative
practicability. There is obviously no easy solution to this problem.
Although it is likely to diminish with time (as geographical wage
differentials narrow in response to economic and institutional forces),
it remains of some significance in a country such as Canada and, indeed,
in a province such as Ontario. Under these circumstances, some modi-

fication of the procedure applied in Ontario Hydro is probably the
most practical and equitable manner in which to approach this problem.

A more disturbing feature distinguishing collective bargaining
in the public service from collective bargaining in most private enter-
prises is the virtual absence -- explicit or otherwise -- of the right
to engage in overt forms of industrial conflict. This immediately
raises the question of what to do if such a possibility becomes imminent.
Although it is conceivable that certain intangible pressures may inhibit
the resort to such sanctions, it is obvious that this does not rule out
the possibility of such an outcome. Nor does the judicious use of
mediation and conciliation obviate the necessity to consider the solution
to such a problem if all such measures fail. A flexible approach to
such a crisis has much to recommend it. Nevertheless, in the final
analysis, one cannot rule out the possibility of the resort to compulsory
arbitration as the only practical alternative. Although such an expedient
is to be avoided -- if for no other reason than because of its potentially
inhibiting effect upon the course of future collective relations -- and should only be used as a last resort; it is a very real possibility which cannot and should not be ignored when one considers the question of unions and collective bargaining in the public service. Somewhat encouraging in this respect is the experience of union and management in TVA. Although a form of compulsory arbitration applies to their relationship, in the event that they cannot mutually resolve certain of their differences, it does not appear to have had a detrimental effect upon the collective bargaining process in the Authority. This is because the parties have more or less agreed in advance upon the standard or criterion upon which the Secretary of Labor is to base his decisions.¹ This applies, however, only to wages and other monetary conditions of work. On other matters, where the problem may be somewhat unique to the government service, the resort to arbitration may involve more serious questions. This is a matter which deserves further attention. In general however, some form of compulsory arbitration does appear to provide the only practical answer, in the final analysis, to the problem of industrial conflict in the public service.

(6) Public Policy and the Political Dimension of Union-Management Relations in the Public Service

From a public policy point of view, there is another interesting set of factors to be considered in connection with the question of the appropriate role of unions and collective bargaining in the public service. These factors relate to the political dimension of union-

¹ The development of such a standard or criterion is extremely important if the threat of compulsory arbitration is not to have more drastic ramifications than those I have ascribed to it.
management relations in public institutions. They involve complicated and conflicting considerations. Public employee organizations can act as a check upon the abuses of political patronage in the public service. They can, in addition, compel a reconsideration of some of the undue and severe limitations placed upon the political liberties of individual government employees. In both these respects, their potential impact, unless carried to extremes, is probably both salutary and desirable.

It would be wrong, however, to characterize their potential impact in the political realm as being altogether or entirely positive. To the extent that they themselves engage in political activity (to reinforce and complement their collective bargaining functions), this may have negative and detrimental effects. Given the right to engage in collective bargaining, and the additional right to compel the adjudication of their differences with the government by the resort to arbitration, the justification and need for further action in the political field would seem to me to be drastically reduced if not completely eliminated.\(^1\) This question, however, as well as some of the more positive aspects referred to above will require more searching analysis as experience and evidence in these areas accumulate.

(7) Conclusion

This study supports the general conclusion that the right to engage in collective bargaining can be extended to public employees

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\(^1\) It is improbable that all forms of political activity can thereby be eliminated. The unions, for example, would no doubt be very interested in the arbitrators named to resolve any disputes which did arise. It is unlikely that they would forgo the resort to any means at their disposal to ensure the naming of arbitrators favourable to their point of view.
without jeopardizing any of the fundamental features which are inherent in the nature of the state. The arguments for not doing so are not sufficient or valid. They do not stand up under close examination and they indicate an unwillingness to approach this whole question in a positive manner. With respect to the practical difficulties offered by those who resist such a development, the same sort of criticism can be made. Such difficulties tend to involve procedural rather than substantive matters and, here again, a less negative and defensive approach on the part of the public employer could be expected to lead to their eventual reduction or elimination.

The above conclusions are clearly borne out by the experiences of union and management in Ontario Hydro and TVA. Their experiences support the view that none of the arguments usually advanced against the extension of collective bargaining rights to public servants are insurmountable and that all of the problems associated with these arguments can be resolved given the intention and will to do so. On the basis of their experiences it would therefore seem perfectly feasible for governments in general to foster and promote among their own employees the same sort of procedures as they have long advocated, encouraged, and, in fact, compelled in the private sectors of our economy. It would seem to me that it is inconsistent and possibly unjust and unwise for them to do otherwise.
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Biographical Note

John H. G. Crispo was born on May 5, 1933, in Toronto, Ontario, Canada. He completed high school at Upper Canada College and then entered Trinity College at the University of Toronto. Graduating from the latter with a Bachelor of Commerce in 1956, he was, in the same year, awarded the Westinghouse Fellowship in Industrial Relations in the Department of Economics and Social Science at the Massachusetts Institute of Technology. In the following year, with the aid of a Mackenzie King Travelling Fellowship in Industrial Relations and a grant from the Department of Economics and Social Science at M.I.T., he was able to complete all the requirements for the doctorate degree except for the dissertation.

From June 1958 to September 1959, he was engaged in field research for his doctoral dissertation. This work was financed by grants from the Ford Foundation and from the Department of Labour, Canada. In September 1959, he returned to M.I.T. to assume the position of Teaching Assistant in the Department of Economics and Social Science and to complete his thesis with financial support from the Canada Council. In May of 1960, the thesis was submitted and Crispo then left M.I.T. to assume the post of Assistant Professor at Huron College, an affiliate of the University of Western Ontario.