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Compulsory Conciliation Machinery in Ontario

MARTIN LEVINSON *

At its last session, the Ontario legislature established a Select Committee on Labour Relations. One of the Committee's functions was to consider the operation of The Ontario Labour Relations Act.¹ Since July, 1957, the Committee has heard representations from government, trade union and management officials, and other interested persons, on the effectiveness of the province's basic statute in the labour relations field. Many briefs presented to the Committee dealt with the negotiation of collective agreements. Sections 10 to 29 of the Act set out procedures which must be followed when employers and unions are unable to arrive at direct settlement of disputes over new or revised collective agreements. Because the established machinery is aimed at preventing strikes and lockouts, its effectiveness is of major concern to the public, as well as to labour and management. The portions of the Act dealing with this important aspect of industrial relations are those that constitute the conciliation procedure; it is the purpose of this essay to provide a summary of this procedure, a discussion of its effectiveness, and suggestions for its improvement.

The Act and Conciliation Procedures

Section 49 sets out one of the Act's basic principles, that is, that no strike or lockout shall take place until seven days have elapsed after a conciliation board has reported to the Minister of Labour, or after the Minister has informed the parties that he does not deem it advisable to appoint a conciliation board. The Minister's power to refrain from appointing a conciliation board has been rarely exercised. Thus, as a practical matter, there can be no legal strike or lockout in Ontario, until a conciliation board has heard the dispute. In simple terms, conciliation is compulsory prior to direct economic action by either party.

The procedure under the Act is prescribed by sections 13 and 15. Section 13 of the Act provides that where thirty-five days or more have elapsed from the commencement of negotiations, and it appears that a collective agreement will not be made, either party may ask the Labour Relations Board for conciliation services to assist in reaching a settlement. Normally, the request is granted and the Minister of Labour appoints a conciliation officer. The conciliation officer meets with both sides in an effort to facilitate resolution of the outstanding issues. If he fails,

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¹ R.S.O. 1950, c. 194 as amended Stat. of Ont. 1954, c. 42 and 1956, c. 35.

he reports to the Minister of Labour, who then proceeds under section 15 of the Act. Under this section, the Minister usually requests each side to nominate a member of a conciliation board.² The two nominated members attempt to agree on a chairman. If they are unable to do so, the Minister is empowered to appoint one under section 15.

The function of the three man conciliation board is to effect agreement between the parties on the matters referred to it. It has power to determine its own procedures; it can summon and enforce attendance of witnesses, and compel them to give oral or written evidence; and it can enter any premises where work is being done, and inspect and view machines or material. If the board is able to effect a settlement of the disputed issues at its hearings, its function is fulfilled. If this proves to be impossible, the board must report its findings and recommendations to the Minister as provided in section 27 (1). If unanimous agreement cannot be reached, the report of the majority is the report of the board.

The board's recommendations, when released by the Minister of Labour, are not binding on the parties. They are recommendations only; either side may accept or reject them.³ Board recommendations, however, even though not accepted in full by both parties, often form the basis for further collective bargaining, which may result in a settlement. If no settlement is reached within seven days after a conciliation board report is received by the Minister, a legal strike or lockout may ensue.

General Comments on Ontario's Conciliatory Machinery

The compulsory character of the conciliation process in Ontario, and other Canadian jurisdictions, is a unique feature of Canadian Labour legislation.⁴ Contrast, for example, the American Labor Management Relations Act, 1947, better known as the Taft-Hartley Act, which established a mediation service that, except in national emergencies, is purely voluntary. The parties are induced, but not compelled, to use the service prior to any strike or lockout. There is no restriction on the right to strike or lockout, nor is there any legal obligation to resort to the mediation machinery. The situation in England is

² If the Minister of Labour deems it inadvisable to set up a Board he can refrain from doing so as noted *ante*.

³ This distinguishes the report of a conciliation board from that of an arbitration board set up under sections 30 to 34 of The Labour Relations Act. These sections specify that every collective agreement must provide for final and binding settlement, without stoppage of work, of all differences between the parties arising from the interpretation, application, administration or alleged violation of a collective agreement. Arbitration normally deals with a matter arising out of the operation of the collective agreement and results in a *final and binding board decision*. Conciliation is concerned with the concluding of new or revised collective agreements. While employers and trade unions are by legislation compelled to submit their disputes to the conciliation machinery, they are *not* compelled to accept the recommendations of conciliation boards.

⁴ For a comparative study of conciliation or mediation procedures see H. A. Logan, *State Intervention and Assistance in Collective Bargaining*, (University of Toronto Press, 1956).

comparable. In his recent book, *State Intervention and Assistance in Collective Bargaining*, Professor H. A. Logan outlines British legislation which appears to be even less formal than that of the United States.⁵

Thus, Ontario's system of conciliation is less flexible than that prevailing in most industrially advanced countries of the free world. Its origin is the Federal Disputes Investigation Act of 1907, an Act inspired by the late W. L. MacKenzie King. While the scope of this Act was curtailed by the Privy Council in 1925,⁶ it set the pattern for later provincial legislation, particularly with regard to conciliation machinery. Present conciliation procedures in Ontario are remarkably similar to those contained in the 1907 Act. The major premise of compulsory conciliation at that time was the belief that enforced delays, or "cooling off" periods, are conducive to industrial peace. The draftsmen of the 1907 legislation believed that the passage of time makes disputants more reasonable and this belief is still widely held today.

One of the leading authorities in this country in the field of industrial relations has commented on the validity of this principle. In a recent brief presented to the Select Committee on the Labour Relations Act, Professor H. D. Woods, Chairman of the Department of Industrial Relations at McGill University, suggests that this reasoning was much more sound fifty years ago than it is today.⁷ Professor Woods contends that in 1907 the problem was to get the bargaining process under way; recognition of unions by employers was in that day itself a fundamental issue. The present writer agrees with this conclusion, and with Professor Woods' statement that "the major reason for compulsory delay on strike or lockout action, *recognition*, now has its own specialized agency in the L.R.B. (Labour Relations Board)".⁸ Professor Woods' conclusion on this aspect of the legislation is that "general use of both compulsory conciliation and compulsory delay on direct economic action, both of which were historically the product of crises, is no longer defensible, because it does not come to grips with emerging problems in labour relations, and because considerable harm to collective bargaining is being done."⁹

There has been much criticism of the established conciliation procedure before the Select Committee of the Legislature. One of Canada's largest unions stated that "it is the experience of our Union that

⁵ *Ibid.*, pp. 95 and 96.

⁶ *Toronto Electric Commissioners v. Snider*, [1925] A.C. 396.

⁷ H. D. Woods, Brief entitled *Labour Relations Law and Policy* presented to the Select Committee on Labour Relations of the Ontario Legislative Assembly, p. 14.

⁸ *Ibid.*, p. 15: The Labour Relations Board referred to is a tribunal established under the Act. It decides whether a union represents the majority of employees in an appropriate bargaining unit. Once the board has so decided an employer must bargain with the recognized union. Such recognition procedure did not exist when the 1907 Act was passed and a substantial proportion of strikes resulted from employer refusal to bargain collectively with employees' groups.

⁹ *Ibid.*, p. 16.

conciliation boards have made no real contribution to collective bargaining but, on the contrary, have served as a medium of delay and, quite often, confusion."¹⁰ This extreme view is not always shared by other unions, but considerable dissatisfaction over the present machinery is nevertheless widespread in union circles—a dissatisfaction which is shared by many management officials. In its brief to the Select Committee, the Ontario Federation of Labour, an organization representing half a million workers in the province, stated:

From our experience, we have arrived at the conclusion that at the present time, and for some time in the past, conciliation has proven much less successful than what might reasonably have been expected. If, as now appears, nothing can be done to overcome the interminable delays, the ineffectiveness of many conciliators, the inflexibility of the process as a whole, and the outright abuse of conciliation by employers—then we feel a completely new approach is called for.¹¹

Some Statistics on the Effectiveness of the Present Machinery

One of the difficulties in attempting to assess, quantitatively, the effectiveness of the present machinery is the dearth of statistics concerning its operation. The only detailed information available deals with the first step in the procedure. The following table gives some indication of the effectiveness of the efforts of conciliation officers appointed by the Minister of Labour over the ten year period from 1946 to 1955.

CONCILIATION UNDER LABOUR RELATIONS ACT,
PROVINCE OF ONTARIO¹²

	Number of Conciliation Officers appointed by Minister of Labour	Number of Agreements Effectuated	Percentage of successful cases
1946	88	38	43.2
1947	74	29	39.2
1948	190	89	46.8
1949	244	133	54.5
1950	433	235	54.3
1951	443	303	46.2
1952	521	299	57.4
1953	906	429	47.3
1954	1076	485	45.1
1955	1105	503	44.9
Ten-year average percentage of disputes settled by Conciliation Officers			47.9

¹⁰ Brief presented to the Select Committee by the United Automobile Workers, October, 1957, p. 15.

¹¹ Brief presented to the Select Committee by the Ontario Federation of Labour, p. 14.

¹² Statistics are taken from Logan, *State Intervention and Assistance Bargaining*, *op. cit.*

This table reveals that in the ten-year period reviewed less than half of the disputes submitted to conciliation officers were settled. These statistics refer of course to the number of cases, not to the number of employees. It may be that a substantial number of the cases settled involved relatively small establishments with few employees, while many of the unsettled cases involved large industrial establishments. It is the writer's experience that the more difficult disputes involving major companies are not often settled in the conciliation-officer stage.

What then of the normally more difficult disputes which go to the second stage of the process? How have conciliation boards fared in resolving the issues placed before them, either in direct sessions with the parties or through the parties' acceptance of the conciliation board's recommendations? Unfortunately, no official statistics have been published giving this data.¹³

Although limited in value because of their restricted scope, a number of private studies have been made on this subject. One, by Allan A. Porter, of the Dominion Department of Labour, included an analysis of 178 conciliation board proceedings held during 1952.¹⁴ Of these 178 boards, 65, or only 36.5%, were able to resolve all issues before them. Whether 1952 was a representative year or not the writer is unable to say. It would appear, however, that conciliation boards have been less successful than conciliation officers because typically, more difficult problems reach these boards.

The lack of statistics makes it difficult to arrive at any general quantitative conclusions on the effectiveness of the conciliation machinery. However, a reasonable assessment of the situation indicates that approximately two-thirds of the disputes referred to conciliation are resolved through the present machinery.

Defects and Weaknesses of the Present Machinery

At the outset, the writer wishes to make it clear that he disagrees with those who condemn the machinery out of hand as being of no value. The record of conciliation officers discussed above may not be an enviable one, but it is not dismal. What is more, certain conciliation boards have assisted in settling disputes which likely would have resulted in strikes had the parties been left to their own devices.¹⁵ However, it would be ostrich-like to say that all is well in this vital area of industrial relations. The following is an attempt to assess some basic weaknesses in Ontario's conciliation legislation.

¹³ The writer has been informed that no such statistics are compiled by the Ontario Department of Labour.

¹⁴ Allan A. Porter, unpublished M.A. Thesis, University of Toronto, 1956.

¹⁵ Notable in this connection was the dispute between the Steel Company of Canada Limited and the United Steelworkers of America in the summer of 1955. A conciliation board headed by Judge Walter Little of Parry Sound sat for almost ten consecutive days and nights before agreement was reached.

I. Collective Bargaining

Many opponents of the present machinery contend forcefully that compulsory conciliation often becomes a substitute for direct collective bargaining between the parties. The argument is as follows: The most effective pressure inducing both parties to arrive at agreement is the real and immediate threat of a strike or lockout. Only when the parties are faced with this reality does serious collective bargaining take place. By postponing the threat of strikes or lockouts through a formal and inflexible system, the real pressure necessary to induce parties to settle is lost.

After participating in scores of negotiations as a labour representative, the writer has come to the conclusion that this criticism is well founded. Compulsory conciliation introduces a new dimension into collective bargaining. No longer are management and labour representatives concerned solely with arriving at a settlement. They are also concerned with their respective positions before a conciliation board. For example, suppose that the union has asked for an increase of 15 cents an hour. When bargaining commences a new dimension appears immediately. Company representatives feel that they must hold back any substantial offer because, even if it is not accepted, they are committed to it before a conciliation board. The task of the board is to narrow the differences between the parties; thus, if the company has offered 10 cents in direct bargaining the area of conflict before the board is between the 10 cent offer and the 15 cent demand. This process works on the other side of the table in exactly the same manner. The union, with one eye on the possibility that a board will be appointed, is hesitant to move very far in direct negotiations for fear of prejudicing its position later. Consequently, neither party gets down to the real business of bargaining directly until they meet in conciliation. This results in both unrealistic offers and demands on the part of many employers and unions, and true and voluntary collective bargaining is thereby often thwarted.

This reluctance to make realistic offers is also found at the conciliation officer stage, although to a lesser degree. Both parties often continue to hold back realistic proposals in order to avoid an unfavourable bargaining position in the last stage of the procedure, the conciliation board. Theoretically, the results of bargaining at this level are not communicated to the board. Conciliation officers, if they fail in their efforts, do not report their findings to the chairmen of conciliation boards. But the conciliation officer's work is such that he must indicate to each party what the true position of the other party is. When the board begins its work, it often is informed by one party, with whom it meets in closed session, what the other party offered during the conciliation officer's meetings. Experienced negotiators know this, and in difficult situations they are apt to temporize until bargaining is removed to the conciliation board stage. Hence, true bargaining does not begin until the later stage is reached. It is only here that the pressure of possible economic loss begins to be felt by union and

employer alike. The prospect of hardship caused by strikes and lockouts is, of course, utilized fully by skillful conciliation board chairmen. Conciliation officers cannot use such pressure because theirs is not the final step, and thus their effectiveness is considerably reduced.

This is not to suggest that direct collective bargaining in all cases is thwarted by the conciliation machinery. However, the tendency to postpone real bargaining until the conciliation board stage has been reached is so widespread that it cannot be ignored. If voluntary collective bargaining with a minimum of government interference is a desirable objective, the present machinery leaves much to be desired. In the words of Professor H. D. Woods, "Compulsory conciliation in the nature of things provides a built in deterrent to effective collective bargaining".¹⁶

II. Role and Personnel

One of the fundamental principles of the Industrial Disputes Investigation Act of 1907 concerned the role of the conciliation board, its reports and recommendations. It was felt that board recommendations would bring to the attention of the public the issues in the dispute and, by pointing out a reasonable solution, provoke the recalcitrant parties to resolve their differences. The board was to confine itself to adjudication of the issues, and public opinion would bring pressure to bear on both sides. If one side refused to accept the board's recommendations, it would be forced to bear the stigma attached to it by an aroused citizenry.

To play such a role successfully, the board required chairmen skilled in adjudication. For obvious reasons, the task fell most often to County and Supreme Court Judges. Recently there has been a trend away from the "adjudication" concept, but the vast majority of chairmen still are drawn from the ranks of the judiciary.

No experienced management or labour official in the labour relations field ignores public opinion. But the framers of the 1907 Act exaggerated its influence except, perhaps, in strikes of national importance, or in strikes closely affecting the public. Strikes of milk drivers and garbage collectors afford an example of this latter type. Even in cases such as these the dispute is often so complex that the public is unable to come to clear conclusions on the issues. Individual prejudices among the public, rather than reasoned decisions on the merits of the case, often reduce the effectiveness of the board's recommendations. Equally important is the fact that strikes in small establishments usually do not cause enough inconvenience, especially in large cities, to effectively arouse public opinion. Life goes on without any great dislocation for most of the citizens in the strike area, and consequently their attitude is generally apathetic. The writer does not wish to give the impression that either labour or management habitually ignore conciliation board recommendations. "On Strike for the Conciliation Board

¹⁶ Woods, *op. cit.*, pp. 19-20; see footnote 7 *ante*.

Report" is a picket sign often seen in labour disputes. But, on the whole, the respect which the parties show for conciliation board reports has greatly diminished. As a consequence, a new approach to the board's role has evolved in recent years.

The recent tendency among chairmen has been to minimize adjudication and stress negotiation.¹⁷ Today, fewer chairmen are simply hearing the parties' briefs and retiring to write reports. They are spending more time and effort bringing the parties together. This is a desirable development, and its proponents are meeting with far greater success than their predecessors in creating or restoring industrial peace.

The new approach has produced new and complex personnel problems. The job of the "conciliatory" chairman is far more difficult than that of an adjudicator. It requires tact, prestige, forcefulness, an acute sense of timing, and an intensive knowledge of labour relations. Not least of all, it requires a knowledge of human beings and personal behaviour. One does not often find this combination of qualities.¹⁸ Many judges presently acting as conciliation board chairmen possess neither the type of experience, the qualities required, nor the skill in *quid pro quo* negotiation that is essential to this type of collective bargaining. The relatively quiet atmosphere of the court-room bears little resemblance to the rough and tumble of conciliation sessions. The writer is not unmindful of the skilled judges who perform excellent service in this exacting and arduous task. However, because there are so few judges of this type available, their services are regularly over-taxed and they are forced to reject many important cases. There just are not enough conciliation chairmen of high calibre to meet the demand.

The Department of Labour has been widely criticized for favouring judges as board chairmen.¹⁹ The reason for selecting judges—experts in adjudication—has been discussed above in relation to the historical role of the conciliation process. There is, however, a practical consideration which merits attention. Very few qualified persons are willing to take the required time, or accept the onerous responsibilities involved, for the small monetary reward. Chairmen of conciliation boards receive \$60.00 a day, from which they must deduct their food and hotel expenses. Most County Court judges undertake conciliation work in their spare time; their remuneration is a supplement to their regular income. Qualified persons, apart from judges, rarely find themselves able to accept the financial sacrifice.

The problem of remuneration is even more apparent at the conciliation officer stage. Conciliation officers are full time civil servants

¹⁷ Influential in the trend towards a negotiating rather than an adjudicating board in Ontario have been Eric Taylor of Toronto and Judge Walter Little of Parry Sound, two of the Province's most effective chairmen.

¹⁸ On the basis of relatively wide experience in the field over a decade the writer would place only a few active conciliation board chairmen in Ontario in this category.

¹⁹ The legislation provides, in Sec. 15, that the Minister of Labour may appoint a chairman if the parties cannot agree on one. Appointments by the Minister have been largely confined to judges.

and, as such, are paid the relatively low wages prevailing in this sector of the economy.²⁰ It is not surprising that enough capable persons are not readily available. Many briefs submitted to the Select Committee recommended a one-step procedure confined to the conciliation officer alone. Such a procedure would be similar to the United States mediation service. The writer doubts the wisdom of such a proposal in view of the personnel problems within the Conciliation Branch of The Department of Labour. A much more effective conciliation officer service than the present one would be required to make the proposal effective. Many costly strikes can be averted by able personnel. It must be decided soon whether the relatively small expenditure necessary to acquire a highly qualified staff in this field is worthwhile.

Finally, in the matter of personnel training, the Report of the Ontario Federation of Labour's Committee on Labour Relations Legislation is interesting:

But having the necessary qualifications is not enough to make a person a good conciliator. There is needed a further amount of training specifically in the practices and operations of the conciliation process. In this regard we feel the Universities of Ontario have fallen far short of what reasonably could be expected of them. We feel the Universities, especially the University of Toronto, which is located in the heart of industrial Ontario, could develop courses of training for conciliation personnel. We are not thinking in terms of a full-time degree course, but rather, perhaps, of evening seminars at which experienced conciliators could discuss experiences, and even conciliation "techniques" with others interested in the field. This would also give an opportunity for those already operating in the conciliation process to exchange ideas and experiences and to explore new ideas. In addition, competent lecturers could give the uninitiated some background in the history of trade unionism, corporation structure, Ontario labour laws, and a variety of other subjects which would be of immeasurable value to anyone working in this field.²¹

III. Slowness of the Present Machinery

Studies have indicated that the average time lapse between a request by the parties for conciliation and receipt of the board's report is about six months.²² In some cases the time elapsed is as much as a year. Both labour and management have repeatedly complained of this defect in the present machinery.

Each step in the conciliation process is subject to time limits under the Labour Relations Act. The statutory time limits running from beginning to end total approximately 65 days or a little over two months. As noted, the actual time required is considerably longer. Section 29 of the Act states that the failure of a conciliation board or conciliation officer to report to the Minister within the time provided shall not invalidate the proceedings. Were it not for this section, almost every conciliation board in Ontario would be in violation of the legisla-

²⁰ The writer is informed that the highest wage of a first class conciliation officer in Ontario is \$7,500.00 a year.

²¹ Report of the Ontario Federation of Labour Committee on Labour Relations Legislation, February 1957, p. 23.

²² The Ontario Federation of Labour has completed two studies, one in 1953 and one in 1955, which bear out this contention.

tion. The major reasons for the length of time needed are *the nature of machinery itself*, and the *lack of competent board chairmen*. The two step procedure involving, first, the conciliation officer and, secondly, a conciliation board, is, by its very nature, a lengthy one. Further, to get one of the few capable chairmen to act often means waiting for weeks, simply because they are unavailable when required. Even, to get the less experienced chairmen is a difficult task. Finally, the Department of Labour has made little effort to enforce the time limits in the Act.

Some of the difficulty lies with the parties themselves. For example, a union may believe that its most effective economic pressure in collective bargaining can be brought to bear at a certain month of the year because of high company production or sales in that period. If it has to strike, it probably wishes to do so at that time. To commence a legal strike it must go through the conciliation procedure. Hence, unions frequently "drag out" negotiations and conciliation so as to time the appearance of a conciliation board's report with a peak production period. Employers use the same procedure to achieve the opposite result. Because of the absence of any effective time limit enforcement, this type of manoeuvre is a tactic recognized by both parties. It prolongs unduly an already lengthy procedure.

Delays have been discussed on many occasions, and it is unnecessary to review the problem here. Professor Burton Kierstead's observations, however, are worthy of note. He says:

These delays are welcomed by some people who think they permit what is called "cooling off." This is nonsense. They are frustrating and annoying. With weak unions they sometimes do result in frustration to the point where the members will no longer hold together for a strike. This "cooling off"—when it works—simply means weakening the unions' bargaining position. Usually, however, the frustration makes people angrier and more difficult to bring together than they would otherwise have been. It also adds difficulties to the settlement in the form of retroactive benefits. It can also mess up the question of the contract period. Altogether, such delay is undesirable from the point of view of the union and the chairman of the board. I think it is undesirable from the point of view of management and I find the more far-sighted management representatives agree with me.²³

Conclusions and Recommendations

It is not the writer's intention to outline comprehensive proposals for reforming the conciliation machinery or to imply that the present machinery has been of little value in promoting industrial peace. The machinery has served a useful function in the past, but its deficiencies are becoming increasingly apparent in the light of the complex problems in modern industrial relations. The following two proposals would, in the writer's view, effect desirable improvements in the machinery:

(i) It is essential to restore and strengthen true collective bargaining. This means generally eliminating compulsory conciliation, which has tended to become a substitute for collective bargaining. Conciliation should only be used to assist the parties when, after a *bona fide* effort, they have failed to agree. There should be no prohibition of the right to

²³ Kiersted, *op. cit.* p. 6.

strike prior to the appointment of an officer. The Minister should be free to send in an officer either before or after a strike, as is the case in the United States. The only time a conciliation board should be appointed is, (a) when both parties agree to it and, (b) when the Minister of Labour is satisfied that the issues are sufficiently complex or important to justify it, and that sincere but unsuccessful efforts have already been made to settle them. Compulsory conciliation, nevertheless, is desirable in disputes of national importance or where essential industries are involved.²⁴ The public interest in a steel industry dispute, for example, is so great that the dispute should be aired publicly before a conciliation board if the parties cannot agree. The Minister of Labour should be empowered to set up a compulsory conciliation board for these cases.

(ii) The success of such a procedure depends upon the availability of first rate conciliation officers. This means that substantially higher wages, together with greater community respect, must be offered to procure them.

The adoption of these proposals will bring Ontario legislation into line with that of the United Kingdom and the United States and will revitalize the collective bargaining concept which is fundamental to our industrial and democratic society.

²⁴ Professor H. D. Woods has suggested in his brief to the Select Committee that in first agreements conciliation should be compulsory as an educational device. The writer believes this proposal has considerable merit.