CONCEPTS OF LABOUR POLICY IN CANADA AND THE UNITED STATES: THE CASE OF IMPERIAL OIL, 1880-1938

Patricia Potter

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ABSTRACT

CONCEPTS OF LABOUR POLICY IN CANADA AND THE UNITED STATES: THE CASE OF IMPERIAL OIL, 1880-1938

The author has investigated the hypothesis that the theories of labour relations management adhered to in the United States between 1880 and 1938 influenced both Canadian industrialization and Canadian business ideology.

To test this proposal a two-pronged approach was adopted. To begin, a description of the American concepts of labour policy that emerged during the time period under consideration was set down. This was followed by an investigation of the development of Canadian attitudes toward workers between 1880 and 1938 in order to discover similarities and contrasts with the American scene. Finally, on a more particular level, the evolution of labour-management relations at Imperial Oil, Limited, an American-owned company operating in Canada, was described. This material was then evaluated on the basis of similar and dissimilar developments both at Imperial Oil's parent company, Standard Oil of New Jersey, and in relation to the general American and Canadian contexts already determined.

The results of this study indicate that while the philosophies of management toward labour adhered to in Canada and the United States between 1880 and 1938 emerged in a roughly parallel and corresponding

manner, the investigation of a particular example shows that in some instances the American parent firm actually hindered the introduction of certain personnel policies in the Canadian branch plant. In other cases, Imperial Oil acted on its own initiative and was later copied by Standard Oil.

PREFACE

The evolution of Canadian management's attitudes toward labour prior to World War II is a subject that until recently has received little attention from Canadian historians. While this is not surprising, it is unfortunate because any analysis of the development of Canadian social and cultural characteristics eventually leads to the interesting question of outside influences.[1] The word "influence," however, raises the difficult and knotty problem of causality in history since "to influence" can be defined as the "capacity or power of persons or things to produce effects on others by intangible or indirect means. . . ."[2]

On this basis the author wishes to make clear that the premise which states that Canadian entrepreneurs were aware of and sometimes acted according to ideas about employees that were circulating in countries other than the United States, is accepted as given. To support this assumption, though, the example of Canadian management's successful lobbying for the adoption with few changes in either wording or content of England's nineteenth century conspiracy in restraint of trade legislation, will be discussed.

Turning to the United States, however, no such foundation is

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[1]The author feels that this is inevitable because of Canada's long colonial status under England and France, and because of our close proximity to the United States.

[2]Random House Dictionary of the English Language, unabridged ed., p. 730.

taken for granted since the author proposes to show as clearly and as concretely as possible that many of the philosophies of management[3] concerning labour that were being formulated, tested, and adhered to by American businessmen between 1880 and 1938 were also being incorporated into Canadian industrial thought. Thus, the hypothesis that the United States influenced the course of Canadian industrial relations so that it followed along avenues already being pursued by American managers will be investigated throughout this thesis.

Going back more specifically to the problems surrounding the word influence, it must be clearly noted at this point that the author realizes that no direct evidence of American influence on Canadian captains of industry can be demonstrated. However, without suggesting that the reader should jump to illogical conclusions, it will be shown that in many instances Canada turned to the United States for assistance in coping with both the mechanical and human problems inherent in large scale industrial operations. As one example of this we will see that during the last years of the nineteenth, and the first years of the twentieth century, both technological advances and the skilled labour required to maintain the Canadian market were directly imported from the United States.

Similarly, but in a different context, the various philosophies

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[3] The term "philosophy of management" can be defined as a system of principles which is consciously or unconsciously employed by managers in the conduct of their relations with labour. See Ernest Dale, Management: Theory and Practice (New York: McGraw-Hill Book Company, 1965), pp. 201-202.

of management toward labour that were enunciated by American "business intellectuals" will be analyzed in terms of both content and the degree to which they were taken up and incorporated into American firms by U.S. managers. From here it can then be logically concluded that when American businessmen came to Canada to set up branch plants,[4] they also brought these labour relations concepts with them. This then indicates that some American business philosophies were functioning in Canada from the 1880's onward.

Finally, to take this line of thinking one step further, it will be shown that numerous Canadian companies, the Canadian Pacific Railway and the Gray-Dort Motors Company, to give just two examples, adopted American industrial relations packages such as scientific management and employee representation when organizational difficulties and labour unrest threatened efficient production and the status quo. One can conclude, therefore, that the prevalence and practice of these theories of labour relations in the United States and Canada, and the corresponding absence of suitable Canadian alternatives, influenced Canadian managers to adopt American methods.

From here, an additional interesting point centers on the fact that the evolution of American management's attitudes toward workers has been investigated rather thoroughly by American historians, and

[4]Evidence of the fact that Canadians welcomed American branch plants into Canada after 1879 can be found in S. Scheinberg, "Invitation to Empire: Tariffs and American Economic Expansion in Canada," Business History Review, XLVII(Summer, 1973), 218-238. We will also see that numerous discussions of American management philosophies were reprinted in Busy Man's and Maclean's magazines.

Chapter I, therefore, was constructed largely from secondary sources. Upon turning to the question of management's thinking throughout Canadian history, however, the only secondary reference available was Michael Bliss's A Living Profit. While this book is valuable and suggests that Canadian society required further moulding into success-oriented patterns of behavior before it could catch up with the United States in this regard,[5] it did not specifically focus on the question of outside influences on Canadian management's concepts of employee relations. Thus, an investigation of primary sources had to be undertaken to uncover this subject, and the author feels that Chapter II of this thesis--which also contains an analysis of the writings of our only native-born business philosopher, Mackenzie King--sheds a little new light on the origin and nature of Canadian entrepreneurial thinking.

The author also tried to make a more specific contribution to the slowly growing body of Canadian business and labour literature through a study of Imperial Oil, Limited's worker-centered policies. That is, the author has analyzed the factors which led Imperial Oil to formulate certain industrial relations packages for its employees in order to determine the degree of control that was exerted over Imperial's executives by the parent firm, Standard Oil of New Jersey.

The results of this work indicate that Imperial Oil enjoyed at least moderate freedom in the conduct of its affairs. However, this is

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[5]Michael Bliss, A Living Profit: Studies in the Social History of Canadian Business, 1883-1911 (Toronto: McClelland and Stewart Limited, 1974), pp. 138-139.

only one example of an American-owned company operating in Canada that was not completely dominated by the multinational's headoffice. Thus, no general conclusions can be drawn at this point, especially since Patricia Roy's study on the formative years of the British Columbia Electric Railway revealed that the local officers of the company were actually little more than pawns in the hands of the owner-executives in London, England.[6]

In conclusion, therefore, now that the difficulties associated with comparative labour history have been stated as a prelude to introducing this thesis, the author wishes to express her appreciation to Professor J.T. Copp for his advice and patience throughout the preparation of this thesis, and to Professor S. Scheinberg for his assistance with the American material. Sincere thanks is also extended to the numerous individuals at Imperial Oil, Limited in Toronto and Montreal who answered questions and located information. The time given by Mr. V.L. Lavoie, Mr. L.A. Plant, and Mr. M. Lemieux is particularly appreciated. Finally, the author would like to thank her parents and Mrs. M. McNeill for their continued support, assistance, and encouragement.

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[6] Patricia E. Roy, "Direct Management From Abroad: The Formative Years of the British Columbia Electric Railway," Business History Review, VLVII (Summer, 1973), 239-259.

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INTRODUCTION

The rise and development of trade unions is one of the few aspects of the history of labour-management relations in Canada that has been investigated by professional historians. While this area is important, and much research remains to be done in it, an institutional approach[1] of this kind is limited and superficial to the extent that managerial policies and their effects on individual groups of workers are often left untouched in favour of a preoccupation with dates, statistics, and generalities.

Similarly, the work that has been undertaken on Canada's economic evolution has concentrated on broad themes concerned with the unfolding of a national identity separate from that of the United States. Consistent with this framework, only a few industries such as fur trading, cod fishing, and railway transportation have been subject to adequate investigation.[2]

The purpose of this thesis is to fill in part of the void left by these approaches to labour and business history. To do this the author has investigated the hypothesis that the theories of labour

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[1]Greg Kealey, ed., Canada Investigates Industrialism: The Royal Commission on the Relations of Labor and Capital, 1889 (Abridged), with an Introduction by Greg Kealey (Toronto: University of Toronto Press, 1973), pp. xxiii-xxv.

[2]Frederick H. Armstrong, "Canadian Business History: Approaches and Publications to 1970," in Canadian Business History: Selected Studies, 1497-1971, ed. by David S. Macmillan (Toronto: McClelland and Stewart Ltd., 1972), pp. 265-275.

relations management adhered to in the United States between 1880 and 1938 influenced both Canadian industrialization and Canadian business ideology.

To test this proposal the author adopted a two-pronged approach. To begin, a description of the American philosophies of management that emerged during the time period under consideration was set down. This was followed by an investigation of the development of Canadian attitudes toward labour between 1880 and 1938 in order to discover similarities and contrasts with the American scene. Finally, on a more particular level, the evolution of labour-management relations at the American-owned Imperial Oil, Limited was described. This was then compared with similar and dissimilar developments both at Standard Oil of New Jersey and with the general American and Canadian contexts already determined.

This approach to labour history is important because while there are the rather formidable difficulties connected with the concept of influence that were described in the preface, it has been generally assumed that Canadian managerial attitudes toward employees ran a course roughly parallel to the pattern that emerged in the United States prior to World War II even though little research to confirm or dispute this assumption has been undertaken in either general or specific terms. In fact, much of the corporate history written thus far has been commissioned by company executives either for public relations purposes or as eulogies to entrepreneurial groups.[3] An unbiased account

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[3] Armstrong, "Canadian Business History," pp. 279-280.

of labour-management interaction can hardly be expected under these circumstances.

This thesis, therefore, comprises one contribution to the process of ascertaining both the differences and similarities in the history of managerial thought in the United States and Canada, and the influences that our southern neighbour has had on the development of industrial relations in individual corporations in Canada. While the available literature indicates that the philosophies of management toward labour adhered to in Canada and the United States between 1880 and 1938 emerged in a roughly parallel and corresponding manner, the investigation of a particular example indicates that in some instances the American parent firm actually hindered the introduction of certain personnel policies in the Canadian branch palnt. In other cases, Imperial Oil, Limited acted on its own initiative and was later copied by Standard Oil of New Jersey. Additional research remains to be undertaken, therefore, especially on American-owned companies in Canada, before any real understanding of the degree of influence that the United States has had on Canadian industrial relations can be arrived at.

Further justification for the approaches adopted in this thesis is found in the fact that in the course of drawing parallels between the labour relations policies of Standard Oil and Imperial Oil, a complete investigation of fringe benefit plans introduced in Canada and the United States between 1880 and 1938 was embarked upon. The value of such a review, apart from the comparisons that were made, is found in the fact that many present-day managers are returning to welfare plans that were popular but eventually often discredited and abandoned prior to World War II.[4] Surely the lessons learned from past experience should be incorporated into present efforts so that the errors of fifty and sixty years ago will not be repeated.

The reader must be aware, however, that despite the need for a close reexamination of the components of the labour-management relationship at the corporate level, any historian involved in this field faces numerous constraints in the pursuit of the required source material. A particular example of the difficulties encountered can be found in the fact that the author originally intended to include Bell Canada and Montreal's Molson's Brewery, as well as Imperial Oil, in this study of managerial attitudes toward labour. After searching through the surviving records at all three firms, however, additional work on Bell and Molson's was abandoned due to an insufficiency of historical information in the industrial relations area.[5] Then, when adequate primary records were located at Imperial Oil's headoffice in Toronto and the Montreal refinery, few means of verifying or criticizing this data were available in light of the absence of an independent union representing Imperial's employees, and the scarcity of comparative data on other oil companies

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[4] See Donald Redekop, "Company Profit-Sharing Plans Pick Up Speed After Slow Start," Financial Post, Aug. 9, 1975, p. 3.

[5] In addition to the fact that most corporate executives in Canada do not have a sense of history and therfore do not realize the importance of retaining old documents, "business records have not fitted easily into the acquisition policies of public archival institutions in Canada." John H. Archer, "Business Records: The Canadian Scene," in Canadian Business History, p. 289.

operating in Canada between 1880 and 1938.

Thus, the information on Imperial Oil, Limited that is presented and evaluated here comes for the most part from letters, minutes of meetings, pamphlets, and magazines--all of which served as management's mouthpieces over the years. As Chapter III indicates, the contents, tone, and philosophy of these documents are presented first to determine the continuity of the viewpoints and practices discovered. An analysis of this picture was then undertaken in Chapter IV, and general critical conclusions were largely arrived at through comparing specific trends at Imperial Oil with similar events unfolding both at Standard Oil and within the evolving framework of industrial relations in North America generally. The employees' reactions to their fringe benefits, welfare plans, and employee representation were also analyzed as closely as possible.

In conclusion, it is perhaps true that only sometime in the future, after Imperial Oil, Limited has been unionized for a number of years, that a new and really critical persepctive on its managerial practices will be possible through comparisons with other oil companies and through interviews with union representatives and older employees. John N. Schacht's recent reevaluation of Bell Telephone's company unions in the United States is an example of such revisionist writing.[6] For

[6]John N. Schacht, "Toward Industrial Unionism: Bell Telephone Workers and Company Unions, 1919-1937," Labor History, XVI (Winter, 1975), 5-36.

now, however, an attempt has been made to determine the degree of independence left to, and influence exerted on Imperial Oil by its parent company Standard Oil of New Jersey.

CHAPTER I

AMERICAN CONCEPTS OF LABOUR POLICY, 1880-1938

> From the commencement of my management I viewed the population, with the mechanism and every other part of the establishment, as a system composed of many parts, and which it was my duty and interest so to combine, as that every hand, as well as every spring, lever, and wheel, should effectually cooperate to produce the greatest pecuniary gain to the proprietors.[1]

The above quote from Robert Owen's 1813 address to the superintendents of British manufacturing establishments expressed a revolutionary philosophy of management that did not begin to gain general acceptance in the United States until almost one hundred years later. Throughout most of the nineteenth century, the only recognized business ethic in the United States was that of laissez faire individualism as deduced both from Charles Darwin's doctrine of the survival of the fittest and the political economy of Adam Smith and David Ricardo.

Change did not begin to overtake these time-honoured traditions until the last thirty years preceding World War I when a new style of management began to emerge from the necessity to systematize management's thoughts and actions in relation to both labour and the production of goods. This new philosophy was popularized by Frederick Taylor's

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[1]Robert Owen, "An Address to the Superintendants of Manufactories," in Classics in Management, ed. by H.F. Merrill (New York: American Management Association, Inc., 1960), pp. 21-22.

primitive compromise in scientific management. These principles were then further defined and refined until the 1930's produced the writings of Elton Mayo and his followers.

The purpose of this chapter is to elaborate on the philosophies of management indicated above. While the author recognizes that trends in managerial practices constantly overlap, and distinctions and differentiations between them are somewhat artifical, such a foundation is necessary because, as indicated in the introduction, it is the author's contention that the theories of labour relations that management adhered to in the United States between 1880 and 1938 influenced both Canadian industrialization and Canadian business ideology.

As mentioned earlier, social Darwinism was the dominant ideological creed of post-Civil War American society generally, and of businessmen in particular.[2] Just as classical political economy appealed to the spirit of most British manufacturers in the favourable economic climate in England during much of the eighteenth and nineteenth centuries, the individualistic ethic of laissez faire capitalism flourished in the atmosphere created by the seemingly boundless natural resources that were available to entrepreneurs after 1865. This economic philosophy was further nourished by religious beliefs in the sense that the people living at that time viewed social Darwinism as an essential part of the

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[2]Richard Hofstadter, Social Darwinism in American Thought (Revised ed.; New York: George Brazilier, Inc., 1955), pp. 4-6; and Sidney Fine, Laissez Faire and the General-Welfare State: A Study of Conflict in American Thought 1865-1901, Ann Arbor Paperbacks (Michigan: The University of Michigan Press, 1956), p. 29.

natural order of society:

> Man became economic man, democracy was identitied with capitalism, liberty with property and the use of it, equality with opportunity for gain, and progress with economic change and the accumulation of capital. God and nature were thus in league with the Gospel of Wealth.[3]

The basic elements contained in the philosophy of social Darwinism rested largely on the belief that the relations between labour and management are regulated through the exercise of each individual's freedom of contract in the competitive labour market. That is, each party to the agreement was considered free and able to protect his own interests. Thus, it was not believed that additional mechanisms were required either to secure fairness between labour and management in their dealings with each other, or to ensure that labour and management would cooperate in the production of goods and services. "Individual strength, freedom, and goodwill were regarded as the natural and sufficient basis of industrial relations."[4]

The competitive spirit was, therefore, very much part of late nineteenth century American society. However, while it was expected that everyone would compete for a better position in life, only the strong would survive to run the industrial concerns of the nation. This select group was financially rewarded for its superior ability, and was given

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[3] John M. Blum, et al., The National Experience: A History of the United States (2nd ed.; New York: Harcourt, Brace & World, Inc., 1968), p. 452.

[4] Herbert Feis, "Recent Developments in Industrial Relations in the United States," International Labour Review, XII (Dec., 1925), 776.

complete and absolute authority over the masses beneath it.

This philosophy was accepted not only by management, but to a considerable extent by workers as well. Those who were not satisfied with the inequalities of industrial life could escape to the frontier, or so they thought. Those who remained concerned themselves with day-to-day affairs believing that their situation was temporary--a prelude to the better status that they considered assured because of their opportunities, industry, and ability.[5]

Henry Clews, a businessman living and writing in 1900 summed up this optimistic attitude toward the future when he stated and advised:

> Any man or woman may become wealthy, if he or she begins aright. The opportunities for gathering the nimble dollar are very numerous in this country. But there are certain fundamental rules that must be observed.
>
> The first step in acquiring a fortune lies in hard work. [Then,] make your toil count for all that you can. . . .
>
> The beginning is the most difficult. Lay a good foundation for your fortune. Be brave, be generous, be helpful, be honest, do not overwork, keep in good health, cultivate your mind, be pure, and to these add thrift, and you need not fear. You cannot fail.[6]

In this atmosphere, few of the downtrodden masses were willing to reconcile themselves to that part of the current ideology that stated that poverty was the result of inherent inferiority.

Thus, the philosophy of laissez faire individualism was a harsh doctrine whether it was couched in the language of religious virtue or

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[5] T. H. Robinson, "Management Attitudes Towards Fringe Benefits," Relations Industrielles, 14 (Oct., 1959), 508.

[6] Henry Clews, The Wall Street Point of View (Silver, Burdett and Company, 1900; reprint ed., New York: Greenwood Press, Publishers, 1968), pp. 44-45.

the struggle for survival.[7] However, as is the case with many sets of beliefs adhered to by groups of people, internal paradoxes often become apparent when individual doctrines are subjected to objective analysis and hindsight. Thus, upon consideration of social Darwinism as it operated in the United States during the latter part of the nineteenth century, one is immediately struck by the fact that while competition was heralded as the lifeblood of American enterprise throughout the years under consideration, managers took considerable pains from the 1870's onward to nullify this one aspect of free enterprise that most brutally affected themselves.

The trend toward industrial consolidation first emerged after the depression of 1873 forced many small enterprises into receivership.[8] Further impetus to the movement was given by the panic of 1893 despite the attempt of the 1890 Sherman Anti-Trust Act to harness further developments in this direction.[9] An indication of the extent of business "pools" is found in the fact that between 1897 and 1900, 149 important mergers were formed. This figure increased to 200 in 1913 and encompassed

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[7]Reinhard Bendix, Work and Authority in Industry: Ideologies of Management in the Courase of Industrialization (New York: John Wiley & Sons, Inc., 1956), p. 259.

[8]Gordon Watkins, et al., The Management of Personnel and Labor Relations (2nd ed.; New York: McGraw-Hill Book Company, Inc., 1950), p. 21.

[9]Ibid.; and Don D. Lescohier and Elizabeth Brandeis, History of Labor in the United States, 1896-1932, Vol. III: Working Conditions and Labor Ligislation, with an Introduction by John R. Commons (The Macmillan Co., 1935; reprint ed., New York: Augustus M. Kelley, Publishers, 1966), p. 294.

such important industries as copper, anthracite coal, railroads, communications, and petroleum.[10]

The entrepreneurs of early twentieth century America de-emphasized the advantageous effects of combinations to themselves and attempted to convince the general public that trusts were beneficial to everyone. To do this they usually argued that combinations,

> wherever backed by large capital, expert skill, and great business ability, have conferred material benefit on the community at large and almost invariably insured the promotion of prosperity on a durable basis. They have furnished the people with many of the commodities of civilized existence at much lower prices than formerly, not only without decreasing the wages of labor, but in many instances increasing them, and eventually extending the field for a larger number of employes.[11]

While the debate on whether trusts adversely affected the American economy or not could be a lengthy one, a very definite and noticable result of the combination movement was a growth in the distance between the workers in individual plants on the one hand and the company officials with decision-making power on the other. In the large corporations that were springing up throughout the United States, impersonality ruled.[12] The owners and chief executives of these companies were usually far away from, and inaccessible to, the vast majority of employees beneath them. First-line supervisors and foremen became

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[10] Watkins, et al., The Management of Personnel, p. 21; and Lescohier and Brandeis, History of Labor in the United States, p. 294.

[11] Clews, The Wall Street Point of View, p. 32.

[12] Lescohier and Brandeis, History of Labor in the United States, p. 295.

entirely responsible for the labour force, and were measured by their ability to increase production and profits.[13] As a result, "there was typically a lack of realization of the effects in terms of human life of decisions to shut down plants, reduce operations, cut wages, substitute machinery for labor, or throw orders to other plants. Business thinking overwhelmed the sense of employer responsibility to employees."[14]

The loss of the old personal relationship between labour and management, and the centralization of the hiring, firing, supervision, and discipline of workers in the hands of foremen were not the only changes occurring during the last quarter of the nineteenth century. Indeed, by the 1890's it had become apparent that natural resources were no longer as unlimited as everyone once assumed. While this factor contributed to the growth of monopolies under the control of a few individuals,[15] once the large corporations were formed it slowly became evident that internal restructuring was required for the efficient operation of business concerns to be continued.

Thus new thoughts on the management of men and machines slowly emerged out of the rapid increase in the number of both of these factors. In addition, the acquisition and movement of material became more complicated as the size of companies grew, accurate cost figures correspondingly became more difficult to obtain, foremen were harder to

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[13] Ibid.

[14] Ibid.

[15] Ibid., p. 293.

supervise, second generation immigrants acclimatized themselves to life in America and demanded better industrial treatment than their parents received, and democratic ideals permiated the society and led to increased industrial strife.[16]

The systematization of the management function can therefore be noticed in relation to both physical factors and the human element. Concerning the management of labour, company officials gradually realized during the first decades of the twentieth century that the selection and motivation of workers could not realistically be left to the haphazard methods of foremen.[17] The first tentative steps towards modifying this situation emerged during the 1880's and 1890's in conjunction with management's attempts to gain control over the quality of production and costs, and to restore workers' initiative through incentive wage systems. The last factor became a subject of considerable interest after Henry R. Towne and Frederick A. Halsey introduced their "gain sharing" system and "premium" plan as formulae sufficient to solve the "labour problem".[18]

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[16] Loren Baritz, The Servants of Power: A History of the Use of Social Science in American Industry (Middleton, Connectucut: Wesleyan University Press, 1960), pp. 4-13; Daniel Nelson, "Scientific Management, Systematic Management, and Labor, 1880-1915," Business History Review, XLVIII (Winter, 1974), 480; and William G. Scott, "The Early Record of a Modern Administrative Dilemma," in Current Issues and Emerging Concepts in Management, Vol. I, ed. by Paul M. Dauten (New York: Houghton Mifflin Co., 1962), p. 7.

[17] Daniel Nelson, "The New Factory System and the Unions: The National Cash Register Company Dispute of 1901," Labor History, XV (Spring, 1974), 164.

[18] Nelson, "Scientific Management, Systematic Management, and Labor," pp. 481-482.

Thus, while systematic management moderately reduced foremen's authority by increasingly making them intermediaries between upper management and the workers, it revealed little or no interest in methods of selection, promotion and supervision of employees. In these areas the foreman was still supreme as the new century began unfolding.[19]

The next noticable influence on the emergence of management's concern for labour can be traced to the advent of scientific management as developed by Frederick W. Taylor and his followers. While Taylor's career as an industrial engineer paralleled the rise of systematic management and was profoundly affected by it,[20] Taylor placed particular emphasis on his belief that the restriction of output and low productivity that characterized many American factories was essentially due to management's inordinate dependence on foremen.[21] Thus, according to Taylor, basic assumptions concerning the production process had to be altered before a satisfactory solution to "soldiering" on the job could be arrived at.

Taylor's proposals rested on the premise that production must be functionalized and standardized by "scientifically" determining through time and motion studies the most efficient way of performing each task.

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[19] Ibid., p. 481.

[20] Ibid., p. 482.

[21] Ibid., p. 484; Reinhard Bendix, "Taylor and Mayo Compared," in Readings in Management: Landmarks and New Frontiers, 2nd ed., ed. by Ernest Dale (New York: McGraw-Hill Book Company, 1970), p. 138; and Lescohier and Brandeis, History of Labor in the United States, p. 305.

That is, each unit of work was to be subdivided into the smallest possible units of time and motion before being recombined into "methods of least waste".[22] Thus, labour skills would be transferred to management for analysis and then handed back to the workers.[23]

It is obvious from the above that the adoption of Taylor's methods would fundamentally alter the traditional role of foremen. Equally apparent is the fact that a legion of technicians would be responsible for the hour-by-hour running of manufacturing plants while company officials would develop and coordinate general production policies. In this way, while top executives would remain at a distance from the labour force, Taylor believed that both employees and employers would eagerly embrace scientific management because an integral part of his system called for a differential piece rate that would reward employees for achieving or surpassing daily quotas. At the same time management would benefit because workers who could not maintain adequate production levels would leave their jobs because of low wages. Production would therefore rise and increased profits would naturally follow.[24]

The above is a brief summary of Frederick Taylor's proposals on how the apparently irreconcilable aim of labour to receive the largest possible wages could be coordinated with employers' desire to receive

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[22]Baritz, The Servants of Power, p. 29.

[23]Ibid.

[24]Ibid.; Ernest Dale, Management: Theory and Practice (New York: McGraw-Hill Book Company, 1965), p. 155; Nelson, "Scientific Management,

increased output at low labour costs.[25] In addition, Taylor believed that the mutuality of interest between labour and management would become apparent as soon as they were organized to carry out their respective responsibilities efficiently. That is, the human side of scientific management sought the highest degree of industrial development and reward for both the employee and the employer while recognizing that labour and management are interdependent.

Taylor expressed the synthesis of this cooperative philosophy with the previously described technical aspects of scientific management in his call for a "mental revolution" that would "fuse the interests of labor and management into a mutually rewarding whole."[26] According to Taylor, this philosophical change from the view that labour and management are in competition with each other to the recognition of their mutual interests was essential before scientific management could be faithfully practiced:

> Scientific management is not any efficiency device, ...
> . . . .
> Scientific management involves a complete mental revolution on the part of the workingman engaged in any particular establishment or industry--a complete mental revolution on the part of these men

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Systematic Management and Labor," pp. 484-486; and Harold U. Faulkner, The Decline of Laissez Faire: 1897-1917, The Economic History of the United States, Vol. VII, Harper Torchbooks (New York: Harper & Row, Publishers, 1951), p. 267.

[25] Lescohier and Brandeis, History of Labor in the United States, p. 305.

[26] Daniel A. Wren, The Evolution of Management Thought (New York: The Ronald Press Co., 1972), p. 146.

> as to their duties toward their work, toward their fellow men, and toward their employees. And it involves the equally complete mental revolution on the part of those on the management's side--the foreman, the superintendent, the owner of the business, the board of directors--a complete mental revolution on their part as to their duties toward their fellow workers in the management, toward their workmen, and toward all of their daily problems. And without this complete mental revolution on both sides scientific management does not exist.[27]

Frederick Taylor's theories of management had little influence on the American corporate world until after he became president of the American Society of Mechanical Engineers in 1905 and "wide-awake engineers and executives began to give them close attention."[28] Additional impetus was given to the movement when the Harvard Graduate School of Business Administration, founded in 1908, and the Amos Tuck School of Dartmouth, founded in 1910, both accepted Taylor's ideas as fundamental to factory production.[29] However, it was not until 1911 when Louis D. Brandeis rested his case against the north-eastern railroads request for increased freight rates on the contention that the introduction of scientifically efficient management would remove the necessity for higher rates, that the general public in the United States became aware of the basic concepts behind scientific management.[30]

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[27] Frederick W. Taylor, "What is Scientific Management?" in Classics in Management, ed. by H.F. Merrill (New York: American Management Association, Inc., 1960), pp. 77-78.

[28] Faulkner, The Decline of Laissez Faire, p. 268.

[29] Ibid.

[30] Ibid.

Despite the above interest, Taylor, as might have been expected, had considerable difficulty convincing American company officials that his system contained more than just efficiency procedures.[31] In fact, actual application in United States corporations proved disappointing. On the one hand, as Taylor feared, after the Eastern Rate Case hearings before the Interstate Commerce Commission popularized his methods, many of the numerous "efficiency experts" who suddenly appeared promising great cost reductions, were actually peddling quick panaceas without grasping that fundamental attitudes had to be changed before Taylorism could be properly implemented.[32] Similarly, most employers did not adopt structures designed to accentuate the interdependent nature of the relationship between themselves and their employees as a result of a revolution in their attitudes toward labour. For many employers "cooperation" became a slogan in their attempts to stem the rising tide of trade unionism.[33]

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[31]For a discussion of the American "efficiency craze" and Taylor's contributions to it, see Samuel Haber, Efficiency and Uplift: Scientific Management in the Progressive Era 1890-1920 (Chicago: The University of Chicago Press, 1964), pp. ix-xii.

[32]Wren, The Evolution of Management Thought, p. 142.

[33]Bendix, Work and Authority in Industry, p. 281; According to Bendix in "Managers, Workers, and Ideas in the United States," in Research in Industrial Human Relations: A Critical Appraisal, ed. by Conrad M. Arensberg, et al. (New York: Harper & Brothers Publishers, 1957), p. 5, the number of unionized workers in the United States increased from 400,000 to 2 million between 1897 and 1904.

To compound the above, various problems arise when discussing the actual installation of scientific management because it is difficult to separate the adoption of a few efficiency procedures from Taylor's complete philosophy. Nevertheless, Daniel Nelson estimated in 1974 that forty-five American industrial firms and two government manufacturing facilities incorporated scientific management into their operations between 1901 and 1917.[34] However, it was Taylor's disciples, not Taylor himself, who were responsible for setting up the proper procedures in these companies, and the usual effect of their work amounted to no more than a wide-ranging revision of the physical organization of each plant. Less emphasis was placed on the alteration of the foremen's functions, and only moderate changes were made in the average workman's activity. In addition, although time study was nearly always introduced, the incentive wage plan was usually one of the last reforms that could be implemented.[35]

Thus, while Don Lescohier claimed in 1935 that from 1916 onward there has been little discussion of the principles of scientific management because "its basic ideas and procedures have been so widely accepted and applied by so many thousands of engineers and managers that they have become commonplaces of American industrial practice,"[36] Taylor's system

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[34] Nelson, "Scientific Management, Systematic Management and Labor," p. 488.

[35] Ibid., pp. 491-496.

[36] Lescohier and Brandeis, History of Labor in the United States, p. 315.

was actually introduced into an extremely small number of American companies. The reasons behind this phenomenon were numerous and included inertia, apathy, the cost of installation, the prejudice of the "self-made man" against the newer generation of professional managers, and the opposition of the general public which feared rising unemployment due to more efficient but decreased work staffs.[37]

In concluding this section on scientific management, it is obvious that Taylor and his followers, like the classical economists, viewed the workingman as a rational being who always sought to serve his own self-interests. Thus, the surest way to heighten a man's motivation was to relate his effort to financial rewards.[38] However, while this aspect comprises only a fraction of Taylor's philosophy because he also tried to convince early twentieth century employers that plant reorganization and planning were as important as monetary incentives in increasing output, most corporate executives adopted the wage incentive system[39] as one method of motivating workers, but turned to "welfare capitalism" to both sugarcoat the introduction of time studies and to assist them in their attempts to make workers more content and thus more productive.[40]

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[37] *Ibid.*, p. 308.

[38] Baritz, *The Servants of Power*, p. 30.

[39] Baritz estimated in *The Servants of Power*, p. 30, that by 1940 over 90 per cent of American industry had adopted the wage incentive aspects of Taylor's system.

[40] Nelson, "The New Factory System," p. 165; and Faulkner, *The Decline of Laissez Faire*, p. 269.

The policies contained in the terms "welfare capitalism," "employer welfare," and "industrial betterment" began to become noticable in the United States during the closing decade of the nineteenth century. Generally speaking this trend can be defined as "any effort on the part of the employer to [improve] the conditions under which the employees work.[41] More specifically, it usually involved special consideration for physical comfort wherever labour is performed, opportunities for recreation, education programs, the providing of suitable homes, plans for saving and lending money, and provisions for insurance and old age pensions.[42]

In addition to facilitating time study methods, welfare work reflected a desire on the part of management to be humane. This attitude grew, at least in part, out of the prevailing religious belief that the more fortunate must shoulder some responsibility toward alleviating the plight of the less fortunate in order that the success of the wealthy might meet with God's approval.[43] In addition, the leader-follower

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[41]G. Beeks, Industrial Betterment Work (address before the General Federation of Women's Clubs, Los Angeles, Calif., May 6, 1902), pamphlet; G. Beeks, Welfare Work (an address before the National Association of Wool Manufactures, Boston, Feb. 7, 1906), pamphlet, quoted in Scheinberg, The Development of Corporation Labor Policy 1900-1940" (unpublished Ph.D. dissertation, University of Wisconsin, 1966), p. 44.

[42]Daniel Nelson and Stuart Campbell, "Taylorism Versus Welfare Work in American Industry: H.L. Gantt and the Bancrofts," Business History Review, XLVI (Spring, 1972), 3.

[43]Norman J. Wood, "Industrial Relations Policies of American Management 1900-1933," Business History Review, XXXIV (Winter, 1960), 407.

psychology was still in the air from the previous century. This of course meant that because the employer was the successful leader who had bested his employees in the struggle for position, he had an obligation to them. This attitude was often expressed in terms of the parent-child relationship: the parent's authority is supreme, but he must care for the needs of the child.[44]

More pragmatic reasons also led to the introduction of welfare work. Since employers were now increasingly concerned with combating unionism, with insuring themselves against strikes, with securing a stable labour force, and with promoting harmonious relations and worker loyalty because of the pressure of conditions within industry and the wider society that were previously mentioned,[45] some firms found that welfare work was good advertising and helped to mitigate an unsavory reputation caused by shady business practices, long hours, and low wages.[46] Thus, "welfare work, like Taylorism, aimed at reducing costs and conflict by improving the workers' performance."[47]

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[44] Ibid.; and as Professor Scheinberg indicated in "The Development of Corporation Labor Policy," p. 5, business executives' sense of stewardship for their fellow beings did not necessarily lead them to improve their employees' working conditions. Instead, it usually took the form of charitable contributions.

[45] Baritz, The Servants of Power, p. 14.

[46] Lescohier and Brandeis, History of Labor in the United States, p. 316.

[47] Nelson and Campbell, "Taylorism Versus Welfare Work," p. 4.

Despite these common goals, Taylorism and welfare work developed independently, attracted separate followings, and adhered to parallel, often competititve courses for more than a decade preceding the Great War.[48] Far more important than their separate development, however, were the divergent attitudes and values of the leaders of both groups. Taylor, in believing that workmen desired only higher wages, considered, like many of his contemporaries, that other benefits were demeaning and unmanly.[49] C. Bertrand Thompson captured this lack of sensitivity toward the more subtle aspects of human nature when he wrote of Taylor:

> While on the whole he understood very well the psychology of the workingman . . . he did not grasp sympathetically the aspiration towards industrial democracy, nor could he see the point of the current contention that it does not follow necessarily, from the fact that a man <u>can</u> do a certain thing in a certain time, that therefore he <u>ought</u> to do it in that time.[50]

Henry L. Gantt, a Taylor protégé who introduced numerous refinements to scientific management, appears to have differed little from "the master" on the subject of welfare work when judged by the following incident. Edith Wyatt, a social worker preparing a book on scientific management, asked for Gantt's advice and assistance. Gantt explained to her that Taylor and his associates were interested in the workers'

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[48] Ibid.

[49] Ibid.

[50] C. Bertrand Thompson, The Theory and Practice of Scientific Management (Cambridge, 1917), pp. 28-29, quoted in Nelson and Campbell, "Taylorism Versus Welfare Work," p. 4.

welfare "not only as a matter of sentiment, but as a matter of business, just as a man objects to having a horse abused for he becomes less efficient." He went on to explain "that we were not doing <u>welfare work</u> but what we considered good business--which when looked at in the proper light--was better and more permanent than welfare work."[51]

The "welfare secretaries," the men and women who were hired to implement welfare programs, were, in contrast, frequently from religious or humanitarian backgrounds that afforded them little firsthand exposure to industrial problems. The Reverend Josiah Strong, the founder of the American Institute of Social Service which provided managers with information on welfare plans, illustrated some of the idealistic views of many of these people when he proposed an organic approach to the social world as a replacement for the segmented outlook of laissez faire and its implicitly assumed "hidden hand" that was supposed to maintain social harmony.[52]

However, despite the altruistic bent of the welfare workers, when it came down to selling the merits of industrial betterment programs to company officials, the welfare secretaries realized that they could not make successful appeals to businessmen on the humanitarian level alone.[53]

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[51] Letter, H.L. Gantt to F.W. Taylor, Jan. 22, 1911, Taylor Papers, 121B, quoted in Nelson and Campbell, "Taylorism Versus Welfare Work," p. 5.

[52] Scheinberg, "The Development of Corporation Labor Policy," pp. 49-50.

[53] <u>Ibid</u>., p. 69.

The reformers therefore adopted a pragmatic approach that did not ask the employers to give charity, but attempted to illustrate the economic savings that could result from the adoption of helpful measures toward employees.[54] "Thus—the decision to undertake welfare work was ultimately dependent on the individual employer's assessment of how a program would suit his particular enterprise. But, in any case, business considerations were tempered and influenced by the individual employer's social consciousness."[55]

It is partly because of the highly individualistic and segmented nature of the welfare movement that welfare work was never accepted by the majority of American employers. In fact, while the extent of industrial betterment before 1917 cannot be exactly determined, it is doubtful whether more than 10 per cent of industrial workers in the United States benefited from such projects before 1910.[56] In 1908, for example, out of 18 million wage earners, only about 1-1/2 million came under the umbrella of welfare management.[57] This figure did not rise dramatically even when a particularly favourable atmosphere for welfare work was created by the labour shortages of World War I.[58]

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[54] Ibid.

[55] Ibid., p. 65.

[56] Faulkner, The Decline of Laissez Faire, p. 270.

[57] Lescohier and Brandeis, History of Labor in the United States, p. 320.

[58] Faulkner, The Decline of Laissez Faire, p. 270.

In addition to the poor reception given to the widely-discussed welfare movement, it must also be pointed out that considerable difficulties often arose with the administration of welfare plans after they were introduced into business establishments. While this matter will be taken up again later in the chapter, many of the employers who embraced welfare work in anticipation of increased employee loyalty and production, later curtailed it because of a lack of response on the part of the workers. Also, many betterment projects ended in failure because of poor judgment concerning what form the activities should take. Finally, employees sometimes turned against their employers' efforts to provide them with libraries, recreational facilities, and insurance benefits when it became obvious that they were accompanied by lower wages, longer hours, and a speeded up work pace.[59] On this point Don Lescohier concluded that "at its worst, [welfare management] . . . was an insincere attempt to buy the workers' loyalty for less than the price of a fair wage."[60]

Paralleling the rise of, and influenced by scientific management and welfare capitalism, was the introduction of fringe benefits, the industrial safety movement, and industrial psychology. In randomly choosing a few fringe benefits for discussion before moving on to

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[59]Lescohier and Brandeis, History of Labor in the United States, p. 320. Despite the problems experienced by managers with the administration of welfare plans, Lescohier did point out on page 299 that it was not difficult to make many of the newly arrived peasant immigrants grateful for corporate benevolence, and this did contribute to the maintenance of the open shop in many areas in the United States.

[60]*Ibid.*, p. 321.

industrial safety and psychology, it is obvious that the question of old age pensions first received attention when companies discovered that they had numerous employees on their payrolls who were no longer capable of performing their duties satisfactorily despite thirty or forty years of faithful service.

The American Express Company introduced the first non-contradictory pension plan to operate in the United States in 1875.[61] The Baltimore and Ohio Railway followed this lead and inaugurated a contributory plan in 1880. This venture proved to be unsuccessful, however, because the employees refused to make contributions to it. It was therefore replaced by a non-contributory scheme in 1884.[62]

Railroads continued to show interest in private old age pension plans at an early date, but a similar spirit in manufacturing was not apparent until the beginning of the twentieth century.[63] One of the first enduring plans in this sector was set up at Standard Oil of New Jersey in 1903, and more rapid advances were made in other companies after 1910. Nevertheless, as late as 1932 only about 14 per cent of the wage earners in the United States were subject to the benefits of private pension plans.[64]

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[61] Ibid., p. 386.

[62] Ibid.

[63] Faulkner, The Decline of Laissez Faire, p. 270.

[64] Lescohier and Brandeis, History of Labor in the United States, pp. 388-390.

Part of the reason behind management's initiative toward alleviating the problem of old age in industry can be traced to rising social pressure against casting out elderly workers without supplying at least a meagre basis of subsistence. In addition, the anticipated economic savings accruing from the expectation that pensions would decrease turnover and increase employee loyalty, also played a role.[65] However, once management introduced a pension plan, the cost of maintaining it was frequently found to be prohibitive largely because accurate forecasts could not be made. This of course was due to the fact that employees often lived longer than expected, wages rose unevenly over the years while pensions were usually computed on the basis of the workers' final and highest rates, and employers often borrowed from the pension fund for other purposes and in emergencies.[66]

Because of the above expense, American employers always reserved the right to terminate their pension plans either at will or after giving notice. In addition, in most cases there was no guarantee that even the pensions being paid out of non-contributory plans would be continued indefinitely.[67]

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[65]Robinson, "Management Attitudes Towards Fringe Benefits," p. 508. The unadulterated humanitarian motive must also not be forgotten when discussing fringe benefits.

[66]Lescohier and Brandeis, History of Labor in the United States, p. 396.

[67]*Ibid.*, p. 391.

While this arbitrary handling of aged workers was very serious, an even more important catch in most pension plans centered on the fact that employees were not eligible to draw benefits until they had from 15 to 30 years of continuous service with one company. This of course meant that only a very small percentage of the wage earners in manufacturing, mining, mercantile and banking of establishments could fulfill the service requirements and receive pensions because of the widespread layoffs that were necessary during depression years.[68]

Profit sharing, another early fringe benefit, was motivated partially by the moral conviction that when a business was prospering, workers as well as owners, should benefit accordingly. This theoretical belief must, however, be subsumed once again under the more immediate expectation that sharing profits with employees would increase their loyalty and cooperation and decrease turnover and industrial disputes.[69]

The first American profit-sharing plan was introduced by the Bay State Shoe and Leather Company in 1867. Fifty more plans were established before 1896, and the movement reached its peak during World War I.[70]

Although profit sharing received tremendous publicity,[71] the life

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[68] Ibid., p. 389.

[69] Ibid., p. 376; and Wood, "American Industrial Relations Policies," p. 409.

[70] Lescohier and Brandeis, History of Labor in the United States, pp. 371-373.

[71] Faulkner, The Decline of Laissez Faire, p. 272.

span of many of these arrangements was short because, as was the case with industrial welfare, the employers' expectations behind their introduction often went unfulfilled. A primary contributor to these disappointments was the prevalent practice of confining benefits to those employees who had been with a firm for more than a certain period of time. This of course prevented profit sharing from producing any marked decrease in turnover among the novice portions of the labour force in which this problem was most acute.[72]

Added to the above factor was the discovery that when work was plentiful, employees tended to search out higher immediate wages at other establishments instead of enduring the uncertainty of profit-sharing cheques. Then, to add insult to injury, many of the employees who did remain until the year's profits were disbursed, were rudely awakened by the sinking realization that the sum of their wages and profits was lower than the take-home pay of employees in comparable industries.. This sometimes led to strikes and other forms of industrial unrest.[73]

Finally, employers terminated profit-sharing plans because of employee distrust of company accounting procedures in determining the amount of money to be divided among the workers. Management itself, of course, had long ago sown the seeds of this cynicism through long years

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[72]Lescohier and Brandeis, History of Labor in the United States, p. 377.

[73]Ibid., pp. 377-379.

of sudden piece rate cutting, wage reductions, and layoffs.[74] Thus, by the beginning of the 1920's some company officials came to question the problems related to employees' lack of allegiance to companies and began to realize that

> employees' degree of loyalty to a company is a result of their reaction to the whole complex of situations and relations that go to make up their "job," and the establishment of profit sharing would fail, ordinarily, to eliminate or overbalance their discontents about some other aspect of their employment situation.[75]

Stock ownership, another widely discussed fringe benefit, achieved prominence in the United States when profit sharing declined in popularity after 1918. As was the case with profit sharing, stock ownership did not essentially alter the relationship between the employer and his employees. Stock ownership did, however, make workers part owners of the companies they worked for even though ". . . [it] was too trivial during these years to have any appreciable effect on any aspect of industry."[76]

The Illinois Central Railroad introduced America's first stock-ownership plan in 1893. This was followed by the inauguration of over 50 similar plans between 1901 and 1915; and the peak of the movement was reached between 1921 and 1925 when approximately 162 firms offered stock options to their employees.[77]

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[74] Ibid., p. 377.

[75] Ibid., p. 376.

[76] Faulkner, The Decline of Laissez Faire, p. 272.

[77] Ibid.; and Lescohier and Brandeis, History of Labor in the United States, p. 382.

The employers in the United States that became involved in selling corporate stock to their workers were generally willing to incur both the increased costs of bookkeeping and the reduction in the prices charged for shares for the same reasons that welfare benefits and profit sharing had been attractive to them in the past. In this case, however, the opportunities for favourable advertising were particularly appealing because company officials could not only proclaim that they were rewarding faithful service, but they also pointed out that stock ownership encouraged thrift and afforded the employees a better opportunity to save money safely, at higher rates of return, than in savings banks and other customary forms of wage earner investments.[78] On this point it is important to note that when the Depression struck in 1929, some employers attempted by loans and other forms of assistance to help their workers weather the stock market crash.[79]

Before getting into a discussion of accidents, health, and safety in American industries, one further advantageous feature of stock-ownership plans to management must be stressed. That is, by providing employees with the opportunity to purchase company shares, corporate officials acquired a new source of capital, on easy terms, from a wellspring of critically unsophisticated investors.[80] This was

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[78] Lescohier and Brandeis, History of Labor in the United States, p. 381.

[79] Ibid., p. 382.

[80] Ibid.

always a very attractive source of funds for employers, particularly when expansion capital was required.

Turning to industrial health and safety, it has been noted that prior to 1907 there was little consciousness in the United States of either the employer's responsibility to prevent accidents, or of the practicability of doing so.[81] However, the amount of needless bloodshed in industry began to permiate public awareness between 1903 and 1907 when the accident rate reached levels higher than at any previous time because of unprecedented business activity and the large proportion of inexperienced immigrant labour in American industries.[82]

Some recognition that steps had to be taken to upgrade safety and health standards arose from the merciless criticism of existing conditions by magazine writers. A further propellant for change can be found in the dissemination of information on safety work and workmen's compensation in Europe.[83] Thus, when American courts became increasingly liberal toward injured workers suing for damges, vigorous safety campaigns were launched by a few large corporations. These actions attracted nationwide attention and from practical necessity management began to turn toward acceptance of some of the burden of preventing accidents and safeguarding the health of industrial workers.[84]

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[81] Ibid., p. 366.

[82] Ibid.,

[83] Ibid., p. 367.

[84] Ibid., pp. 367-370.

One final impetus to the industrial safety movement in the United States came from the enactment in 1911 onward of workmen's compensation laws which placed the responsibility for a large proportion of the financial costs of accidents directly on the employers.[85] As a result, the number of corporations with medical facilities and accident prevention programs grew dramatically. One indication of this development can be found in a 1916-1917 survey conducted by the United States Bureau of Labor Statistics which discovered that of a total of 431 establishments covering more than 1,000,000 employees, 375 had medical services of some description, and nearly 197,000 cases were being treated per month in 261 medical departments.[86]

One of the last new influences on managerial philosophy that began to take hold in the years preceding the outbreak of World War I is industrial psychology. While the interest of various psychologists in industrial problems can be traced back to the early years of the twentieth century,[87] one major obstacle in the way of an easy interchange of ideas on industrial workers between managers and social scientists was the deep conviction held by most corporate executives that they themselves were completely competent to deal with any problems that came

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[85] Ibid., p. 370.

[86] Faulkner, The Decline of Laissez Faire, p. 276.

[87] B. von Haller Gilmer, Industrial Psychology (2nd ed.; New York: McGraw Hill Book Company, 1966), pp. 15-16. Walter Dill Scott, for example, opened up the beginning of industrial psychology in the United States by showing how it could be applied to advertising and selling. He went on to become the first professor of applied psychology. Also see Baritz, The Servants of Power, pp. 26-28.

up in their organizations because they had won the battle of the survival of the fittest. In other words, until the 1920's most American company officials believed that "the ability of the manager was demonstrated by the fact that he was a manager."[88] Translated into practical terms this meant that most executives believed that all they needed to control the human variable in their enterprises was common sense, horse sense, and experience.[89]

The origins of management's recognition that professional assistance might be helpful in the handling of workers are difficult to determine. However, it is apparent that both the changing nature of American society previously referred to, and scientific management, played influential roles. Scientific management was particularly important because while many managers recognized that they were having problems with the labour force, Taylorism helped to accustom industrialists to the idea that investigations of the productive process could lead them in the direction of solutions. In addition, the industrial engineers who concerned themselves with efficiency procedures raised most of the problems with which the later industrial psychologists grappled.[90]

Thus, in this increasingly complex world a few extraordinary American managers began to perceive that they were no longer in complete control of their businesses and turned to psychologists to assist them

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[88] Baritz, The Servants of Power, p. 18.

[89] Ibid.

[90] Ibid., p. 31.

in maintaining their competitive positions by helping them to acquire employees that were at least half as good as their machines.[91]

The first systematic outline of an industrial psychology related to workers was formulated around 1910 by a Harvard professor of experimental psychology, Hugo Munsterberg.[92] Since scientific management had already recognized the importance of scientifically determining the one best way of performing each individual task, Munsterberg felt that it was up to industrial psychologists to assist managers both in finding the right man for each job and in determining under what psychological conditions the best output per man could be achieved.[93] Munsterberg's contributions in this direction consisted of applying laboratory techniques of measuring psychological differences between individuals to employees in on-the-job situations in order to detect for industry "those personalities which by their mental qualities are especially fit for a particular kind of economic work."[94]

Along with the development and refinement of Hugo Munsterberg's experiments on labour by other industrial psychologists after 1913, management voices were increasingly raised to proclaim that intelligent executives should realize that they had monetary investments in men as

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[91] Ibid., p. 35.

[92] Ibid., pp. 35-36.

[93] Claude S. George, Jr., The History of Management Thought (New Jersey: Prentice-Hall, Inc., 1968), p. 142.

[94] Baritz, The Servants of Power, p. 37; and George, The History of Management Thought, p. 142.

well as in machines, and therefore careful study of the human factor was good business.[95] While one might have expected that the popularity of psychological testing in industry would have grown proportionally with these changes in management's frame of mind, only about 32 American corporations actually adopted psychological evaluation techniques in a patient and experimental manner before 1921.[96] Psychological tests went on to be generally discredited during the early 1920's because hundreds of employers applied them in a hurried and indiscriminate manner as part of their search for instant solutions to their labour problems.[97] By 1925 only 4.5 per cent of the best known companies in the United States were using psychological tests; this figure rose to only 7 per cent in the next five years.[98] Thus, before the end of the second decade of the twentieth century, "[both] managers and psychologists were forced to admit that the psychological test was something less than the ultimate panacea. . . ."[99]

At the same time that a small proportion of American managers were putting their faith in the "scientific" study and explanation of individual

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[95] Baritz, The Servants of Power, p. 35.

[96] Ibid., p. 67.

[97] Ibid., pp. 72-74.

[98] Ibid., p. 74.

[99] Ibid.

differences as an integral part of scientific management,[100] other corporate executives turned to works councils or employee representation as a more direct method of finding out what was on their employees' minds.[101] Thus it can be noted that along with the bloody and inhuman events of World War I came the establishment, albeit on a conservative basis, of the first inroads into the absolutism of managerial decision making in non-unionized firms.

Employee representation can be defined as a "form of industrial organization under which the employees of an individual establishment, through representatives by and from among themselves, share collectively in the adjustment of employment conditions in that establishment."[102]

While the first suggestion for works councils appeared in 1886 in an article entitled "The Shop Council," the Filene department store in Boston established the first American employee representation plan in 1898.[103] No further developments were recorded in this movement until

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[100]George, The History of Management Thought, p. 142.

[101]The author does not wish to convey the impression that there was no overlapping among firms that experimented with industrial psychology and works councils. However, in other cases, companies that employed psychological testing did not adopt employee representation, and vice versa.

[102]National Industrial Conference Board, Works Councils in the United States, Research Report No. 21 (New York: Oct., 1919), p. 1, quoted in Wood, "Industrial Relations Policies," p. 410.

[103]Watkins, et al., The Management of Personnel, p. 23; and Leo Troy, "The Course of Company and Local Independent Unions" (unpublished Ph.D. dissertation, Columbia University, 1958), p. 4. "The Shop Council" was published by the Society for Political Education.

the Nernst Lamp Company of Pittsburg set up a works council in 1903. A limited number of other corporations followed suit prior to the Great War, most notable among which was the inauguration of the Leitch plan of industrial democracy in the Packard Piano Company in 1912, and Mackenzie King's employee representation plan which was introduced into the Colorado Fuel and Iron Company in 1915.[104]

Despite these examples, it cannot be said that industrial representation was widespread in the United States before 1918. This general lack of interest in such plans can be directly attributed both to the relatively low level of industrial strife between 1900 and 1916 compared with that of later years, and to the fact that employers were not yet feeling too threatened by the organized labour movement. Total union membership in the United States up to 1916 still constituted less than 10 per cent of all of the workers in nonagricultural industries.[105]

The above situation changed drastically as the war progressed. On the one hand, the labour movement became increasingly well organized and militant as it recognized that the labour shortages caused by the war were a tremendous source of power. On the other hand, management refused to defuse this atmosphere through either bargaining with employees or voluntarily recognizing their associations. Finally, the

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[104]Watkins, et al., The Management of Personnel, pp. 23-24; Lescohier and Brandeis, History of Labor in the United States, pp. 338-339. The Leitch Plan divided the powers of the employees, supervisors, and executives of a corporation in accord with the authority held by the House of Representatives, the Senate and the Cabinet in the American Federal Government, see John Leitch, Man-to-Man: The Story of Industrial Democracy (New York: B.C. Forbes Co., 1919).

[105]Troy, "Company and Local Independent Unions," p. 6.

American government intervened when labour unrest threatened the U.S. war effort.

The first step Woodrow Wilson took was to set up the National War Labour Board in April of 1918. Once established, this body immediately acted on its belief that there was a need both for collective representation by employees and some instrument to carry out collective bargaining between the representatives of labour and management.[106] Thus, the right of workers to organize among themselves was officially recognized for the duration of the war, and the War Labour Board introduced a structure for collective bargaining known as the shop committee.

Generally speaking, the shop committees established by the war board operated independently of national unions. They were, therefore, a compromise between individual negotiation between employer and employee, and formal collective bargaining between employer representatives and trade unions. This does not mean, however, that unions had absolutely no input to, or impact on, the shop committees. Labour representatives on these bodies could be either union members or ununionized employees. In both cases these delegates were chosen by secret ballot from among the labour force in individual firms to meet periodically with management representatives from that company.[107]

These meetings were organized so that the parties could "negotiate" grievances, interpret the National War Labour Board's

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[106] Ibid., pp. 9-11.

[107] Ibid., pp. 11-12.

guidelines, and "bargain" over matters not settled by board decisions. In all cases, however, employee represenatives were excluded from the decision-making process surrounding hiring, firing, and wage increases. In addition, the elected labour spokesman had no power to veto policies arrived at by management.[108]

As mentioned earlier, the National War Labour Board acted on the premise that recognition of the right of association and collective bargaining was necessary as a prerequisite to the successful prosecution of the war, and it established 86 shop committees throughout the United States before the armistice was signed in November of 1918.[109] However, the American government did not enshrine either the right of association or collective bargaining in legislation; and after the war, when the board's administrative protection terminated, most shop committees either fell by the wayside or were converted into company unions that were set up, financed, and controlled by management.[110]

Thus, World War I had a direct influence on industrial relations in the United States because it stimulated and expanded the idea of

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[108] Ibid., p. 12.

[109] Ibid., p. 22.

[110] Ibid., p. 17. According to Lescohier and Brandeis, History of Labor in the United States, p. 344, American employers did continue to develop employee representation plans voluntarily during World War I. This was influenced by entrepreneurial fear that the Russian Revolution would spread to the United States. See Scheinberg, "The Development of Corporation Labor Policy," p. 122.

employee representation by forcing competitive businessmen and labour representatives to discuss problems of mutual interest on a regular basis. When the war ended many large corporations retained some form of employee representation in an attempt to stem the labour unrest that continued throughout the reconstruction period. In fact, Don Lescohier concluded that "employers as a class took a definitely favourable attitude toward works councils from 1919 onward."[111]

The extent to which American employers endorsed employee representation after World War I can be seen from the fact that although 77 such plans were abandoned between 1919 and 1922, 317 new ones were started during this period. In addition, the employers' representatives at the President's First Industrial Conference in 1919 clearly excluded trade unions from their approval and endorsed works councils. Similarly, in 1920 the United States Chamber of Commerce published the results of a referendum submitted to its members which indicated that a large majority of American corporate officials endorsed open shop dealings with plant committees.[112]

American employers backed their sentiments with direct action and by 1922 the company union was concentrated in the large establishments of nearly all of the important branches of American industry.[113]

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[111] Lescohier and Brandeis, History of Labor in the United States, pp. 348-349; and Scheinberg, "The Development of Corporation Labor Policy," pp. 124-126.

[112] Lescohier and Brandeis, History of Labor in the United States, p. 349.

[113] Ibid.

This trend continued until the peak of the movement was reached in 1926. After this date some decline in the number of plans can be noticed because the Depression forced works councils to prove their worth and to deal with the difficult problems surrounding the discharge of employees and reductions in wage rates. Nevertheless, the large corporations in the United States adhered to employee representation throughout these years, and in 1932, 313 firms covering 767 plants and 1,263,194 employees, were operating with company unions. The National Industrial Conference Board was even able to report that over 85 per cent of the employee representation plans in force in 1932 had been in continuous operation for more than 10 years.[114]

Throughout the development and growth of employee representation American employers staunchly maintained that the need for trade unions and their inherent belief in class interest and conflict had been superseded because works councils constituted a new type of collective bargaining that was based on friendship, cooperation, and mutual interest.[115] On this basis the stage was set for the legislation enacted under the New Deal by the Roosevelt administration which brought national unions and works councils into head-on battle.

Section 7(a) of the 1933 National Industrial Recovery Act is of

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[114] Ibid., pp. 350-352. The 1932 figure of 313 company unions in 767 plants covering 1,263,194 employees can be compared with 399 company unions operating in 1928 in 869 plants covering 1,547,766 employees.

[115] Lescohier and Brandeis, History of Labor in the United States, p. 355.

particular importance in the skirmishes that developed concerning the future nature of collective bargaining in the United States. The purpose of this clause was to safeguard employees' right to organize without employer interference, and to protect workers from discrimination because of union activity.[116] However, the ambiguity of the wording of this portion of the act caused immediate difficulties because while unions began to organize with newfound fervor, industrialialists also attempted to forestall bona fide unionization by establishing new employee representation plans.[117] In fact, some managers insisted that their employees form works councils and bargain through employee representation.[118]

Thus, although the National Industrial Recovery Act was declared unconstitutional by the American Supreme Court in 1935, both labour unions and company unions increased in number and strength during its life. The National Industrial Conference Board reported in November of 1933 that out of 1069 firms reporting "collective bargaining" facilities according to date of introduction, 400 company unions and 174 trade union agreements were made after the NIRA was passed.[119]

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[116] Edward E. Herman and Gordon S. Skinner, Labor Law: Cases, Text, and Legislation (New York: Random House, Inc., 1972), p. 96.

[117] Ibid., pp. 96-97.

[118] Charles Frederick Roos, NRA Economic Planning (Indiana: The Principia Press, Inc., 1937), p. 208.

[119] Ibid.

It is reasonable to conclude, therefore, that although the National Labor Relations Board, which was created in 1934 to administer Section 7(a) of the NIRA, formulated the principle that workers could choose either outside unions or in-house councils as their bargaining agents,[120] that employers were hoping to continue to misinterpret the law to their own ends. This intention was stopped short, however, when President Roosevelt signed the 1935 National Labor Relations Act which included domination or interference with the formation or administration of any labour organization, and financial contributions or other support to it, in the list of unfair labour practices to which management was to be held accountable.[121]

It is obvious from American employers' adherence to the concept of employee representation after World War I that they did not want outside organizations to bargain for their workers. In fact, the feeling of most industrialists was that trade unions unnecessarily limited production, increased costs, denied the wage earner the opportunity to receive the highest wages made possible by reasonable effort, hindered promotion and advancement in accord with merit, and destroyed individual freedom.[122] However, industrialists' efforts to minimize the influence

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[120] Herman and Skinner, Labor Law, p. 98.

[121] U.S., Congress, Senate and House, An Act to Diminish the Causes of Labor Disputes Burdening or Obstructing Interstate and Foreign Commerce, to Create a National Labor Relations Board, and For Other Purposes, 74th Cong., in Labor Law, by Herman and Skinner, p. 115.

[122] Selig Perlman and Philip Taft, History of Labor in the United States, 1896-1932, Vol. IV: Labor Movements, (The Macmillan Co., 1935; reprint ed., New York: Augustus M. Kelley, Publishers,

of unionism were not confined to the post-war period or to the propagation of works councils--antiunion associations appeared on the American scene as early as 1900 when 38 companies joined together in Dayton, Ohio to form a united front against the rapid strides being made by organized labour.[123]

By 1902 the Dayton Employers' Association had succeeded in establishing the open shop throughout the city and similar bodies were soon formed in other municipalities. It can be seen, therefore, that management philosophy in the United States at the turn of the century concentrated on resisting the exercise of employees' right to join unions more than on fighting against excessive demands of a specific union group.[124] From this Selig Perlman and Philip Taft concluded that employer organizations were not attempting to minimize the influence of unionism in their localities, but ". . . sought . . . the effacement of the organized labor pattern from the consciousness of the average American citizen."[125]

Management's plan of attack against unionism was more philosophical than it was tangible. In specific terms it tried to put labour on the offensive by emphasizing that it was the employer who was tyrannized and oppressed because union business agents were interfering with

1966), p. 490; and Allen M. Wakstein, "The Open Shop Movement, 1919-1933" (unpublished Ph.D. dissertation, University of Illinois, 1961), p. 147.

[123]Perlman and Taft, History of Labor in the United States, pp. 129-130.

[124]Ibid., p. 129.

[125]Ibid., p. 133.

industrialists' inalienable right to run their enterprises as they saw fit. This of course was propaganda that appealed to traditional American individualism and thus was influential in shifting public support from the worker to the employer.[126]

While the early twentieth century antiunion drive was predominantly a medium and small businessman's movement, the post-World War I push for works councils emphasized liquidating labour's wartime gains and included the executives of large corporations.[127] By the autumn of 1920, the United States was covered with a network of open shop associations that advocated the abolition of the "un-American" closed shop as the first step in paving the way for a return to the time-honoured American principle whereby every worker could enter the trade or business of his choice and accept employment under conditions satisfactory to himself without interference from labour organizations.[128]

The major force behind the coordination of American management's attempt to destroy unionism in the United States was the National Association of Manufacturers. Throughout the 1920's the members of this organization, and entrepreneurs in general, revelled in the high esteem with which they were held by the general public because most Americans still believed that what was good for businessmen was also good for

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[126] Ibid.

[127] Ibid., pp. 135, 491.

[128] Ibid., p. 491.

themselves.[129] Average American citizens endorsed the open shop movement with the additional reassurance that employee representation would restore the old personal relationship between labour and management and curb labour strife and the formation of trade unions.

Before moving on to other aspects of management's industrial relations policies during the 1920's, some consideration must be given to the type of relationship that usually developed between employers and employees in companies that operated with works councils. It must first be pointed out that the influence exercised by elected employee delegates in company unions ranged from purely advisory, in some cases, to an actual share in making decisions affecting the industrial concern, in others. In most instances, however, the employee representatives were not allowed to hold meetings apart from management in order to formulate and discuss ideas before confronting the employer. In addition, practically every plan includedsome limitations on the subjects that could come up for consideration or action. In some cases wages, hours, overtime, and work rules were on the forbidden list, and since most managers retained veto power in their own hands or at the discretion of higher officials, employee representatives were limited to expressing grievances about working conditions and making recommendations concerning their solution.[130]

On top of the above it must be remembered that employee delegates

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[129] Baritz, The Servants of Power, pp. 58-59; and Wakstein, "The Open Shop Movement," pp. 131-132, 147.

[130] Lescohier and Brandeis, History of Labor in the United States, p. 356.

were largely untrained production workers with little free time to devote to their "union" duties. When they were successful in winning improvements for their colleagues, these gains were confined to individual plants or companies with no impact on the industry as a whole. What is more, the bright and intelligent worker representatives were often promoted out of the labour ranks and into first-line supervisory positions. Finally, employees did not have the right to strike in the pursuit of solutions to internal plant problems. This is one reason why the National Industrial Conference Board was able to repeatedly call attention to the effectiveness of employee representation plans in facilitating wage reductions.[131]

In spite of these serious inhibiting factors in most works council plans, it must not be forgotten, as Carroll French pointed out when referring to the introduction of employee representation at the Colorado Fuel and Iron Company, that

> for a corporation whose traditional labor policy had so long ignored the slightest claims of labor to recognition and had insisted upon individual bargaining, the change to a policy of collective dealing through joint committees of its own men was a big step forward.[132]

While further consideration will be given to other aspects of company unions in Chapter IV of this thesis, it can be concluded that American management, through works councils and antiunion drives,

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[131] Ibid., pp. 340, 356-357.

[132] Carroll French, The Shop Committee in the United States (Baltimore: Johns Hopkins University Press, 1923), p. 18, quoted in Lescohier and Brandeis, History of Labor in the United States, p. 340.

retained complete executive power in relation to hiring, firing, and job specification during the 1920's. Nevertheless, the complete industrial picture was not quite as static as one might imagine because the winds of change in business ideology that were felt during World War I continued to intensify and have an impact within managerial circles throughout the following decade.

The refinements in industrial relations that gained acceptance during the 1920's incorporated the prewar measures contained in scientific management, welfare capitalism, employee representation, and industrial psychology and safety, and expanded them into the development of an organized, centralized procedure for hiring, firing, and placement through the introduction on a large scale of employment or personnel departments.

Personnel management can be defined as "that part of the industrial hierarchy whose objective is to recruit and maintain a stable and efficient working force and to administer to the needs of the workers."[133] Generally speaking, the direction and coordination of the human aspect of organizations that is implicit in personnel administration arose from the need of management to achieve maximum production with a minimum of effort and friction while taking into account the well-being of the workers.[134]

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[133]Richard B. Peterson, "The Early Development of Personnel Management: 1899-1922" (unpublished M.A. thesis, University of Illinois, 1956), p. 1.

[134]*Ibid.*, p. 12.

The first signs of personnel management were seen in the United States around 1890 when scattered employment bureaus were charged with hiring functions.[135] During the following years, however, personnel men were generally frustrated through a lack of authority since foremen and plant supervisors struggled to retain their jealousy held grip on the hiring and discharge functions.[136] With time, however, as the economic benefits of scientific management and welfare work, along with the expense of high labour turnover, were gaining recognition by managers, real attempts at organizing employment departments came about.[137]

Nevertheless, it was not until the urgent necessities of World War I jolted management into realizing that a new, more enlightened policy of human relations had to be introduced, can one observe a rapid increase in the number of employment departments throughout the United States.[138] The immediate factors that contributed to this rise in centralized personnel work can be found firstly in the acute labour shortage that was brought about through the enlistment of large numbers of men into the armed forces. Secondly, the American government encouraged throughout the war both the use of scientific management to

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[135] Ibid., p. 19.

[136] Ibid., pp. 19-20.

[137] Ibid., pp. 21-22; and Baritz, The Servants of Power, p. 50.

[138] Baritz, The Servants of Power, p. 50.

increase efficiency and psychological evaluation to facilitate job placement. This emphasis on organization and centralization, plus the increasing attention that managers had already been paying to the welfare of their employees, encouraged employers to reevaluate the internal structures of their own organizations. Lastly, the effects of management's reaction to the increasing militancy and unionization of the civilian labour force after 1916, which was largely occasioned by the rapidly rising cost of living, cannot be underestimated.[139]

Therefore, through combinations of some or all of the above factors, many executives recognized by 1919 that it would pay economic dividends to encourage better human relations between employees and employers by appointing a personnel manager to coordinate industrial relations practices throughout a firm. Such an officer would not only be able to determine long range policies concerning the handling of workers, but, in addition, the specialized knowledge and techniques found in the personnel office would facilitate the process of making the highest councils of management aware of labour problems growing within the company. This would possibly improve understanding between labour and management, which would hopefully, according to many employers, increase production, reduce friction, and stave off unions.[140]

The specialization of the personnel function as indicated above signalled the creation of a body of professional labour administrators.[141]

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[139] Peterson, "Personnel Management," pp. 27-34.

[140] *Ibid.*, pp. 53-54; and Baritz, *The Servants of Power*, p. 16.

[141] Peterson, "Personnel Management," p. 54.

As such, personnel managers were generally responsible throughout the 1920's for the hiring, discharging, transferring, and placement of workers; labour turnover analysis; welfare work; time and motion study; accident prevention; and where applicable, works councils or employee representation, collective bargaining, educational programs, recreational facilities, housing, training, health care, and libraries.[142]

As mentioned earlier, the growth of personnel management in the United States was slow. The National Cash Register Company established the first modern personnel department in American industry in 1901, and during World War I not more than 10 per cent of the plants successful enough to support the added overhead of centralized personnel administration actually did so.[143] Similarly, fewer than 50 companies were experimenting with scientific personnel methods in 1921. However, these firms set the tone and the pace of future developments and between 1925 and 1930 industrial relations and personnel programs grew steadily in popularity and even moved into a large number of small plants.[144]

Personnel management suffered some setbacks when the Depression struck in 1929 and management began to look for ways to cut costs. In some cases the amount of personnel work undertaken was reduced, and in many enterprises it was totally abandoned. Most corporations, however, retained their labour relations structures, and a few even increased

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[142]<u>Ibid.</u>, pp. 56, 67.

[143]Nelson, "The New Factory System," p. 176; and Baritz, <u>The Servants of Power</u>, p. 50.

[144]<u>Ibid.</u>, p. 60.

their employment-centered activities during the early 1930's.[145]

A new and strong impetus to personnel administration was introduced along with the passage of the Wagner Act and the outlawing of company unions in 1935.[146] Management now had to organize itself in relation to the surging labour movement. As a result, the 1935 statistics, which indicated that about 33 per cent of the nation's industrial concerns had personnel departments,[147] rose steadily during the following years as management geared itself for new battles to be fought increasingly on unions' terms.

In concluding the history of managerial philosophies of industrial relations in the United States up to the end of the 1920's, it is evident that the changes occasioned by scientific management, welfare capitalism, industrial psychology, employee representation, and personnel management did not make employers recognize the worker as a "cooperator"[148] with personality, attitudes, and inner feelings that must be respected. While scientific management had recognized that labour is not a commodity to be manipulated by the laws of supply and demand, its practitioners did view workers as machines whose value could be determined by their quantity of

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145 Ibid., pp. 118-119; and Lescohier and Brandeis, History of Labor in the United States, p. 329.

146 Baritz, The Servants of Power, pp. 119-120.

147 Ibid., p. 120.

148 Bendix, Work and Authority in Industry, p. 295.

production.[149] Similarly, while welfare management was progressive in the sense that the industrialists who believed in it recognized that employees were social beings with a desire for self-expression, adherents of the welfare movement also assumed that workers were children whose employed and leisure hours must be arranged for them.[150] That is, welfare management put its faith in the idea that increased efficiency and production could be bought through paternalistic monetary incentives and welfare measures which

> [encouraged the worker] to form the habit of relying, not upon himself, but upon the employer, for help in the ordinary problems and even in some of the great crises of life. If the worker has a toothache the company dentist will cure it; if he has a headache or a cold, he can get treatment from the company doctor; if he or a member of his household needs an operation, the company doctor will help him find a competent surgeon; in some cases the company optometrist will measure him for glasses, and the company chiropodist will treat his corns; if he had legal difficulties, he can obtain free advice from the company's lawyer; if his wife or children are sick, a nurse from the company will visit his home to render such assistance as she can; if he wishes to save money, the company will act as agent for a bank, deduct the money from his pay check, deposit it in the bank, and do the bookkeeping for him; if he needs to borrow money, the company will lend it to him at a low rate of interest; if he wishes to own his house, the company will build one for him and sell it to him on easy terms, or help him to borrow the money to build it himself.[151]

While it is true that large profitable corporations with generous welfare plans were probably able to reduce labour turnover and

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[149] Lescohier and Brandeis, History of Labor in the United States, p. 326.

[150] Ibid.

[151] Sumner Slichter, quoted in Irving Bernstien, A History of the American Worker 1920-1933: The Lean Years (Boston: Houghton Mifflin Co., The Riverside Press, 1960), pp. 186-187.

win a fair degree of employee loyalty through such measures,[152] as time progressed some people began to wonder whether it might not be better for the workers to be encouraged to take care of some of their personal concerns themselves.[153] Additional impetus was given to this idea as evidence indicated that paternalism did not always placate labour to any great extent. One example of this can be found in a survey published in the United States in 1927 that concluded that employees in many firms showed little "appreciation" for what was done for them under welfare plans because they suspected the employer's motives.[154]

Thus, as more and more American employers became discouraged with the results of industrial betterment, the nature of personnel management began to change. Slowly its disciples moved toward recognition of the complexity of industrial relations and the integral part that management must play in the day-by-day task of handling labour matters.[155] On this platform a modified philosophy of management evolved from Elton Mayo's research into human relations in industry.

Ironically, Mayo's work in the later 1920's and early 1930's grew out of American industrialists' continued attempts to determine the

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[152] Ibid., p. 182.

[153] Ibid., p. 187.

[154] Ibid., p. 183.

[155] Lescohier and Brandeis, History of Labor in the United States, p. 326.

effect of changing physical conditions of work upon productivity. Much to management's disbelief, however, Mayo's investigations at the Hawthorne plant of the Western Electric Company revealed that output and employee morale are not related to physical factors because workers are intimately involved in an intricate social organization of their own which largely determines the individual's status and behaviour while at his or her place of employment.[156] This labour interaction, it was also discovered, prevents management from imposing production quotas because the employees themselves determine the capacity of each member of the group and exert peer pressure to discourage deviancy. This of course indicated that ability and performance are not related since each worker's output is decided upon by the industrial unit to which the employee belongs.[157]

Thus, Elton Mayo's conclusions diverged significantly from conventional wisdom because they emphasized that employees operate less according to economic self-interest than on their desire to stand well with their co-workers.[158] Further to this, Mayo believed that industrial life in the factory causes a sense of personal futility which results in social maladjustment, and eventually obsessive, irrational behaviour that leads workers to limit their output as a defensive device calculated

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[156] Baritz, The Servants of Power, pp. 78-80, 92-93; and Wren, The Evolution of Management Thought, p. 299.

[157] Baritz, The Servants of Power, pp. 93-94.

[158] Bendix, "Taylor and Mayo Compared," p. 139.

to protect their rights of self-determination in the face of management's power.[159]

On the basis of these revelations Mayo turned his attention to the question of how to make groups or individuals respond to management and management's goals. In searching for solutions to this problem he accepted Frederick Taylor's belief in an administrative elite, but he emphasized that its efforts must be directed towards bringing about an organizational environment in which employees can fulfill their desire both to feel that they are performing socially important work, and to find a sense of belonging.[160]

In conclusion, Mayo and his associates recognized that the "human reactions of people engaged in productive work have a much more important effect on their morale and efficiency than had previously been realized."[161] Thus, Mayo provided research evidence of the need to understand human motivations and group reactions when attempting to get things done through people.[162] As a result of these endeavours and findings, American managers and their spokesmen slowly began to concern themselves with trying to understand workers as individuals with wants, motives, drives, and personal goals that need to be satisfied.

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[159] Wren, The Evolution of Management Thought, p. 291; and Baritz, The Servants of Power, p. 101.

[160] Dale, Management: Theory and Practice, pp. 1[illegible]-187; and Wren, The Evolution of Management Thought, pp. 295-296.

[161] Baritz, The Servants of Power, p. 81.

[162] Merrill, Classics in Management, p. 406.

To conclude this chapter, we have seen how American management's concepts of labour policy have been progressively modified since the end of the Civil War. That is, between 1865 and 1938 a combination of outside pressures such as hostile public opinion and the increasingly complex nature of industrial society, along with the arrival on the scene of new approaches to certain aspects of labour relations as enunciated and popularized by a relatively small number of American individuals, slowly succeeded in moving some corporate executives in the United States toward limited recognition of the needs, wants, goals, and abilities of their workers.

In tracing the evolution of the above, however, it must be clearly understood that the introduction of new labour policies as symbolized by the inauguration of scientific management, welfare plans, fringe benefits, employee representation, and personnel management did not involve as much altruism on the part of the employers as it did the desire to reduce costs and conflict while increasing production. Therefore, between the rise of the systematic management movement in the 1880's and the slow realization by Elton Mayo and his followers in the late 1920's that the physical conditions of employment are only one factor in worker motivation, it can be said that some executive officials in the United States did learn to adapt to changes in the world surrounding and affecting them even though these alterations had to be forced on them by the realities of declining profits, government intervention, and labour unrest.

CHAPTER II

THE CANADIAN SCENE, 1880-1938

The previous chapter defined in more or less precise terms the philosophies and attitudes of American businessmen from the beginning of the post-Civil War era up to the end of the Great Depression. A basis on which to illustrate parallels with the corresponding Canadian scene was thus established, and a presentation of this material follows immediately.

The present chapter will begin with a discussion of Mackenzie King's philosophy of industrial relations as set down in 1918 and 1919 in his two major treatises on the subject. This will be followed by an examination of available Canadian evidence which indicates the existence of close parallels between the philosophies of management adhered to in Canada and the United States during the time period under consideration.

The purpose behind introducing a comparative investigation of Canadian management's attitudes toward labour-management relations with a breakdown of Mackenzie King's philosophy of industrial relations can be found in the fact that in so doing the author is presenting a critical exposé of the pre-1920 Canadian scene that will supply the reader with a theoretical overview of Canadian labour-management relations as recorded by one of the founders of the Canadian Department of Labour. On this basis we will then analyze King's perceptions of his times, his predictions for the future, and the similarities and contrasts with the American situation that are discernible both before and after the publication of his work.

Industry and Humanity, Mackenzie King's first coordinated statement on industrial relations, was a direct result of the author's experiences as a labour relations specialist hired in 1915 by the New York-based Rockefeller Foundation to investigate the "Ludlow massacre" at the Colorado Fuel and Iron Company. While the book was originally intended to be a final report of findings for the foundation, it developed into a full-length study of the process of national and industrial reconstruction that was beginning in Canada at the end of World War I.[1]

King was deeply affected by both the carnage that was going on in Europe while he was in Colorado, and by the inhuman and bloody results of industrial strife that he researched as a Rockefeller employee. He believed that lessons should be learned from these events, and that a new, peaceful and productive industrial society could be created in both Canada and the United States if only the parties to industry would

> let Faith be substituted for Fear; let mutual consideration and confidence supplant suspicion, and constructive good-will replace resistance; let the parties to Industry recognize a mutually, not a conflict of interest, in all that pertains to maximum production and equitable distribution of wealth.[2]

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[1]William Lyon Mackenzie King, Industry and Humanity: A Study in the Principles Underlying Industrial Reconstruction, with an Introduction by David J. Bercuson (Toronto: Thomas Allen, 1918; reprint ed., Toronto: University of Toronto Press, 1973), p. vi.

[2]Ibid., p. 172.

With the above as a summary of present North American ills and recommendations for the future, King proceeded to examine the processes and attitudes that had to be changed for this vision to become reality. The first major area in which he believed revision was required concerned Charles Darwin's doctrine of the survival of the fittest. King felt that this law was being adhered to in Canada and the United States as a rule of conduct or a moral precept that called for ongoing struggles between individuals to determine which were best suited to be successful.[3] He stated that this was a confused and "curious juxtaposition of ideas"[4] because in fact Darwinism expressed the struggle going on between organisms and their environment, not between organisms of the same type. King concluded that the interpretation that he was witnessing was obviously illogical because a struggle between like organims in which the fittest alone would survive, would eventually obliterate the entire human race. As an alternative to this King proposed that mankind should concentrate on adapting to its physical surroundings so that as many individuals as possible could live to work together.[5]

An understanding of the above clearly indicates to the reader that Mackenzie King was leaning toward the positivistic school of philosophy. Confirmation of this is found in the fact that he was searching for a replacement for Darwin's doctrine. King expressed the validity of

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[3] Ibid., p. 85.

[4] Ibid.

[5] Ibid., pp. 85-86.

his search in the following terms:

> If the physical universe is rational and can be understood, [it is] reasonable to suppose that, in the field of human relationships, as respects human right and obligation, there are also laws which govern conduct in accordance with previous thought.[6]

King's quest did not go unrequited. The new order of cooperation that he hoped would eventually overtake industrial society was to be based on a set of rules derived from Louis Pasteur's law of peace, work, and health. Pasteur set down the basic premises of his thoughts as follows:

> Two contrary laws seem to be wrestling with each other nowadays: the one, a law of blood and of death, ever imagining new means of destruction, and forcing nations to be constantly ready for the battlefield--the other, a law of peace, work, and health, ever evolving new means of delivering man from the scourges which beset him. The one seeks violent conquests, the other the relief of Humanity. The latter places one human life above any victory; while the former would sacrifice hundreds of thousands of lives to the ambition of one.[7]

On this basis King went on to explain the law of peace, work, and health as

> a part of the larger Order which sustains a divine creation, and which evidences a universe begotten of a beneficent Diety, not a world the outcome of Chance, or even of Intelligence, limited to the direction of Matter and Force. In industrial . . . relations, the Law of Peace, Work, and Health is made to prevail through regard for the individual as an end in himself, not merely as a means to an end.[8]

As noted in the summary of Mackenzie King's recommendations for the future, the implementation of Pasteur's law would require not only an

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[6] Ibid., p. 109.

[7] Ibid., p. 16.

[8] Ibid., p. 111.

abandonment of the inhumanity and conflict inherent in the creed of the survival of the fittest, but it also called for radical adjustments to basic misconceptions within the industrial relations systems operating in the Western world. King's most fundamental changes in this area concentrated on the actors within these systems: labour, management, capital, and the community.

The idea that there are four parties to industry, not just two--capital and labour--was, as King said, relatively unrecognized prior to the appearance of his work.[9] Because of this, King was very conscious of the need to clearly explain his terms. Thus, in his speech entitled "The Four Parties to Industry" he defined capital as the provider of the raw materials, tools, appliances, and equipment essential to all industrial processes.[10] The major "raw material" supplied by capital consists, of course, of the investment money necessary to organize and expand business enterprises. According to King, management is entirely dissimilar from capital in the sense that managerial ability is found in the personal service which brings about efficient cooperation and good relations between labour, capital, and the community.[11] Labour naturally was defined as the supplier of the muscular and mental energy

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[9] William Lyon Mackenzie King, "The Four Parties to Industry" (address before The Empire Club of Canada, the King Edward Hotel, March 13, 1919), p. 5.

[10] Ibid.

[11] Ibid., p. 6.

inherent to the production of goods and services.[12] Finally, the community for King includes everyone within the society under whose sanction industry is carried on. According to this definition, the community participates in each phase of the industrial cycle: production, distribution, and exchange.[13] Thus, labour, management, and capital are part of the community because each both produces and consumes the distributed products.

King believed that the fear and mistrust with which the four parties to industry viewed each other was largely due to the jealously guarded autocratic power wielded by capital and management, and to the sense of insecurity and injustice engendered by this control that was felt by labour and the community.[14] King strongly urged that all fear must be eliminated so that everyone could work together in a spirit of mutual confidence and faith. It seemed natural to him that each group should have the power and the control appropriate to the role each played since he proposed that each party is dependent on the others for the production of goods and services. Correspondingly, each party should share equally in the gains achieved because labour, capital, management, and the community all invest important elements of themselves in the

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[12] Ibid., p. 5.

[13] Ibid., p. 6; and King, Industry and Humanity, pp. 96-97.

[14] King, "The Four Parties to Industry," pp. 8-9; and King, Industry and Humanity, pp. 157-167.

creation of a successful enterprise.[15]

With the basic causes of fear and militancy between the owners and directors of corporations on the one hand, and labour and the community on the other, now identified, King proceeded to elaborate on the methods required to make cooperation between these groups functional. In generalizing these changes, he proposed that revisions within existing structures were not enough; a new belief in common aims and common justice was required.[16] In other words, King was saying that new "right ideas" based on the recognition of mutual interests between the parties to industry must be substituted for the "wrong ideas" based on greed and competition that had resulted in the wave of strikes and violence that had been sweeping over North America throughout most of his adult life. King expressed these views as follows:

> It is not extent or forms of organization, nor amounts or methods of remuneration in Industry that will solve industrial problems as they arise, but the application of right principles to the human relations which the contacts of Industry occasion.[17]

The reason why King placed so much emphasis on "right ideas" is because he believed that once they are accepted and replace "wrong ideas,"

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[15] King, "The Four Parties to Industry," pp. 7, 13-19; and King, Industry and Humanity, pp. 168-170.

[16] King, Industry and Humanity, pp. 100-101. King included collective bargaining in the category of existing practices that had to be revised because of its emphasis on mistrust and conflict.

[17] Ibid., p. 114.

then the practice of the latter eventually falls into disuse.[18] The two "ideas" that King believed could revolutionize industrial relations are justice and mercy. Accordingly, therefore, it is

> Upon the ancient precept, 'To do justly and to love mercy,' [that] . . . all the principles which underlie Peace [are founded]. Upon it are founded also the principles which underlie Work and Health. In a spiritual interpretation of the universe, Justice and Mercy are the agencies which make of the world one vast brotherhood. . . . They are the essence of the divine order which sustains mankind, and by which, ultimately, it shall be redeemed.[19]

Under this framework King proposed that a state in which justice and mercy are practiced could be arrived at if certain mechanisms were employed. That is, justice and mercy would become accepted when all industrial conflicts are subjected to investigation, conciliation, arbitration, or a combination of all three.[20] Investigation was King's favoured method of avoiding conflict between labour and management, and conciliation and arbitration were seen as additional refinements auxiliary to this process.

King particularly praised investigation because through it he believed that the truth hidden within conflictual situations could be made clear to both labour and management with the result that the futility

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[18] _Ibid._, p. 115.

[19] _Ibid._, p. 118.

[20] Legislation along these lines was already operational in Canada under the Conciliation Act of 1900, the Railway Disputes Act of 1903, and the Industrial Disputes Investigation Act of 1907. However, compulsory provisions applied only to the railways and other forms of transportation, mining, and public utilities. Mackenzie King was instrumental in the passage of each of the above laws.

and waste of strikes and violence as means of solving disputes would become apparent.[21] It is evident, therefore, that King placed considerable emphasis on the power of truth once the facts of a situation are arrived at:

> Investigation is a letting in of light. It does not attempt to award punishments or to affix blame; it aims simply at disclosing facts. Its efficacy lies in what it presupposes of the power of Truth to remedy evil of itself. . . . So powerful is Investigation as a means of inducing right behaviour, that authority to employ this method at any or all times is of itself protection against injustice.[22]

The above mechanisms should not, however, be considered as means onto themselves. Further revisions in the day-to-day operation of labour-management relations were called for in order to create a foundation on which cooperation could function. Investigation, conciliation, and arbitration would then be ushered in only as last resort efforts to adjust disputes and to stave off the eruption of open strife.

At this point King was calling for the introduction of a system of industrial democracy that would parallel the political democracy that evolved in Britain from the Magna Carta of 1215. As King said, this was not unprecedented in North America. Labour and management representatives met and conferred with each other in Canada and the United States when making the decisions essential to the efficient prosecution of

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[21] In order to disclose the facts of a given situation as a prelude to discovering the truth, King included in the investigatory process the questioning of individuals, the examination of documents and premises, the studying of comparative conditions, and the securing of expert opinion. See, King, Industry and Humanity, p. 143.

[22] Ibid., p. 142.

World War I, and King himself had already introduced an employee representation plan into the Colorado Fuel and Iron mines in an attempt to restore industrial peace there.

The mechanics of King's proposal concerning works councils will be analyzed and discussed in Chapters III and IV of this thesis because Imperial Oil Limited inaugurated a joint representation system in early 1919 that is very similar to the one set up in Colorado. Briefly, though, King's ideas were once again based on his belief in the essentiality of partnership among the four parties to industry. In defining "partnership" King said:

> [It] is essentially a matter of status. It does not involve identity or similarity of function on the part of the partners, or equality of either service or rewards; but it does imply equality as respects the right of representation in the determination of policy on matters of common interest.[23]

To implement this relationship King of course was calling for recognition by capital and management of labour and the community as equals in the production process. Once this recognition is accorded, then the principle of conference is called into play. Specifically, King was proposing the organization of capital and labour to the extent that they would meet and confer with each other on a regular basis in order to make decisions pertaining to the operation of plants and factories.

According to King, such a system of representation would be democratic because the formation of joint labour and management committees

[23]King, "The Four Parties to Industry," pp. 19-20.

would introduce "known, orderly, and expeditious procedure"[24] to the handling of all matters requiring adjustment. In this way the determination of industrial policies would have regard for the interests of all concerned.[25]

King hoped that eventually these principles of cooperation and representation on an individual plant basis would develop into the establishment of permanent joint industrial councils embracing all of the workers and all of the employers in a given trade or industry. These bodies would be concerned with the determination of industrial policies and the fixation of industrial standards enforceable throughout the industry through the cooperation of the government of the country. Government in this case would be both representing the community and protecting its interests.[26]

In conclusion, it is obvious from Industry and Humanity and "The Four Parties to Industry" that Mackenzie King considered the industrialized world as a cohesive unit in the sense that undesirable relations between employers and employees were transcending all national boundaries, including the boarder separating Canada from the United States. In addition, one can deduce that the future Prime Minister of Canada believed that this country suffered from social Darwinism during the late nineteenth century to a degree comparable with the adherence in

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[24] Ibid., p. 28.

[25] Ibid.

[26] Ibid.

the United States outlined in Chapter I of this thesis. The problem now remains to document or discard this view through an analysis of the attitudes that Canadian entrepreneurs evinced during this period. On this basis a discussion of the questions related to the development or non-development of systematic management, scientific management, welfare work, employee representation, and personnel management in Canada will naturally follow.

In beginning a comparative analysis of Canadian managerial philosophies, it is essential to keep in mind that Canada industrialized later than the United States. In fact, it was not until the period between 1879 and World War I that the upper half of the North American continent witnessed its revolution in the structure and nature of industrial entrepreneurship.[27] When industrialization did arrive it was partly the result of continued growth in the industrial sector over the predominantly agricultural economy Canada had known prior to Confederation. A more important impetus to change was added, however, when various new forms of industry were fostered after 1879 under the protective tariffs of John A. Macdonald's National Policy.[28]

In this atmosphere the growth of Canadian manufacturing facilities

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[27] T.W. Acheson, "Changing Social Origins of the Canadian Industrial Elite, 1880-1910," Business History Review, XLVII (Summer, 1973), p. 189; and W.T. Easterbrook and Hugh G. Aitken, Canadian Economic History (Toronto: The Macmillan Company of Canada Limited, 1956), pp. 387-400.

[28] T.W. Acheson, "The Social Origins of the Canadian Industrial Elite, 1880-1885," in Canadian Business History, p. 144.

occurred at a rapid rate in numerous areas between 1880 and 1884 with many of the leading industrial firms being small family partnerships valued at one or two hundred thousand dollars and employing up to a few hundred workers.[29] Towards the end of the 1880's, therefore, industrialization joined forces with urbanization and industrial cities became the dominant feature of Canadian life.[30]

Now that the scene was set for the full force of the Industrial Revolution to be felt in Canada, comparisons with the corresponding American scene can begin. In many respects it can be said that Canadian entrepreneurs were in a position rather analogous to that of their southern counterparts as far as a productive and enticing atmosphere in which to operate was concerned. Canadian businessmen, for example, enjoyed extremely low taxes since federal income and corporation deductions were still unknown. Similarly, all levels of government were generally friendly to private enterprise, with the Ottawa forces offering both generous subsidies to assist industrial development and protective tariffs to hedge Canadian markets. Finally, within business itself a firm economic foundation already existed in terms of transportation, banking, and distribution facilities.[31]

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[29] Acheson, "Social Origins," p. 144; and Acheson, "Changing Social Origins," p. 189.

[30] S.D. Clark, The Social Development of Canada: An Introductory Study with Select Documents (Toronto: The University of Toronto Press, 1942), p. 382.

[31] Bliss, A Living Profit, p. 10.

With this ideal climate favouring early Canadian entrepreneurs it is little wonder that many of them, like Gilded Age American businessmen, feverishly desired to maintain the status quo and preached that success was available to anyone who was willing to work for it. Thus, many older, experienced men of affairs believed that Canada was endowed with inexhaustible natural resources and advised that no areas of enterprise were closed to young men starting out. E.J. Davis is one such example of a company owner who expressed this view as a representative of the leather industry at the National Industrial Conference held in Ottawa in September of 1919. As Davis said:

> There never was a time in the history of this country, in my judgment, when there were greater opportunities for young men by hard work and industry and enterprise to achieve in a few years distinct success in almost any career they desire to enter upon.[32]

On a more general basis William Wickliffe Johnson, manager of Dun, Wiman and Company of Montreal, expressed comprehensive recommendations for success in 1882 that are very reminiscent of the advice given to American youth by Henry Clews eighteen years later. According to Johnson, a combination of self-help, industry, energy, determination, and talent, supplemented by a lively sense of personal honour, tact, unfailing serenity of temper, and the art of inspiring and retaining friendships are the attributes that lead to success.[33] Unlike Clews,

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[32] Canada, Department of Labour, National Industrial Conference: Official Report of Proceedings and Discussions (Ottawa: King's Printer, 1919), p. 69.

[33] William Wickliffe Johnson, Sketches of the Late Depression: Its Cause, Effect and Lessons, With A Synoptical Review of Leading Trades

however, Johnson did add a qualifying note in which he acknowledged that adequate capital and proper location are necessary to some degree to achieve the desired results.[34]

It can be seen, therefore, that hard work played a major role in corporate executives' recommendations on the subject of success. S.R. Parsons from the British American Oil Company represented general manufacturing interests at the 1919 National Industrial Conference and explained this view very carefully at that time. He, like Henry Clews, also stressed the importance of saving and investing money and exercising thrift:

> Very largely the difference between the successful man of to-day and the unsuccessful man is that the one worked early and late without regard to hours, was thrifty and saving, and got ahead, and invested his savings as profitably as he could. That opportunity is open to very [sic] man; was never more open than it is to-day.[35]

In a similar vein, the American-born chairman of the board of the Canadian Pacific Railway, Sir William Van Horne, was very willing to expound on the various characteristics requisite to success in an article that appeared in Busy Man's Magazine in 1905. He, However, emphasized the qualities of individualism that will lead us to a discussion of social Darwinism in Canada:

During the Past Decade (Montreal: J. Theo, Robinson, Publisher, 1882), p. C.

[34] Ibid.

[35] Canada, National Industrial Conference, p. 95. See also Lord Strathcona's views on the importance of hard work in Bliss, A Living Profit, p. 27.

> Get away from rules and regulations. Be original. Escape all trammels of use and wont. Do not depend upon the heading in the copy book or the chapter in political economy. Do things daringly, independently. Those who have succeeded largely have been self-reliant. they have not asked for patterns, or models, to go by. They have simply taken hold and done things. Such persons have succeeded with the aid, more or less, of accident.[36]

While the author found no definite indication that Herbert Spencer or William Graham Sumner directly influenced Canadian thought prior to World War I,[37] adherence to the doctrines of Adam Smith and David Ricardo during this period seems to be a well accepted fact in some Canadian circles. J.A. Corry, for example, stated in 1939 that Confederation came about just when laissez faire was at the peak of its authority in Canada.[38] He went on to add that while the post-Confederation years witnessed a "kind of grandfatherly paternalism" on the part of the Canadian government through its subsidization of industry without actually interfering in it, Corry concluded that

> <u>Laissez faire</u> was long regarded as the appropriate political maxim. It received powerful confirmation in the everyday scene. The industrious and the thrifty thought they created the opportunity which carried them forward. The self-made men who have moulded Canada saw convincing proof of the maxim in their own success. This belief in self-reliant individualism was strong

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[36] Sir William Van Horne, "Originality the Secret of Success," <u>Busy Man's Magazine</u>, Dec., 1905, p. 25.

[37] Herbert Spencer and William Graham Sumner popularized social Darwinism and laissez faire economics as they applied to everyday life in the United States after the Civil War.

[38] J.A. Corry, <u>The Growth of Government Activities Since Confederation: A Study Prepared for the Royal Commission on Dominion-Provincial Relations</u> (Ottawa: 1939), p. 3. See also Vincent W. Bladen, <u>An Introduction to Political Economy</u> (2nd ed., Revised and Edited by Alison Kemp; Toronto: University of Toronto Press, 1951), pp. 288-289.

> enough to postpone any serious attempt at state regulation until the twentieth century and to prevent any significant development in social services other than education, until after the Great War.[39]

The 1937 Report of the Royal Commission on Price Spreads offers further confirmation of the idea that laissez faire economics was practiced during the early years of the Canadian Dominion. The commissioners maintained, for example, that the economic arguments accepted in nineteenth-century Canada stressed that free competition not only provided low and flexible prices that were valuable and necessary in Canada's variable economy, but it also stimulated efficiency and direct productive activity in a way that maximized the national income.[40] These of course were the standard arguments of Britain's classical economists.

Thus, while the above two sources indicate that the Canadian people valued individualism and the principles of laissez faire economics, the Royal Commission on Price Spreads also concluded that

> the United States accepted more completely than England or any of the British Dominions the philosophy of laissez faire individualism, and to a much greater extent than almost any other country crystallized this philosophy into statute law.[41]

Leaving the legal aspects of political economics to later in this chapter, it must be noted here that it is difficult to determine whether

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[39] Corry, The Growth of Government Activities, p. 5.

[40] Canada, Royal Commission on Price Spreads, Report of the Royal Commission on Price Spreads (Ottawa: King's Printer, 1937), p. 5.

[41] Ibid., p. 254.

Canadian individualism was in fact less intense than its American counterpart. On the one hand, statements by Canadian industrialists on self-help and the survival of the fittest are not difficult to locate. Sir William Van Horne has already been quoted in this regard, and Walter Paul, a Montreal retailer, said in 1888 that he was "strongly in favor of freedom of business, survival of the fittest."[42] On the other hand, Herbert Spencer and William Graham Sumner apparently did not achieve the wide popular reception in Canada that was accorded to them in the United States. This deficiency may have been partially counterbalanced, however, by the countless articles extolling the successful self-made man and American captains of industry that were reprinted from United States periodicals in Canadian magazines.[43]

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[42]Canada, House of Commons, Journals, Report of the Select Committee to Investigate and Report Upon Alleged Combinations in Manufactures, Trade and Insurance in Canada (Ottawa: King's Printer, 1888), Appendix 3, pp. 84-85, quoted in Bliss, A Living Profit, p. 42.

[43]A few examples of the titles of these articles follow:
1) "Beveridge, A Study of the Self-Made Man," Busy Man's Magazine, [hereafter BMM], Dec., 1905, pp. 38-46.
2) "The Surest Way to Attain Success," BMM, June, 1907, pp. 135-136.
3) "What Business Means to Me: An Interview Given by Andrew Carnegie to Herbert N. Casson," BMM, July, 1907, pp. 91-94.
4) "Characteristics That Make a Successful Man," BMM, Aug., 1908, pp. 118-120.
5) "Canada a Land of Opportunities," Maclean's Magazine, [hereafter MM], Sept., 1912, pp. 85-87.
6) "Review of Reviews: The Greatest Movement in America," MM, June, 1915, pp. 59-63. This article calls for decreases in governmental restriction on business and the reassertion of individualism and private ownership.

Additional clues to the depth of Canadian management's acceptance of social Darwinism may be found in the degree to which employers actually adhered to the laws of laissez faire economics. The first major point that must be expressed in this regard is the fact that, like their American counterparts, many Canadian industrialists sought to curb those aspects of unrestrained competition that adversely affected themselves. Thus, although Walter Paul advocated unrestricted enterprise in 1888, it was also revealed at that time that he was a member of a group of retailers that insisted that wholesalers not sell directly to the public.[44]

The growth of business combinations and trusts to reduce competition in Canada can be traced to the declining years of the nineteenth century when businessmen took action on their realization that despite the opportunities open to them, hard work, honesty, and frugality were often not enough in the real world of industry to stave off business failure since there were always competitors that were wealthier, more efficient, or less scrupulous.[45] Under these circumstances, trade agreements to fix prices and the consolidation of two or more existing and competing concerns into a single unit became increasingly popular until by 1910 the joint stock company under the direction of career owner-executives became the dominant industrial form in Canadian enterprise.[46]

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[44]Bliss, A Living Profit, p. 42.

[45]Ibid., pp. 53-54.

[46]Acheson, "Changing Social Origins," p. 189.

Thus, after 1880 the size of many firms increased substantially and large corporations with thousands of employees existed side by side with family shops, partnerships, and private banks.[47]

While most major industries were involved in the merger movement,[48] those particularly affected between 1900 and 1912 included coal, iron, steel, pulp and paper, packing, and canning.[49] We can see, therefore, that monopolies and oligopolies were of considerable importance in early Canadian economic life as the number of combinations increased from 2 in 1900, involving 19 separate concerns, to 22 in 1910, taking in 115 firms.[50]

Once again the debate on whether trusts adversely affected the Canadian economy or not could be a lengthy one. Nevertheless, as was

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[47] Bliss, A Living Profit, p. 11.

[48] Ibid., pp. 11, 34-35, 40.

[49] Canada, Report of the Royal Commission on Price Spreads, p. 28.

[50] Ibid. The Report of the Royal Commission on Price Spreads, p. 28, also offered the following statistics on combinations that were formed in Canada between 1900 and 1933:

	NO. OF CONSOLIDATIONS	NO. OF CONCERNS ABSORBED
1900	2	19
1901	-	--
1902	1	45
1903	-	--
1904	1	2
1905	1	4

the case in the United States, the federal government became involved.[51] In this instance a select committee of the Canadian House of Commons was

1906	3	11
1907	--	--
1908	--	--
1909	9	51
1910	22	115
1911	14	44
1912	13	37
1913	5	16
1914	2	4
1915	4	10
1916	2	2
1917	3	10
1918	2	6
1919	1	2
1920	2	8
1921	5	8
1922	4	4
1923	7	38
1924	15	29
1925	20	68
1926	25	70
1927	31	95
1928	68	195
1929	62	149
1930	25	65
1931	11	20
1932	6	13
1933	8	8
TOTALS:	374	1,148

The industries most affected by mergers between 1921 and 1930 were brewing, canning, dairying, pulp and paper, construction materials, and the grain trade.

[51]For an interesting analysis of the Canadian government's attitude towards, and legislation concerning combines and trusts in Canada between 1889 and 1910, compared with similar efforts by the American government during the same period in the United States, see Michael Bliss, "Another Anti-Trust Tradition: Canadian Anti-Combines Policy, 1889-1910," Business History Review, XLVII (Summer, 1973), 177-188.

appointed in 1888 to investigate alleged combines in manufactures, trade, and insurance. When this body discovered sufficient evidence to justify legislative action on monopolies, an "Act for the prevention and suppression of combinations in restraint of trade" was passed in 1889. However, to an even greater extent than was the case with the American Sherman Anti-Trust Act of 1890, various difficulties arose with the enforcement of this law even though it was incorporated into the Criminal Code in 1892 and was periodically amended until the Combines Investigation Act was passed in 1910.[52]

An additional parallel between American and Canadian experience with trusts can be found in Canadian businessmen's staunch defence of their right to conspire. Like their United States counterparts, Canadian entrepreneurs consistently maintained that large corporations and combinations ultimately advance the welfare of the entire nation, and their statements in this regard strongly echoed Henry Clews. William McMaster, for example, a director of the Bank of Montreal in 1914, stated at that time that

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[52]Bladen, Political Economy, pp. 209-216. The above figures may not really reflect the number of combinations being formed in Canada since as Michael Bliss noted in A Living Profit, p. 39, wariness of the anti-combines legislation may have reduced the incidence of formal agreements and made the members of trade associations more careful about the legal implications of their constitutions and by-laws. Bliss did however note in "Another Anti-Trust Tradition," p. 185, that in 1910 the Dominion Wholesale Grocers' Guild was still recording price-fixing arrangements in its minute books, and the secretary of the Retail Merchants' Association saw no reason to hide the fact that it was holding price-fixing meetings. Bliss also argued in this article that the Canadian anti-combines legislation was never really taken seriously by either government officials or businessmen prior to 1910.

> the whole effect of Trust methods should be to bring about such economy in production and distribution as will make for a better standard of wages for the workmen on the one hand, and a cheaper product for the consumer on the other. . . .[53]

Similarly, Sir William Van Horne was justifying trusts when he very clearly stated his views in 1905 on the need for large corporations and unrestrained enterprise:

> A country which gives unlimited encouragement to enterprise will be prosperous. There will be little poverty in it. There will be few bare-footed people in such a country. And is it not easy to see the reason? It is elementary. The wealthy men who have made large fortunes have made them not out of nothing, not by sitting with folded hands. They have made them by operating great manufactories, by employing thousands of men to produce things which this country and other countries need. They have thus started into being scores of valuable activities, all of which have afforded employment on a large scale, all of which have spelled comfortable homes and good food and good clothes to thousands and millions.[54]

It is interesting to note that Van Horne made the above comments after stating that "the way [John D. Rockefeller] has been hounded is simply atrocious." He then went on to praise this most notorious of the American trust owners as a "man of daring and resource" who was also a powerful administrator with a strong intellect and a wonderful organizing faculty.[55]

In concluding this section on the Canadian merger movement, the author does not wish to leave the impression that Canadian industrialists

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[53]C. Lintern Sibley, "William McMaster's Dynamics: How a Business Creed is Working Out in Practical Affairs," MM, Feb., 1914, p. 138.

[54]Van Horne, "Originality, the Secret of Success," p. 27.

[55]*Ibid.*, p. 26.

wanted to completely eliminate free trade. However, cooperative associations and consolidations were formed in Canada from the 1880's onward in order to protect various business interests, and many Canadian managers saw these as the only means by which honest businessmen could make a "living profit" in the competitive situations in which they found themselves.[56] On this basis it is obvious that many Canadian entrepreneurs wished to control some aspects of their environment instead of operating in a world governed by the survival of the fittest. As Michael Bliss concluded: "in the real world of business most participants in the market would have amended the formula for material success to read Industry, Integrity, Frugality, and Fixed Prices."[57]

Turning to Canadian management's attitude toward trade unions, it must be noted that the discrepancy found in the United States between industrialists' defence of their own combinations but intolerance of the right of workers to form corresponding organizations, was also apparent in Canada. In fact, while some Canadian businessmen at the beginning of the twentieth century were rationalizing their trade agreement on the basis that the right to organize was enjoyed by the liberal professions and labour, many were actually working to nullify their employees' efforts in this direction.[58]

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[56] Bliss, A Living Profit, p. 35.

[57] Ibid., p. 54.

[58] Ibid., pp. 51-52.

Canadian employers began to organize themselves to eventually deal with labour, as well as to reduce competition and protect other interests, at an early date. The Canadian Manufacturers' Association was formed in 1871, and it was followed by the Canadian Bankers' Association in 1891, the Retail Merchants' Association in 1896, numerous Boards of Trade and Chambers of Commerce before 1900, the Canadian Lumbermen's Association in 1907, the Association of Canadian Advertisers in 1914, and the Investment Dealers of Canada Association in 1916.[59]

Concerning trade unions, however, Canadian management succeeded until the 1890's in having most labour organizations outlawed as conspiracies in the restraint of trade. Then when the appropriate statutes were changed to make all trade unions legal, many employers refused to either recognize or bargain with them until the Canadian government stepped in with Order in Council P.C. 1003 early in 1944.[60]

The Canadian legislation that stalled the birth of an organized labour movement in Canada was based indirectly on the American belief and directly on British precedents which stated that trade unions are injurious to society because they interfere with unrestrained enterprise. More specifically, the conspiracy doctrine that outlawed labour organizations was an outgrowth of the idea that the price of labour, like the

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[59] Stewart Crysdale, The Industrial Struggle and Protestant Ethics in Canada: A Survey of Changing Power Structures and Christian Social Ethics (Toronto: The Ryerson Press, 1961), p. 9.

[60] P.C. 1003, among other things, set down certification procedures for unions, and stipulated that management must recognize and bargain collectively with these bodies.

price of any other commodity, is determined by the laws of supply and demand. On this basis it was maintained that any interference with the free working of the market lessened efficiency and consequently the wealth of the nation. It was therefore argued that no obstacle could be allowed to interfere with the wage bargains being made between employers and employees. Thus, trade unions could only cause dangerous economic friction by hindering the self-adjusting process of the market through restraining trade.[61]

As we have seen, however, the conspiracy legislation outlawing trade unions was no longer in effect by 1892 and Canadian management was left to deal with legally recognized associations after that date. This does not mean though that employers completely accepted this turn of events. In fact, while Bliss concluded that Canadian captains of industry resigned themselves to the existence of a counter movement between 1883 and 1911,[62] at least one employer, C.H. Carlisle of the Goodyear Tire and Rubber Company in Toronto, Ontario, maintained as late as 1919 that trade unions are irresponsible organizations because they are not subject to the same anti-combines legislation that industrialists were living with.[63] In spite of this lingering resentment, since it is patently ridiculous to discuss trade union power when these bodies are bound by conspiracy constraints, other reasons for Canadian management's

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[61] J.C. Cameron and F.J.L. Young, The Status of Trade Unions in Canada (Kingston: Queen's University Department of Industrial Relations, 1960), p. 12.

[62] Bliss, A Living Profit, p. 74.

[63] Canada, National Industrial Conference, p. 120.

opposition to organized labour must be considered.

Realistically speaking, Canadian trade unions were not a significant threat to business interests before 1918-1919 since up to that time no more than six per cent of the nonagricultural labour force was organized and less than two per cent of Canadian employees had been involved in work stoppages.[64] However, from the 1880's on the "labour question" was on management's mind due to the pressure of industrial strife in other countries during the preceding decade, the spread of the Knights of Labor in Canada and the United States after its founding in 1869, and the revival of Canadian craft unionism during these years.[65]

Thus, despite the relative weakness of Canada's labour movement in the late nineteenth century, debate on the "menace" of trade unions was often as vigorous and hostile as it is approximately ninety years later.[66] Some of the major arguments that Canadian entrepreneurs expressed against labour organizations were based on their belief that the economic system as it existed was on the whole operating rather well. With this line of thinking employers were reaffirming their confidence in classical economic theories and thus often proclaimed that trade unions were forged in ignorance and/or misunderstanding by a small,

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[64] Bliss, <u>A Living Profit</u>, p. 12; and John Vankerkamp, <u>The Time Pattern of Industrial Conflict in Canada, 1901-1966</u>, Task Force on Labour Relations, Draft Study No. 52(a) (Ottawa: Privy Council Office, 1968), p. 50. See Appendix 2 for Vankerkamp's figures on the percentage of the Canadian labour force organized between 1901 and 1938.

[65] Bliss, <u>A Living Profit</u>, pp. 12, 74.

[66] <u>Ibid.</u>, p. 12.

irresponsible elite, or dismissed them because they were trying to change natural economic laws. From here management stressed that while employees have the right to refuse to work except under certain terms, employers have the corresponding sacred privilege to hire as they see fit. Industrialists went on to add that if this relationship was impaired in any way, the public interest--the interests of progress and prosperity in which the goals of workers were included--would be endangered.[67]

As part of the above defence, management in Canada stubbornly adhered to its desire to retain complete freedom of contract for both employers and employees by reacting particularly vehemently to all suggestions connected with the introduction of the closed shop. In fact, employers usually spoke as if labour representatives would accept no other form of union security. An accurate reflection of these sentiments was voiced once again by C.H. Carlisle at the 1919 conference on industrial relations when he said:

> Union recognition may not directly or immediately involve the principle of the closed shop, but union recognition has always been the first step towards the acceptance of that principle where it is observed to-day. It is fair to assume, therefore, that indirectly and eventually union recognition does mean the closed shop. That in turn means the surrender by the individual of his right of self-determination, it means the denial of his God-given right to sell his labour where he chooses, to whom he chooses and for what he chooses; rights in which he must be protected unless we are all prepared to relinquish our present system of government for one of pure socialism.[68]

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[67] Ibid., pp. 73-77.

[68] Canada, National Industrial Conference, p. 121.

The confusion surrounding the issue of the closed shop in relation to union recognition was somewhat cleared up later in the national industrial conference when E.P. Jones from the Canada Cement Company in Montreal asked whether the introduction of a union automatically brought in the closed shop as well. Tom Moore, President of the Trades and Labour Congress, answered that "it does not mean the closed shop unless it is part of the agreement entered into."[69]

While management's opposition to the closed shop contined to be extensively discussed in its own right well into the post-World War I era, debate on this topic usually also provoked the question of management's rights, which were always defended by Canadian employers in terms fundamentally in accord with the basic principles of social Darwinism. As John Osler pointed out in a 1942 article in Saturday Night, the attitude prevalent throughout the Dominion emphasized that the employer is the only party capable of conducting an enterprise, and the way he goes about it is of no concern to anyone but himself.[70] On this basis, management conceded that employees have the abstract right to form and join unions and to go on strike, but this recognition did not include acceptance of collective bargaining and its implications of equal power positions between capital and labour. Thus, while unions were free to set forth demands, management maintained that it had the

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[69] Ibid., p. 146.

[70] John H. Osler, "Industrial Relations: Concerning Principles," Saturday Night, Feb. 21, 1942, p. 12.

equal right to refuse all concessions and to fire workers who participated in work stoppages and replace them with strike breakers. Further to this, employers stressed the sacredness of individualism when they claimed the right to ask workers to voluntarily contract away their freedom to join a labour organization in order to preserve their freedom of choice.[71]

In summary then, employers acted on their contention that while they might be humane and generous on their own terms, and they might make voluntary concessions to employees that asked for them politely, they would never allow the rules and wages of their factories to be dictated by someone else, and they would not be intimidated by strike threats.[72]

Canadian management's belief that trade unions automatically interfere with business operations was particularly pronounced between 1880 and 1938, and comments in this vein were frequently expressed at the hearings of the 1919 Royal Commission on Industrial Relations. J.O. Cameron, president of the Victoria, British Columbia board of trade, for example, when asked whether he had any objections to meeting with representatives from trade unions stated that "from outside trades unions who undertake to tell us how we shall run our mill, or what we

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[71] Bliss, <u>A Living Profit</u>, pp. 74, 87.

[72] <u>Ibid</u>., p. 86.

shall do with our men, or how we shall handle our business, why, we do."[73]

It is significant that the above resolve against bargaining with unionized employees remained in tact after World War I since the Canadian government, like its American counterpart, clearly encouraged collective negotiations between employee representatives and employers on matters related to working conditions, rates of pay, and other grievances in its July, 1918 Order in Council P.C. 1743.[74] Canadian managers, however, continued both before and after this date to vocalize their opposition to unions in the terms already discussed, and also because they felt that the organized labour movement was socialistically oriented, stirred up discontent in previously satisfied workers, was dominated by outside influences, which of course were mostly American, attempted to reward all employees equally without considering individual contributions, and was intent on decreasing production.

In conclusion, therefore, Canadian management resisted trade unions for many of the same reasons that American employers did so prior to the Wagner Act. Similarly, while businessmen in Canada were successful in maintaining public support until the Great Depression,[75]

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[73]Canada, "Royal Commission on Industrial Relations, Minutes of Evidence, 1919" (Typescript on microfilm in the Department of Labour Library, Ottawa), p. 71.

[74]"Declaration on A War Labour Policy by the Dominion Government," Labour Gazette, XVIII (Aug., 1918), 617.

[75]See Bliss, A Living Profit, p. 12; and H. Blair Neatby, "Politics: the Opiate of the 1930's," Canadian Forum, 50th Anniversary Issue, April-May, 1970, in The Dirty Thirties, ed. by Michiel Horn (Toronto: The Copp Clark Publishing Co., 1972), pp. 81-82.

their campaigns against the closed shop and unions themselves never achieved the same degree of intensity that we saw in the United States.

Canadian entrepreneurs generally wooed the Canadian public by constantly stressing that employers worked long, hard hours, not for the "living profit" that they expected to receive, but in order to build a productive and prosperous nation that would benefit everyone. As Arthur Conrad stated in 1910 when discussing the reasons why young, active Canadian industrialists should not be expected to be the great philanthropists that Andrew Carnegie became in later life:

> The manufacturer himself is often proportionally the smallest salaried official in the factory. Many a manufacturer is content to draw a modest income from the industry in which he is engaged, just that it may become stronger. He is willing to pay high salaries to salesmen and department managers and to raise mechanics' wages to the maximum, without claiming an extra cent for himself. He is, of course, working for the ultimate good of the industry, believing that later on he will be rewarded for his renunciation.[76]

Conrad then generalized these sentiments with:

> The path of the rich man is by no means a bed of roses. The public seem to forget his services to the country in building up industry, in providing employment for hundreds or thousands of artisans, in conserving natural resources and in opening new channels of trade, and think only of his outward personal attitude toward philanthropic movements.[77]

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[76]Arthur Conrad, "Impecuniosity of Canada's Rich Men," BMM, April, 1910, pp. 31-32. It is unclear whether or not Conrad himself was a businessman. However, this quote is presented as being representative of business philosophy because the BMM, which later became MM, consistently endeavored to attract a large business audience. See, for example, MM, March, 1912, p. 5; and MM, Aug., 1913, p. 63.

[77]Conrad, "Impecuniosity of Canada's Rich," p. 32. This image of the successful but selfless entrepreneur was also extolled in Alan Sullivan's novel on industrialists in Canada. See Alan Sullivan, The Rapids, with an Introduction by Michael Bliss (1922; reprint ed., Toronto: University of Toronto Press, 1972).

Concerning Canadian mangement's attempts to supress or immobilize the Canadian labour movement, antiunion action by employer associations was usually organized on a local basis in a specific trade or city. In 1903, for example, an organization composed of shipowners, retail merchants, single manufacturers, lumber manufacturers, contractors, box manufacturers, master plasterers, master plumbers, and publishers was formed in the city of Vancouver in order to avoid hiring any of the workers that were on strike for a closed shop at the Vancouver Engineering Works.[78]

A similar but more enduring and radical antiunion association surfaced in Toronto in 1902. This body was modelled after American employer organizations and proposed to arbitrate industrial disputes, to give financial assistance to both employers suffering from strikes and to those employees that renounced unions and remained loyal to management, to conduct its own labour exchange for independent workmen, to blacklist union troublemakers, and to sponser legal actions against unions and government agencies sympathetic to them.[79]

Thus while antiunion activity was apparently extensive at the municipal level throughout Canada, and the Toronto Employers' Association was particularly successful in maintaining and expanding the open shop principle in that city during the first years of this century, the Canadian Manufacturers' Association made an explicit decision at that time not to follow the lead of the American National Association of

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[78] Bliss, A Living Profit, p. 93.

[79] Ibid.

Manufacturers into overt antiunion activities. The CMA concentrated instead on a general policy of encouraging the development of Canadian labour unions with Canadian leaders.[80]

In summary, therefore, it is clear that on the one hand some Canadian businessmen actively fought to maintain the open shop and to generally discredit organized labour. On the other hand, however, other Canadian employers came to accept unions in their firms, and occasionally acknowledged that these bodies contributed to good relations between workers and managers.[81] It is, however, extremely difficult to arrive at any quantitative conclusions on this subject, especially since managers who cooperated with unions rarely contributed to discussions on the labour question.[82] On the whole, however, the adversary relationship between capital and management against labour that Mackenzie King described in Industry and Humanity and "The Four Parties to Industry," seems to have been general throughout industrialized Canada at least until after World War I. This conflictual atmosphere was generally accentuated by the fact that Canadian entrepreneurs modified the harshest precepts of social Darwinism and laissez faire economics as they applied to themselves, but proceeded to fall back on the full force of these doctrines in their confrontations with labour.

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[80] Ibid., pp. 84, 93-94; and Michael Bliss, "'Dyspepsia of the Mind': The Canadian Businessman and His Enemies, 1880-1914," in Canadian Business History, p. 183.

[81] Bliss, A Living Profit, p. 74.

[82] Ibid.

In turning away from Canadian management's view of its own position in society and its relations with trade unions, we must now take up the problems that Canadian industrialists faced in acquiring and managing the steadily increasing number of physical and human factors that came under their control as the dominance of the small family firm increasingly gave way to the emergence of large corporations.

While it is difficult to make general statements on the origins of Canada's advancing technology, the available evidence does indicate that Canadians were content to acquire both the machinery and the man-power necessary to operate large companies from the United States. Thus, while Industrial Canada lamented in 1905 that the skilled workers required to man elaborate machines, and the foremen knowledgeable enough to supervise these people, had to be recruited from south of the border,[83] Tom Naylor concluded that "Canada's technological dependence was both deep-rooted and consciously cultivated. Technology, like capital and labour, was something to be attracted from a more developed area, and Canadian government policy from an early period assiduously solicited in influx of American techniques."[84]

Similarly, while clear statements on the systematization of Canada's large factories, plants, and offices are extremely difficult

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[83] Industrial Canada, Nov., 1905, p. 261, cited by Robert C. Brown and Ramsay Cook, Canada 1896-1921: A Nation Transformed, The Canadian Centenary Series (Toronto: McClelland and Stewart Limited, 1974), p. 94.

[84] R.T. Naylor, The History of Canadian Business 1867-1914, Vol. II: Industrial Development (Toronto: James Lorimer & Company,

to locate, one must once again conclude that Canadians voluntarily followed upon the paths already pioneered by their American counterparts. One example that substantiates this view can be found in the fact that Canada's first business show, which was organized in 1906 to demonstrate labour-saving devices in the office, featured numerous American exhibits but only a few representative Canadian firms.[85]

Despite this Canadian dependence on the United States for both technological innovations and labour-saving machinery, some Canadian managers had apparently recognized the importance of system and efficiency by the end of the first decade of the twentieth century. As G.B. Van Blaricom noted in reference to Canadian business in 1909:

> Everything is being directed towards specialization and concentration. The man who forges to the front nowadays is the expert, who, by his superior knowledge reduces cost and increases production. The skilled man is ever at work devising new things; some are turned to profitable account while others have met with indifferent success because they were not feasible. It is the old law of the survival of the fittest.[86]

Publishers, 1975), p. 63. Bliss also stated in A Living Profit, p. 11, that while the size of the firms, the complexity of organization, and reliance on outside financing all increased in Canada between 1880 and 1911, there were few Canadian organization men or specialists in management trained to assume the responsibilities connected with operating these new concerns.

[85] "Canada's First Business Show," BMM, Feb., 1907, pp. 111-113. The devices shown at the business show included billing and invoicing machines, adding and calculating machines, time clocks, and poster displays.

[86] G.B. Van Blaricom, "The Story of a New Method," BMM, May, 1909, pp. 132-133.

Van Blaricom then went on to describe how Montreal's Semi-ready Limited had systematized all of the elements of its ready-made clothing business so that the owners could calculate costs as precisely as possible and operate with no wasted time, talent, or material.[87]

While it is again very difficult to quantitatively determine the extent to which systematization techniques were adopted in Canada, G.R. Chester did state in 1909 that "system is now quite generally recognized as a necessity in every business, . . ."[88] However, Chester did not feel that Canadian businessmen were pursuing this trend to its logical conclusion and suggested that they should note the work being done by business scientists towards arriving at a general system of economies.[89] Since the most well-known North American "business scientist" in 1909 was Frederick Taylor, it seems fair to conclude that Chester had Taylor and his followers in mind when he made the above comment, and this leads us to a discussion of scientific management in Canada.

From the number of American articles on scientific management

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[87] Ibid., pp. 133-136.

[88] G.R. Chester, "The Economy of Up-to-Date Equipment," BMM, Nov., 1909, p. 114. This view was supported by the Canadian factory organizer and cost specialist, E. St. John Howley, in "The Principles of Factory Administration: Conservation of Labour as Necessary as the Conservation of Money and Credit--Maximum of Production Possible Only Where Working Conditions or Environments are Pleasant," Industrial Canada, Jan., 1930, pp. 191-192.

[89] Ibid.

that were reproduced in the Busy Man's Magazine and Maclean's Magazine between 1910 and 1912, it is probable that at least a few Canadian entrepreneurs became aware of Taylor's work at the same that the American public was first learning about it.[90] In spite of this knowledge, however, only one specific case of scientific management actually being introduced into a Canadian firm was discovered, and this took place between 1908 and 1911 in the Canadian Pacific Railway's Angus shops in Montreal.[91]

More specifically, the Railway Age Gazette reported in 1911 that the C.P.R. retained Henry Gantt in an advisory capacity for three days per month over a period of about one year. During this interval considerable time study was conducted in the Angus machine shops and a saving of 5 per cent of the 25 per cent of the payroll to which time

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[90]A few examples of the titles of these articles follow:
1) "The Industrial Engineer," BMM, Sept., 1910, pp. 121-122.
2) "At Work With the Business Doctor: Curing Sick Industries," BMM, Oct., 1910, pp. 68-72.
3) "Best From Current Magazines: The Awakening of the American Business Man: The New Science of Management," BMM, April, 1911, pp. 133-137.
4) "Review of Reviews: The Biggest Idea Before Business To-day," MM, June, 1912, pp. 124-125. This article discussed the efficiency aspect of scientific management.
5) "The Gospel of Efficiency: How It Is Preached To and Practiced by Americans," MM, June, 1912, pp. 131-132.

A series of articles on scientific management by George H. Shepard, a member of the Emerson Club--an organization built around Harrington Emerson, appeared in MM in 1914. The titles of two of these were:
1) "Efficiency of the Individual," MM, May, 1914, pp. 13-14, 135.
2) "The Science of Leading Men: What a Business Executive Must Do to Achieve the Fullest Measure of Success," MM, June, 1914, pp. 14-16, 134.

[91]Nelson, "Scientific Management, Systematic Management, and Labor," p. 489.

study was applied was achieved.[92] However, this is not the complete story because the Railway Age Gazette was not enthusiastic about these results and reported that the Angus machine shops had been operating on a piece-work basis for a number of years, and Gantt only contributed an improved method of studying pieces. The Gazette went on to add that it was doubtful whether the new methods could be advantageously extended to other departments and maintained that Gantt's work was certainly not revolutionary.[93]

The Railway Age Gazette may have been far too severe in its evaluation of scientific management in the C.P.R. since piece rates preceded Taylorism in the United States and Daniel Nelson claims that Gantt established a planning department in the Angus shops that directed all of the workers' activity and coordinated the supervisors' efforts.[94] In any event, it is significant that a Taylor protégé was directly involved in introducing new methods of management into a large Canadian concern when scientific management was still struggling for acceptance in American firms.

In addition, the Canadian Engineer indicated that although

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[92] "The Efficiency Engineer," Railway Age Gazette, 50 (April 7, 1911), 836-837.

[93] Ibid.; and "What is Scientific Management?" Railway Age Gazette, 50 (April 7, 1911), 839-842.

[94] Nelson, "Scientific Management, Systematic Management, and Labor," pp. 485, 492.

Taylorism was not widespread in Canada in 1911, the Trades and Labour Congress condemned it at its annual meeting of that year as nothing more or less than a speed-up device detrimental to the best interests of Canadian workers. The T.L.C. went on to instruct its executive to assist all groups of employees in securing governmental protection and investigation whenever scientific management was about to be introduced.[95]

Despite this opposition from labour, however, the March, 1912 issue of the Canadian Engineer enthusiastically announced that Frank Gilbreth was scheduled to speak on scientific management at an open meeting of the University of Toronto Engineering Society later that month.[96] It is not surprising then that Edward Jamieson stated in August, 1913 that

> the problem of efficiency has been receiving a good deal of attention from employers of labor in recent years with a corresponding benefit, where inquiry has been intelligently applied, to their various establishments. Motion study and the routine of work have been made features of rearrangement in industrial plants and offices innumerable.[97]

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[95] "Scientific Management," Canadian Engineer, 21 (Sept. 28, 1911), 372.

[96] "Scientific Management," Canadian Engineer, 22 (March 7, 1912), 392.

[97] Edward Jamieson, "Fitting the Job to the Man," MM, Aug., 1913, p. 63. See also William Byron's article, "efficiency the Keynote of Business: A Definition of What Really Constitutes the New Science of Efficiency," MM, Aug., 1915, pp. 35-36, 72, for an additional discussion of scientific management and its value to Canadian merchants and managers.

Since no mention was made of Frederick Taylor's desire for labour and management to recognize their mutual interests, it seems likely that the efficiency aspects of scientific management were emphasized in Canada in the same way that they were in the United States. However, no quantitative data was secured that would indicate to what extent even time and motion methods were adopted here.[98] One might conclude, however, that since the stopwatch was incorporated into most American firms before World War II, it is likely that this aspect of Taylorism was also accepted by many Canadian managers as a result of the influence exerted by the numerous U.S. branch plants that were set up in Canada from the 1880's onward. This deduction is further supported by the fact that E. St. John Howley, a Canadian factory organizer and cost specialist spoke as if time and motion study was well integrated into some Canadian industries by 1930.[99]

Now that it has been determined that at least some Canadian managers were discussing and experimenting with new methods of increasing production through examining employee routines, additional changes in managerial philosophy between 1880 and 1938 must also be discussed.

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[98] The Queen's University study, The Economic Welfare of Canadian Employees--a Study of Occupations, Earnings, Hours and Other Working Conditions, 1913-1937, Bulletin No. 4 (Kingston, Ontario: Queen's University, 1940), does state on p. 122 that scientific management "has been widely adopted in Canada as in the United States."

[99] St. John Howley, "The Principles of Factory Administration: Conservation of Labour," Jan., 1930, p. 191.

While quantitative information on Canadian industrial welfare plans, fringe benefits, employee representation and personnel management is more sparse and difficult to locate than was the case with the American material, an attempt to determine the extent to which these movements were accepted by Canadian employers and incorporated into Canadian plants and factories has been made through a survey of Labour Gazette reports on these plans during the time period under consideration. Thus, Appendix 1 lists the name of each company that adopted pension provisions, works councils, profit sharing and so on, the date in which each industrial relations modification was inaugurated, and whether management financially supported the plan itself, or did so with the assistance of labour. This information will be referred to as each of the above plans is discussed, and additional statistical information will be incorporated as it applies in each case.

As we have already seen, the philosophy of management adhered to in Canada particularly before World War I stressed the virtues of freedom of contract and the survival of the fittest in all relations between employers and employees. On this basis successful industrialists maintained that the existing economic system was functioning well and advised that even poor boys could rise in the world if they cultivated the characteristics of industry, integrity, and frugality.

With these views in mind, Canadian businessmen always resented the critics that denied them the status of workers and proclaimed that industrialists worked hard, often harder than employees who enjoyed regular hours and none of the strain associated with organizing and maintaining profitable enterprises.[100] To illustrate this point, G.H. Henderson of the Canada Salt Company of Windsor, Ontario, stated at the National Industrial Conference:

> I have worked very often 18 or 20 hours a day, and I can assure you I would rather work 12 hours with my hands than work, as I have done, with what brains I have.[101]

In accordance with the above, since the successful achieved their status through hard work, Canadian management generally concluded that ". . . if an employee is enthusiastic in his work, that enthusiasm is bound to mark him out for promotion."[102] And correspondingly, when workers complained about low wages, long hours, and poor working conditions, they were reminded that as long as they persevered, their lot was bound to improve. If it did not, then it was due to some deficiency in the development of personal character because employers did their part in contributing to workers' welfare when they offered men jobs--they gave workers the opportunity to put their skill and ambition to work in order to make something of themselves.[103] Thus, while some Canadian managers recognized that the majority of employees could never

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[100]Bliss, A Living Profit, pp. 27-28.

[101]Canada, National Industrial Conference, p. 78.

[102]Sibley, "William McMaster's Dynamics," p. 13. Also see Bliss, A Living Profit, p. 64.

[103]Bliss, A Living Profit, pp. 63-64.

own their own businesses or enter managerial ranks,[104] employers stereotyped the average worker as being naturally undisciplined, lazy, and inclined to dissipate their energy and wages.[105] It is not surprising, therefore, that the majority of Canadian entrepreneurs vigorously opposed the introduction of welfare work into their industrial establishments.

The above philosophy of management would probably have continued to dominate relations between labour and management in Canada if strong external pressure had not intervened. The major groups that took up the cause of workers included farm and labour organizations, the Catholic and Protestant clergy, liberal "progressive" intellectuals, media personalities, and university students, and they did so when they discovered that the social problems apparent in older industrialized countries were now also growing in Canada.[106]

Thus, at the same time that industrialists were asserting that there was no need to improve the workers' welfare, and they could not afford to do so anyway since changes would increase costs and price Canadian goods out of the market,[107] progressive Church leaders began

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[104] Ibid., p. 32.

[105] Ibid., pp. 62-63.

[106] Ibid., p. 13, 55.

[107] Ibid., p. 64.

to recognize that the Protestant work ethic and laissez faire economics were ineffective tools of justice in a technologically advancing society. This group took up the cause of strong state control in the hope that it could equitably direct the development of Canada's resources.[108]

Similarly, intellectuals like Goldwin Smith, Henri Bourassa, Stephen Leacock, and Gustavus Myers began to attack business values. Leacock, for example, sketched the people of Plutoria (Montreal) as being amoral, featherbrained pseudo-aristocrats, and Myers, an American muckraker, argued that Canadian fortunes were largely based on special privilege, subsidies, and corruption.[109]

Finally, farmers became increasingly upset with low returns on hard labour, and as we have already seen, the Canadian labour movement has been a source of worry to management since the early 1880's.

Despite many Canadian businessmen's shock at the idea of being called upon to assume some responsibility for their workers' well-being, and the corresponding slow awakening of the general public's consciousness of the need for improvement in industrial conditions prior to World War I in spite of the efforts of the above groups,[110] some managers did

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[108] Crysdale, Protestant Ethics in Canada, p. xii; and Clark, The Social Development of Canada, p. 392.

[109] Bliss, A Living Profit, p. 13.

[110] S.D. Clark, The Social Development of Canada, p. 383, maintained that since the period before 1913 was generally very prosperous, the corresponding feeling of security led to general complacency concering industrial problems.

take steps to augment their employees' physical surroundings during this period. Michael Bliss reported, for example, that as early as 1880 the Monetary Times was drawing attention to the connection between ventilation, cleanliness, and the health of the workers, and during the 1880's and 1890's the business press generally noted and praised firms that installed ventilation systems, dining rooms, club rooms, and other recreational facilities.[111]

More formalized welfare plans emerged in Canada both during and after the decade preceding World War I, and Appendix 1 indicates that the first such comprehensive arrangement recorded by the Labour Gazette was inaugurated in 1903 at the Williams, Greene and Rome Company of Berlin, Ontario. Similarly, by 1904 the employer supported Canadian Reading Camp Association had set up twenty-five lumber camp reading rooms, and Bliss stated that as a result of American influence in this direction, a number of Canadian factories were introducing bath and shower rooms, kitchens, and lunchrooms.[112]

Thus, while there is no doubt that a few Canadian employers in the 1880's and 1890's were conscious of the detrimental effects that poor working conditions have on employee health and productivity, the 1882 report of the inquiry commission that studied Canadian mills and factories indicates that the conditions in most establishments were

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[111]Bliss, A Living Profit, p. 69.

[112]Ibid., pp. 69-70.

deplorable. However, instead of expressing unadulterated outrage at these findings, the commissioners rationalized that manufacturers could not be expected to assume responsibility since both Church and public officials tolerated similar circumstances. The portion of the report on ventilation expressed this attitude:

> There is very little attention paid to the question of ventilation, and as a consequence, no provision whatever is made, other than the doors and windows, the latter, of course, being always closed in cold weather. While this question of such vital importance to humanity is being treated with indifference by the authorities of churches, halls, and our public schools, it certainly cannot be a matter of surprise that manufacturers do not take the lead of equally responsible parties on this question, or that they should be forced to an expenditure which the State, under similar circumstances, does not provide for its subjects.[113]

This report went on to add that most factories were severely overcrowded in terms of both machinery and people, and concluded: "That insufficient closet accomodation exists, as a rule in factories and workshops employing over twenty-five hands, is beyond dispute."[114]

Since numerous examples of similar working conditions were discovered by the 1886 Royal Commission on Labor and Capital in factories and mines across Canada,[115] and employers at that time responded to pressures to improve ventilation and sanitation by stating that

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[113]Canada, Sessional Papers, 1882, No. 42, Report of the Commissioners Appointed to Enquire into the Working of Mills and Factories of the Dominion, quoted in Clark, The Social Development of Canada, p. 395.

[114]Ibid.

[115]Greg Kealey, ed., Canada Investigates Industrialism.

conditions were already well advanced, that workers themselves did not desire changes, and since the state did not provide these amenities, individual companies should not have to either,[116] it must be concluded that the industrial betterment movement had not significantly penetrated managerial philosophy before the turn of the century.

However, due to American influence[117] and the economic rewards that employers came to realize could be their's through the amelioration of their employees' physical surroundings, welfare capitalism was more extensive in Canada after 1900. A few indications of this trend were found in the business press. Alfred Fitzpatrick, for example, stated in 1908 in the Busy Man's Magazine that

> in the absence of state initiative some individual [Canadian] employers and corporations have made most commendable efforts to improve the condition of their workmen. They have come to realize that to help a man on his feet is a greater work than to accumulate millions; that wealth earned at the sacrifice of every noble ambition of the men who play the manual part in its production cannot lead to happiness. . . .[118]

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[116]Bliss, A Living Profit, pp. 59-60.

[117]A few examples of the titles of American articles on welfare work that appeared in Canadian magazines prior to World War I are:
1) "Smoothing the Way of the Working Girl," BMM, June, 1907, pp. 23-27.
2) "The Personal Factor in the Labor Problem," BMM, Aug., 1907, pp. 28-33.
3) "Sharing, Benefit and Pension Plans of the International Harvester Company," BMM, Jan., 1910, pp. 98-101.
4) "Review of Reviews: Humanity in Business," MM, Aug., 1912, pp. 145-146.
5) "The Modern Office," MM, Feb., 1913, pp. 152-153.

[118]Alfred Fitzpatrick, "Where Progress and Education Join Hands," BMM, Oct., 1908, p. 70. The article "Co-operation and Some of its Beneficial Results," BMM, April, 1908, pp. 60-63, echoes Fitzpatrick's statements but acknowledges that welfare plans in Canada were still comparatively few in number in 1908.

Fitzpatrick also noted in his article that 10,000 men were instructed in the English language and technical subjects between 1900 and 1908 in the railway and mining camp schools that were conducted each summer, and over 20,000 men were given access to books in camp libraries.[119] He did add; however, that some captains of industry objected to educating their men on the grounds that all workers are shiftless and have no desire to rise above their own level or to acquire knowledge. It was even believed that these problems were due to biological deficiencies to which solutions were impossible. In any event, as employers pointed out, the nature of unskilled work was not conducive to study, and there was little time to learn.[120]

In a similar vein, but more optimistically, Christopher Hansman reported in 1912 that

> a recognition of an employees' rights in the matter of toilet accomodation is a favorable sign of the times. It is extending into all departments of finance and industry and one will find the big factory providing its army of workpeople with clean and adequate facilities, just as the bank or business office is caring for its staff.[121]

While no comprehensive statistics are available on industrial welfare work in Canada prior to 1938, the Ontario Department of Labour in 1928 surveyed 300 representative manufacturing industries and public

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[119] Fitzpatrick, "Progress and Education," p. 71.

[120] Ibid., p. 72.

[121] Christopher Hansman, "Investing for Efficiency in the Office," MM, Feb., 1912, p. 421.

utilities employing 185,187 workers throughout the province to determine the extent to which industrial relations were receiving the attention of employers. This investigation discovered that 89 of the 300 firms, or approximately 50 per cent of the employees, had cafeteria facilities, and 20 more companies had lunch rooms. In addition, some Ontario employers reported that they absorbed deficits of up to several thousand dollars annually on these operations, but continued to do so because they felt that the cafeterias contributed substantially to the welfare of the workers.[122]

Similarly, three-quarters of the employees, or 41 per cent of the 300 companies, enjoyed some recreational facilities on company property. The activities involved usually included dances, glee clubs, and drama clubs, and some of these firms retained a full-time sports director to organize the athletic aspects of their industrial betterment programs.[123]

In conclusion, it is obvious from the statements made by both Alfred Fitzpatrick and Christopher Hansman that humanitarian considerations encouraged some Canadian managers to become involved in improving working conditions in their enterprises. However, as was the case in the United States, other motives played an even more important role. Both Michiel Horn and Thomas Acheson maintained that religious values promoted Canadian entrepreneurs' welfare work in much the same way that

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[122] Marion Findlay, "Industrial Relations," Social Welfare, X (Aug., 1928), 246.

[123] Ibid.

they influenced their American colleagues. Acheson made the general statement that Calvanist precepts played a formative position in the development of certain qualities of character in the industrial elite, and Horn specified that R.B. Bennett's Methodism was genuine in that he willingly accepted the duty that came with wealth to "relieve the fatherless and widow."[124] It can be concluded, therefore, that, as in the United States, some Canadian employers viewed industrial betterment as one prerequisite to obtaining ultimate approval for their lifestyle.

Once again, however, the economic reward that the employers hoped would accrue from the introduction of industrial amenities were the most significant factors in motivating Canadian businessmen in this direction. Canadian industrialists were always very conscious of the need to keep the cost of living low so that manufacturers could keep wages down in order to meet foreign competition.[125] Thus, some employers realized that a healthy, contented work force was more productive and therefore less expensive than one in which the employees struggled in poor working conditions with no provisions for entertainment or outside interests after business hours.[126]

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[124] Acheson, "Social Origins," p. 152; and Horn, <u>The Dirty Thirties</u>, p. 228.

[125] Bliss, <u>A Living Profit</u>, p. 71.

[126] <u>Ibid</u>., pp. 67-71.

Concerning the physical conditions of plants during the workday, some managers came to realize that the factory itself should be conducive to hard work and efficiency, and to achieve this atmosphere they improved ventilation, provided sanitary facilities, and beautified plant surroundings. In other words, as Hugh Eayrs stated in 1916:

> Genius is nothing more or less than efficiency. It means adequate, full preparation and equipment for tasks, and in this last, since it is axiomatic that the human element is at once the most elastic, the most capable and the least dependable, efficiency depends that the human element be backed up and supported by every possible prop. One of these props is a maximum of comfort in working conditions.
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> . . . .
>
> The race is to the speedy. . . . The employee must have good working conditions in order that he or she may produce the most and the best for the employer in the least time, at the least expense.[127]

Similarly, since most employers viewed labour as shiftless, drunken beings who did not take care of themselves during off-hours, as the amount of leisure time available to employees increased, especially when the weekly half-holiday became generally accepted during the decade prior to World War I,[128] some corporate officials sought to provide wholesome recreation within the confines of the company so that their employees would be refreshed and therefore more efficient in handling the increasingly complex machinery.

The final motive behind welfare work that will be discussed

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[127] Hugh S. Eayrs, "Making the Employee Comfortable," ~~MM,~~ March, 1916, p. 33. The same sentiments were voiced by St. John Howley in "The Principles of Factory Administration: Conservation of Labour," Jan., 1930, p. 190.

[128] "Co-operation and Some of its Beneficial Results," p. 60.

centers on employers' expectations that improved working conditions would not only increase production, but would also decrease turnover and stave off trade unions. The rational behind these beliefs was that a loyal, contented work force would not feel any need for outside assistance or interference.

The fact that Canadian employers wanted to maintain complete control over the relations between themselves and their employees is once again obvious from the above. However, inseparable from this desire was a paternalistic attitude towards workers that became visible as many of the welfare plans were being introduced, and which caused discontent in some instances. Helen Cameron Parker recognized this fundamental weakness in both the Canadian and American welfare movements as early as 1910, and warned that resentment and rebellion must be expected when employers adopt a superior attitude when designing and implementing unsolicited improvements in order to increase production and improve the company's public image.[129] Michael Bliss also noted that Canadian welfare plans were characterized by an atmosphere heavy with the air of concessions from the strong and the wise to the ignorant and the weak,[130] and John Osler clearly summed up Canadian paternalism in 1942 when he said:

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[129] Helen Cameron Parker, "How Efficiency of Workmen is Improved," Industrial Canada, Feb., 1910, pp. 693-694.

[130] Bliss, A Living Profit, p. 91.

> On the part of industry, we find an attitude of economic royalism, occasionally relieved by moments of benevolent paternalism, inspired, apparently, by the complacent belief that if only a man is given enough free shower baths and annual picnics he will be content to "know his place".[131]

In concluding this section on welfare work, it is clear that industrial betterment could work to the distinct advantage of employees, despite the paternalism that usually accompanied it, as long as the company involved also maintained regular employment conditions and paid wages at least equal to those in surrounding firms and parallel industries. This, however, was not always the case. The British Columbia Electric Railway, for example, through its numerous welfare plans got away with paying wages less generous than those of other corporations in this industry in both Canada and the United States from the late 1890's until 1917 when the economy became significantly less stable and the company had grown too large to enjoy personal relations between labour and management.[132]

Another even more striking example of how welfare work can operate to the disadvantage of workers is found in a case that was revealed before the Royal Commission on Price Spreads. In this instance a young woman employed by the Timothy Eaton Company was laid off for one week for failing to produce her daily quota. When she protested that

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[131] Osler, "Industrial Relations," p. 12.

[132] Patricia E. Roy, "The British Columbia Electric Railway and Its Street Railway Employees: Paternalism in Labour Relations," BC Studies, 16 (Winter, 1972-73), 3-24.

she could not support herself during this period, she was told that she could report to the firm's welfare office for assistance. Thus, Eaton's took care of its destitute through its much publicized welfare provisions, but it also made sure that these facilities always had customers and funds since it dictated severe employment conditions and would not channel the welfare money into additional wages for the employees on the payroll because

> if workers received a decent wage, they might get notions of having earned it, instead of having received it. And when that sort of system entered, it would threaten the existence of Ardwold. It might lead to such violations of "family" corporatism as unions. . . .[133]

Turning away from welfare work, a discussion of fringe benefits in Canada will now begin with pension plans. The development of this particular fringe benefit was extensively investigated by both the Labour Gazette and the Queen's University School of Commerce. The Queen's University study found that the motives persuading Canadian employers to introduce pensions were the same as those that influenced American management during the corresponding time period. That is, on a humanitarian basis, Canadian employers since before the turn of the twentieth century were increasingly stirred by sympathy and public protest to relieve the conomic needs of employees after their most productive years had elapsed, and to reward these people, beyond the wages already paid, for their long and faithful service. These considerations were additionally based on the recognition that employees

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[133] Horn, The Dirty Thirties, p. 127.

usually did not, or were not able, to save money in advance of retirement.[134]

Along with the above, as was the case in the United States, economic expediency played a large role in swaying Canadian management officials toward the introduction of annuity arrangements. Besides the favourable publicity that pension plans generated both in terms of attracting steady workers and enhancing the company's public relations, pension provisions improved efficiency and productivity through the replacement of older and slower workers with younger, quicker ones. A formal retirement plan also improved the morale of the remaining labour force since the younger workers recognized that avenues of promotion opened up each time a co-worker was pensioned. This incentive, plus the service requirements set down in most annuity schedules, reduced turnover at individual firms and led once again to more efficient employees.[135]

Thus through combinations of all of the above factors, pensions came to be seen by employers as necessary payments to labour in order to improve production and the corporation's public image, rather than as compassionate allowances or rewards for service. In other words, management came to view annuity expenses as part of the cost of high productivity, and pensions became deferred wages to be collected by the

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[134] Queen's University, Industrial Relations Section, Industrial Retirement Plans in Canada, Bulletin No. 1 (Kingston, Ontario: Queen's University, 1938), pp. 4-5.

[135] Ibid., pp. 5-6.

employees during old age.[136]

The Canadian companies that first recognized the value of pension plans were, as was the case in the United States, part of the railway industry. In fact, Canada preceded the United States by a few months in this regard because the Grand Trunk Railway inaugurated a contributory plan October 1, 1874, and as we have already seen, the first such arrangements by an American firm were introduced into the American Express Company in 1875.[137]

While the Grand Trunk plan began by accepting employee contributions and only because noncontributory in 1908, this was not the general trend in Canada. Until 1929 most annuity provisions were financed entirely by management and it was only after the Depression began that employers generally recognized that they could not adequately support these schemes by themselves.[138] In any case, whether the plans were contributory or not, Table 1, which lists the results of a limited survey conducted by Queen's University on the date, number, and type of pensions inaugurated in Canada between 1903 and 1938, indicates that a large percentage of the pension arrangements initiated between 1903 and 1920 were actually imported along with American companies that were setting up branch plants in this country.

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[136] Ibid., p. 7.

[137] Lescohier and Brandeis, History of Labor in the United States, p. 386; and Queen's University, Retirement Plans in Canada, p. 12.

[138] Queen's University, Retirement Plans in Canada, p. 12.

TABLE 1

INDUSTRIAL RETIREMENT PLANS BY DATE OF ESTABLISHMENT IN CANADA

DATE	NON-CONTRIBUTORY PENSION PLAN	CONTRIBUTORY PENSION PLAN	U.S. COMPANIES WITH PENSION PLAN IN CANADA
1903-1913	4a	1	4
1915-1917	5b	-	6
1919-1920	5a	-	5
1922-1925	3c	4d	
1926-1928	5	1	
1929-1932	1	5d	
1934-1936	1	26de	
1937-1938	1	11df	
No Date Given	8	11	
TOTAL:	33	65	15

a Plus three now contributory. b Plus two now contributory. c Plus one now contributory. d One formerly non-contributory. e Two formerly non-contributory. f Two formerly non-contributory.

SOURCE: Adapted from Queen's University, Industrial Relations Section, Industrial Retirement Plans in Canada, Bulletin No. 1 (Kingston, Ontario: Queen's University, 1938), p. 15.

Table 1 also confirms that as in the United States, increases in the number of pension plans introduced in Canada corresponded with prosperous economic periods, and depressed years saw both a decline in the number of existing plans and reluctance by other managers to initiate new ones.[139]

Despite these cycles, however, the railroads, public utilities, communication companies, and financial institutions began the pension movement in the United States, and the iron, steel and oil industries

[139] *Ibid.*, p. 15.

joined in particularly after 1929. In Canada, the railway companies were both the pioneers and the strongest advocates of pension provisions, and financial institutions, mining, smelting, communications, public utilities, electrical equipment, rubber, metal, chemical, and miscellaneous manufacturing industries became increasingly involved as the movement progressed.[140]

Thus, while various shortcomings of these annuity arrangements will be discussed in Chapter IV, Table 2 shows the number of pension plans introduced into Canadian industries prior to 1937, with the exception of establishments operated by the railways, as reported by the Labour Gazette in 1949.

TABLE 2

PENSION PLANS IN CANADA BY YEAR PLAN BECAME EFFECTIVE
(Excluding Establishments Operated by Railway Companies)

INDUSTRIAL GROUP	BEFORE 1900	1900 to 1918	1919 to 1937
Manufacturing	1	23	258
Logging	-	--	1
Mining	-	--	25
Communication	-	7	8
Transportation	-	3	35
Construction	-	--	12
Services	-	--	10
Trade	-	42	112
Finance	2	84	250
TOTAL:	3	159	711

SOURCE: Labour Gazette, XLIX (June, 1949), p. 698.

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[140] Ibid., p. 18; "Pension and Welfare Plans in Canadian Industry," Labour Gazette, XLIX (June, 1949), 698; and National Trust Co. Ltd., Pension Division, A Study of Canadian Pension Plans (Toronto: National Trust Co. Ltd., 1960), n.p. As in the United States, the larger corporations in Canada were the first ones to introduce pension plans.

To conclude this section and to augment the figures in Table 2 and make them more understandable, it must be noted that the National Employment Commission reported that as of January, 1937, 9.3 per cent of 7,725 firms across Canada, covering all industries except agriculture, hunting, fishing, banking, and domestic service, were operating with annuity provisions; 87.5 per cent of this total did not have pension plans; and 3.2 per cent of the 7,725 companies did not indicate whether they provided for their aged employees after retirement or not.[141]

A fringe benefit with some of the same motivating features as found in pension plans that was widely discussed in North America generally, and was frequently considered in Canadian trade journals during the late nineteenth and early twentieth centuries, was profit sharing. This interest in the distribution of profits to employees was largely generated as a result of the fact that employers viewed it as a potential solution to industrial conflict and as an easy way of reuniting the interests of managers and workers.[142] The Canadian Manufacturer in September, 1886, for example, went so far as to suggest that "the question of the division of the profits of industrial enterprises commands attention everywhere, as probably affording the true solution of the problems invoļed in the relations between Labour and

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[141] Canada, National Employment Commission, Report on Phases of Employment Conditions in Canadian Industry (Ottawa: King's Printer, 1937), p. 49.

[142] Bliss, A Living Profit, p. 89.

Capital."[143]

While profit sharing was not extensively introduced into Canadian companies, the plans that were inaugurated never lived up to the above expectations even though some Canadian employers had been rewarding their employees, in addition to regular wages, very early in the history of industrial relations in this country. That is, Canadian managers had been distributing both annual and retirement bonuses since at least the 1880's,[144] and a few profit sharing schemes were organized at this time, as they were in the United States, so that workers could share on a regular basis in the wealth they helped to create.

Thus Bliss stated, "profit-sharing was a formalized version of straightforward employer generosity,"[145] and businessmen always hoped, whether they adopted profit sharing or not, that it would be an effective way of warding off trade unions.[146] In other words, employers expected that employees would be grateful for this additional income and would therefore remain loyal to the company and work hard to insure high returns without outside interference.[147]

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[143] Book review of <u>Profit Sharing Between Capital and Labour--Six Essays</u>, by Sedley Taylor, in <u>Canadian Manufacturer</u>, Sept. 24, 1886, p. 549.

[144] Bliss, <u>A Living Profit</u>, pp. 69, 89; and Bliss, "'Dyspepsia of the Mind'," p. 182.

[145] Bliss, <u>A Living Profit</u>, p. 89.

[146] <u>Ibid</u>.

[147] W.A. Craick, "Sharing Up Profits With the Workers," <u>MM</u>, Feb., 1912, pp. 434-438.

Among the small number of Canadian firms that introduced profit-sharing plans before the turn of the century were the William Davis Company of Toronto and the Dodge Stove Works of Oshawa in the 1880's and the T.S. Simms and Company of the Maritimes in the 1890's.[148] While this trend picked up somewhat after 1900, particularly during and immediately after World War I as Appendix 1 indicates, Canadian businessmen probably did not turn to profit sharing on a grand scale because they objected to any plan in which losses would not also be shared, and suspected that employees would not accept responsibility for bad years.[149] As we will see in Chapter IV, these employers were accurate in this regard since workers did not remain interested in any system that could not continuously provide healthy returns. In addition managers found profit-sharing plans time consuming and difficult to administer, and employees objected to the service requirements that were usually stipulated before they could participate in profit-sharing provisions. Finally, when considering the small number of plans begun before World War I, W.A. Craick suggested in 1912 that the keen competition of interests that made it necessary in other countries to secure the loyal support of the most skilled and efficient artisans through methods like profit sharing, had not yet developed to such a significant degree in Canada.[150]

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[148] Ibid., p. 435; and Bliss, A Living Profit, p. 89.

[149] Bliss, A Living Profit, p. 89.

[150] Craick, "Sharing Up Profits," p. 434.

In conclusion, profit sharing did not alter the power structure between labour and management in Canada, and it usually failed to unite the interests of employer and employee since profit-sharing cheques were usually issued either yearly or on a quarterly basis. This was not often enough to maintain continuous interest or to motivate workers on a day-to-day basis.

Concerning the industries that adopted profit sharing, Appendix 1 indicates that these plans were concentrated in the retail trades in the province of Ontario. The peak of the movement was reached between 1914 and 1922 after a steady build-up between 1900 and 1910, and from the mid-1920's on, there seems to have been a notable decline in the popularity of this fringe benefit.

Employee stock ownership followed the development of profit sharing in Canada, as it did in the United States, and many of these plans were introduced for the same reasons that profit sharing was attractive to employers in both countries. More specifically, stock ownership was often embraced as a method to make employees recognize in a tangible manner that their interests were the same as management's.[151] To do this, a portion of a company's stock was usually offered at a price below that obtainable on the open market to either all of the employees or to those in certain job categories who fulfilled specific service

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[151] Ibid., p. 434; Findlay, "Industrial Relations," p. 259; "Co-operation and Some of its Beneficial Results," p. 63; and Metropolitan Life Insurance Company, Policy-holders' Service Bureau, Report on Employee Stock Ownership Plans (New York: 1923), cited by Harry A. Stark, "Industrial Democracy in Canada: A Study of the Movement to Give the Worker a Voice in Control" (unpublished M.A. thesis, University of

requirements. In some instances the employer made regular contributions to the cost of these shares, and in all cases management encouraged employee thrift while emphasizing that stock purchases made them part owners of the company that employed them.[152]

While certain specific shortcomings of stock ownership plans will be taken up in Chapter IV, it must be noted here that some of these arrangements ran into considerable difficulty when only the more highly paid staff could afford to purchase shares even though all of the employees were eligible. Similarly, when depressions struck and large numbers of workers had to forfeit their chance to become corporate shareholders, many plans had to be either revised or discontinued. With these considerations in mind, however, at the best of times employees in Canada were never allowed to purchase a large percentage of the shares of individual companies, and stock ownership did not fundamentally alter relations between labour and management.[153]

The extent to which stock ownership was introduced into Canadian firms is difficult to determine. However, W.A. Craick stated that there were a few such plans operating in 1912. The earliest one he reported

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Toronto, 1928), p. 181. The usual expectations of decreased turnover and unrest, and increased employee morale that would help to avoid trade unions accompanied employers introduction of stock ownership.

[152]Stark, "Industrial Democracy in Canada," pp. 9-10, 177.

[153]"Co-operation and Some of its Beneficial Results," p. 62; and Stark, "Industrial Democracy in Canada," pp. 178-182.

began in the Stanley Mills Company of Hamilton, Ontario in 1903.[154] Upon referring to Appendix 1 it can be seen that the peak of the stock ownership movement was reached during the 1920's, and its popularity declined after that date. Somewhat more specifically, the Ontario Department of Labour found that 40 of the 300 Ontario companies it surveyed had stock ownership provisions in 1928.[155]

The final employee benefit that will be considered at this time is accident compensation, which automatically includes a discussion of employer attitudes toward safety and health. Once again similar philosophies of management were discovered in the United States and Canada.

As we have already seen, American industrialists did not acknowledge the need for improved safety conditions until external pressure was applied, and Michael Bliss summed up conventional Canadian wisdom on this subject during the years between 1880 and World War I when he reported that some employers would not accept responsibility for dangerous conditions in their firms because they believed that when workers assumed positions, they automatically accepted the risks that went along with them. Thus, when accidents did occur, management's stereotype of

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[154] Craick, "Sharing Up Profits," p. 437; and Kealey, ed., Canada Investigates Industrialism, p. 66. A.W. Wright, a Toronto journalist, testified at the 1886 Royal Commission on Labour and Capital that there were a few profit-sharing plans operating in Canada at that time, although not as many as in the United States.

[155] Findlay, "Industrial Relations," p. 259.

labour was resurrected and employers claimed that the machinery itself was not hazardous--workers were maimed and killed on the job because they are by nature negligent and careless.[156]

On this basis, the Canadian Manufacturers' Association fought for a limitation to workmen's compensation payments in 1908,[157] and employees generally suffered the loss of wages and employment without recourse when they were injured unless employer negligence could be proven.[158]

Finally the provincial governments stepped in one by one to rectify this situation. The first type of workmen's compensation legislation that was introduced in Canada held individual employers liable for industrial injuries according to scales of payments laid down in the acts and distributed according to the findings of designated courts. Under this procedure corporate owners and managers insured their risk with private insurance companies. The provinces that took the lead in this direction were Alberta in 1908, and Saskatchewan in 1910.[159]

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[156] Bliss, A Living Profit, p. 59.

[157] J.T. Copp, "The Canadian General Election of 1908" (unpublished M.A. thesis, McGill University, 1962), p. 87.

[158] Robson Black, "Providing For the Damaged Workman," MM, April, 1915, p. 14. Black also stated on p. 15 of this article that employees who did receive compensation were only given one lump sum.

[159] Canada, Department of Labour, Workmen's Compensation in Canada: A Comparison of Provincial Laws in 1936 (n.p., 1936), p. 1.

The second type of workmen's compensation legislation, which generally replaced individual liability in Canada after 1910, called for the setting up of provincial boards to administer provincial accident funds.[160] Ontario adopted this collective liability in late 1914 at a time when every workday witnessed 40 to 50 industrial injuries and approximately 5 deaths from industrial accidents per week in that province.[161] Under this law, disability payments totalled up to 55 per cent of the employee's monthly earnings until he was able to resume work. In cases of total disability this sum was continued for life, and when death resulted from an industrial accident, the employee's widow and young children were similarly compensated.[162]

Canadian management's immediate reaction to Ontario's legislation was predictable. As Robson Black stated in his 1915 article in _Maclean's Magazine_ on Ontario's efforts to readjust industrial conditions: "the process received full accompaniment from the anvil chorus and the celebrated Hands-Off! Trio."[163] However, after a two-month trial, the

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[160]Canada, _Workmen's Compensation_, p. 1. As Findlay pointed out in "Industrial Relations," p. 245 when discussing Ontario's 1914 workmen's compensation law, collective liability meant that the provincial governments placed compensation costs for industrial accidents as a charge upon industry.

[161]Black, "Damaged Workmen," p. 14; and Canada, _Workmen's Compensation_, p. 1.

[162]Black, "Damaged Workmen," p. 14. The maximum amount of compensation available to each employee was set at $2,000.00 per year.

[163]_Ibid._

CMA officially advised all of its members to accept the Ontario law without protest, and seven of the other eight provinces introduced similar provisions before 1931.[164]

In conclusion, it is not surprising in light of the above developments that Marion Findlay was able to report in 1928 that the Ontario Department of Labour discovered that

> the importance of the prevention of industrial accidents in any programme of improved management is being more generally appreciated, and each year more effective work is being done in many firms in Ontario along the lines of preventive measures.[165]

More specifically, Findlay stated that expert mechanical knowledge was being introduced to equip dangerous machinery with adequate safeguards, closer attention was being given to lighting, ventilation and housekeeping in order to reduce the likelihood of accidents, the matter of employment was ~~being~~ more carefully considered so that only physically and mentally fit men were being assigned to dangerous jobs, and employees were being educated on the necessity of safe methods and constant precaution. Similarly, many of Ontario's larger companies were setting up safety departments to monitor their businesses, and the smaller firms were making the foremen in each department responsible for

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[164] Ibid.; Bliss, A Living Profit, p. 142; and Canada, Workmen's Compensation, p. 1. The other provinces passed collective liability workmen's compensation laws as follows: Nova Scotia, 1915, British Columbia, 1916, Alberta, 1918, New Brunswick, 1918, Manitoba, 1920, Saskatchewan, 1929, and Quebec, 1931.

[165] Findlay, "Industrial Relations," p. 245.

the implementation of safety measures. Finally, since the Ontario Workmen's Compensation Act stipulated that all companies must supply first-aid kits and rooms, these were in evidence, and many corporations went much further. The Ontario Department of Labour found, for example, that 73 of the 300 firms surveyed employed nurses; 18 firms had first-aid attendants, and some of the larger companies utilized the services of doctors and dentists.[166]

On this basis it must be concluded that since the various workmen's compensation laws passed between 1908 and 1931 made large numbers of accidents expensive for employers throughout Canada, that most corporations and smaller firms became increasingly conscious during this period of the need to maintain safer operations. Once again, therefore, the economic motive was paramount in pressuring Canadian managers to take action to improve their employees' working conditions and welfare.

Thus, while the systematization, scientific management, welfare work, and fringe benefits movements all began and developed in both Canada and the United States during the declining years of the nineteenth and the early years of the twentieth centuries, a corresponding trend is no longer apparent between these two countries when one turns to employee representation. As we have already seen, American writers and employers began to discuss and experiment with works councils during the 1880's and 1890's. In Canada, however, the only indications of

[166]*Ibid.*

similar awareness of this method of dealing with employees were found in the writings of Mackenzie King. While King's views on works councils as expressed in Industry and Humanity, which was published in 1918, have already been discussed, he also hinted at employee representation in his report on the findings of the 1909 Royal Commission on conditions in Quebec's cotton factories when he suggested that industrial peace might be preserved through setting up and adhering to the following procedures:

> (a) by the adoption of joint agreements between employers and operatives with some system of automatic adjustment of wages; (b) each of the parties being required to give at least one month's notice before attempting to enforce any contemplated change in wages, hours, or other important change in conditions; (c) by the adoption of some form of labour co-partnership in which the joint interests of employers and employees is made apparent to both parties.[167]

Harry Stark concluded that these recommendations were not acted upon,[168] and this seems to have been the case since the first employee representation plan recorded by the Labour Gazette was introduced into the Consolidated Mining and Smelting Company of Trail, British Columbia in 1917.[169] From here the movement failed to catch on during most of

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[167] Canada, Royal Commission to Inquire into Industrial Disputes in Cotton Factories of the Province of Quebec, Report of Royal Commission to Inquire into Industrial Disputes in Cotton Factories of the Province of Quebec (Ottawa: King's Printer, 1909), paragraph 14, quoted in Stark, "Industrial Democracy in Canada," pp. 7-8.

[168] Stark, "Industrial Democracy in Canada," p. 8.

[169] "Consolidated Mining and Smelting," Labour Gazette, XVII (June, 1917), p. 878.

the following year, but from the end of 1918 until the middle of the 1920's, a relatively large number of Canadian corporations quickly incorporated works councils into their operations. The industries covered by these actions included agricultural implements, automobiles, abattoirs, brush manufacturing, engineering, packing, rubber, woolen goods, oil, bridge and structural iron, clothing, railways, and telephones.[170]

More important than the individual companies that adopted works councils, however, were certain industries that introduced employee representation to cover large numbers of their workers. The railway industry, for example, formed a joint board in August of 1918 called the Canadian Railway Board of Adjustment No. 1. It was originally set up "to avoid disputes or misunderstandings which would tend to lessen the efficiency of transportation service in Canada during the war,"[171] and it was composed of six representatives from the Railway Association of Canada and six members of the railway employees' brotherhoods.

After this council fulfilled its functions satisfactorily during the last three months of World War I, it continued to operate until at least 1921 with its principle role being the interpretation of wage agreements. In this instance a majority vote of the joint council was sufficient to decide any matter under consideration.[172]

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[170]Canada, Department of Labour, Joint Councils in Industry, Industrial Relations Series, Bulletin No. 1 (Ottawa: King's Printer, 1921), p. 11; also see Appendix 1.

[171]Canada, Joint Councils, p. 9.

[172]Ibid.

In a similar manner, the Saskatchewan Civil Service Joint Council was organized in 1920 to afford representation to all government employees in that province. The council itself operated in the same way as the works councils that were discussed in the previous chapter. That is, three deputy ministers of the Saskatchewan Government met regularly with three representatives of the Saskatchewan Civil Service Association to deal with complaints centering on matters such as salaries, the allocation of work, holidays, sick leave, and the staff dining room. This main body also had the power to appoint required committees to which officials and employees could be called to give information on the subject under consideration. When consensus was reached in the council on an issue, its recommendations were referred to the deputy head of the department concerned and the Civil Service Commissioner for a decision.[173]

While other industry-wide joint councils were formed in construction and men's clothing in 1920,[174] it must be pointed out here that the works councils that covered large portions of specific industries resembled England's Whitley Councils that were taking shape in that country at this time. The other and more common employee representation plans that were confined to single firms were usually modelled directly on Mackenzie King's joint council system that he installed in Rockefeller's Colorado Fuel and Iron mines, or on its successors in large

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[173] Ibid., p. 8.

[174] Ibid., pp. 9-10.

American corporations. In any event, most of the employees covered by the industry-wide councils were union members; while those confined to company plants usually were not. The fact that this was the case leads us to a discussion of Canadian management's motives behind following their American counterparts in the endorsement of employee representation.

As we have already seen, both Canadian and American managers attempted from the 1880's onward to reduce the effectiveness of trade unions. And, prior to World War I they were generally successful in using the power of their rhetoric and associations to convince their employees that workers' interests were best served through personal contract. Once the war began, however, and the old reliable sources of labour disappeared, North American employers were forced into realizing that their autonomy had suffered a severe blow.

In the case of the United States, Don Lescohier concluded that after the effects of the war began to be felt, American managers attempted to improve factory conditions by increasing and improving welfare activities so that the large numbers of generally irreplaceable women, Negroes, and farm hands would settle down in their respective firms.[175] While these methods were probably successful in reducing turnover, as Chapter I indicated, trade union membership also increased as never before, and American management then turned to both fringe

[175] Lescohier and Brandeis, History of Labor in the United States, pp. 321-322.

benefits and employee representation to stem the tide.[176]

The Canadian situation was similar, but more intense. On the one hand, Canada entered the war almost three years ahead of the United States, and Canadian businessmen were forced to deal with the development of new industries struggling to keep up with a determined war effort.[177] On the other hand, labour shortages soon made themselves felt and the Canadian labour movement succeeded in considerably augmenting its membership in both 1917 and 1918.[178] To this must be added the fact that the 1916 report of the Royal Commission on the conditions in munitions factories in Hamilton and Toronto recommended that employers should agree to meet with employee representatives to hear grievances and suggestions with a view to arriving at solutions or adjustments.[179] And finally, since the Canadian government clearly desired to avoid industrial unrest, the demands of labour more easily won hearings,[180] and Ottawa issued its clear statement advocating collective bargaining between employers and employees or their representatives for the duration of the war in July of 1918.

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[176] Ibid.

[177] Stark, "Industrial Democracy in Canada," p. 12.

[178] See Appendix 2. Union membership rose from 4.9 per cent of the labour force in 1916 to 5.5 per cent in 1917 and 6.9 per cent in 1918.

[179] Stark, "Industrial Democracy In Canada," pp. 12-13.

[180] Ibid., p. 12.

Thus, it is not surprising that since some industrial disputes that arose during World War I were postponed until it ended, and Canadian management was becoming increasingly alarmed at the rapid growth of organized labour, that the owners and executives of many large corporations turned to stepped-up welfare programs and joint industrial councils as potential means of regaining their diminished authority.[181]

The fact that Canadian management officials turned to employee representation as a solution to their problems was predictable not only because of their determination to avoid unions, but also because some of them realized that many firms were becoming too large to maintain personal relations between employers and employees. Thus, works councils were set up to restore communication with workers while hopefully minimizing outside interference.

On this basis A.B. Weeks of the Canadian Northwest Steel Company in Vancouver, British Columbia defined the only type of collective bargaining that was acceptable to Canadian management in 1919:

> Collective bargaining is the negotiation of agreements between the employer and the employees, or groups of employees, through their chosen representatives selected from among their number, based on the plant unit as the unit of production. In the selection of representatives of the employees no discrimination should be practiced as between union and non-union employees.[182]

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[181] Ibid., p. 14. See Appendix 2. Union membership rose from 6.9 per cent of the labour force in 1918 to 8.3 per cent in 1919 and 12.3 per cent in 1920. It decreased to 12 per cent in 1921 and 9.7 per cent in 1922.

[182] Canada, National Industrial Conference, p. 129.

Turning to the extent to which works councils were actually introduced into Canadian industry, the sources generally agree that the high point of the employee representation movement was reached in 1922, at which time T.A. Stevenson of the Canadian Department of Labour estimated that there were about 30 well established and functioning industrial councils in Canada.[183] The number of employees covered by the movement at that time was probably somewhere close to 300,000 since the Department of Labour estimated the figure to be 145,000 in July of 1920,[184] and Harry Stark claimed that since only partial returns were available at that time, that a more accurate figure for 1920 was somewhere over 200,000.[185]

However, while employee representation continued to grow steadily after 1922, its development slowed down from then on because a number of reversals demoralized some of the most active proponents of the movement and thus impeded its momentum. Perhaps one of the most important disappointments in this direction was the fact that the joint councils that commenced auspiciously in the construction industry in 1920, collapsed two years later when an Ottawa meeting of the National Joint Conference Board of the Building and Construction Industry failed in January of 1922

[183]Stark, "Industrial Democracy in Canada," p. 49; and T.A. Stevenson, "Joint Industrial Councils," Social Welfare, IV (Aug. 1, 1922), 238.

[184]Canada, Joint Councils, p. 6.

[185]Stark, "Industrial Democracy in Canada," p. 37.

to reach agreement on the basic principles that should be recognized by employers and employees when dealing with particular questions coming before the joint councils. Further to this, one week after the above meeting, the fourth annual conference of the construction employers' association passed a resolution stating that joint industrial councils tend to cause dissention rather than cure it, and for this reason it recommended that they be discontinued.[186]

Similarly, a few other works councils that were established in Canada between 1918 and 1922 only functioned for a short time, and as was the case with the Gutta Pucha Rubber Limited, they were withdrawn by management because of employee apathy.[187] Where the British Empire Steel plant of Sydney, Nova Scotia was concerned, employee representation was not even given a trial run because the workers voted down management's proposal to set up joint councils in December of 1922.[188]

In conclusion, although employee representation did not prove to be the industrial cure-all that Canadian management hoped it would be after World War I, employers continued to work at stifling organized labour, increasing efficiency, and preserving their prerogatives through the adoption of improved welfare and cooperative measures.[189] An example

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[186] Ibid., pp. 48-49.

[187] Ibid., p. 48.

[188] Ibid., p. 49.

[189] Bruce Scott, "A Place in the Sun: The Industrial Council at Massey-Harris, 1919-1929," Labour/Le Travailleur, I (1976), 158-162.

of this attitude was clearly indicated by the Industrial Relations Committee of the Canadian Manufacturers' Association when it proposed in 1939 that

> industry should take stock of existing employment conditions, with a view to doing everything possible to remove grievances, make the employees feel that they are part of the enterprise in which they are engaged, and convince the workers that they can get justice by dealing with their employers direct, rather than by fighting their employers, or supporting compulsory legislation regulating labour conditions.[190]

In turning to a discussion of personnel management in Canadian industry we can see that by the end of World War I industrialists in both Canada and the United States had been encouraged by their respective federal governments to bargain collectively with workers. In both cases management officials preferred to carry this out on an individual plant basis, and they were generally successful in doing so throughout the 1920's. By 1935, however, United States legislation shifted this familiar context to include collective bargaining with national unions, and Canada followed suit in 1944 when personnel management in unionized companies became based on formalized relations between the employees' representatives and managerial staff officials.

While the above gives general indications of North American developments in the 1920's and 1930's, it must be remembered that even today no more than one-third of Canada's nonagricultural labour force is unionized, and personnel management did not suddenly develop during

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[190] "Report of Industrial Relations Committee of Canadian Manufacturers' Association," Labour Gazette, XXXIX (July, 1939), 679.

the First War. In fact, its influence depended on the executives of individual firms, and for many years the power of foremen and middle managers seems to have been as great in Canada as it was in the United States. One example of this was found as late as 1935 when the Royal Commission on Price Spreads discovered that the top management officials of at least one departmental chain were not aware of the shockingly low wages that individual store managers were paying the employees.[191]

Despite this instance, however, there are a few indications that some Canadian executives were at least reading and thinking about novel solutions to industrial relations problems before World War I.[192] Edward Jamieson, for example, wrote an article in <u>Maclean's Magazine</u> in 1913 in which he discussed the techniques that an unnamed Canadian company was successfully utilizing in its endeavour to place men in jobs that were compatible with the individual's psychological and physical

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[191] "Fair Wages for Workers," <u>Financial Post</u>, Jan. 12, 1935, in <u>The Dirty Thirties</u>, pp. 129-131.

[192] The following are titles of articles on personnel management innovations that were reprinted from American magazines in Canadian periodicals between 1907 and 1911:
1) "Underpaying the Men in the Ranks," <u>BMM</u>, July, 1907, pp. 60-63.
2) "The Art of Handling Men," <u>BMM</u>, Sept., 1907, pp. 24-29.
3) "The Effects of Mental Fatigue," <u>BMM</u>, Nov., 1907, pp. 34-39.
4) "Discharging Men," <u>BMM</u>, Dec., 1909, pp. 102-103.
5) "Building Up Loyalty Between Employer and Employee," <u>BMM</u>, Oct., 1910, pp. 49-56.
6) "The Psychology of Wages," <u>BMM</u>, Jan., 1911, pp. 144-145.
7) "Best From Current Magazines: Recruiting A Factory Force," <u>BMM</u>, Feb., 1911, pp. 137-139.

characteristics. Interviewing and accurate records were both considered fundamental by this Canadian employment department in arriving at accurate assessments of individuals, and Jamieson concluded that while many of the factors contained in these methods were relative, the personnel people in this firm were determined to work as scientifically as possible. Jamieson also reported that although this placement department had only been operating a few months when he wrote the article, turnover when compared with the corresponding month a year earlier had decreased by about 25 per cent, and steadier men were coming in.[193]

In a similar manner, other articles in Canadian magazines were urging top executives to take a greater interest in their employees' welfare and to develop more scientific and consistent personnel policies.[194] One example of an employer who at least understood these discussions was E. Parnell who represented management interests in general at the 1919 National Industrial Conference and was part-owner of the Spires, Parnell Baking Company in Winnipeg, Manitoba. As he said at the conference:

> The view which has long prevailed that labour is but a part of the finished product, and must of necessity be treated on the same basis as the materials which go to make the finished article, without any regard as to whether the labourer is enabled to get from the wage paid the necessaries of life, is one that in my

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[193] Edward Jamieson, "Fitting the Job to the Man," MM, Aug., 1913, pp. 65-66.

[194] See for example, J.S. Woodsworth, "What Does Radical Labor Want?" MM, April 1, 1922, pp. 12, 52.

opinion must be discarded; in other words, labour should no longer be treated merely as a commodity.[195]

Similarly, E.J. Davis of the Davis Leather Company Limited in Newmarket, Ontario stated at the National Conference: "The workers that I have are not called employees; we call them co-workers. . . ."[196]

Thus, there are some sources which indicate at least revised rhetoric on the part of Canadian employers on the subject of labour-management relations after World War I. While this probably pleased Mackenzie King, the extent to which changes and improvements were actually implemented and practiced in Canadian companies is of course difficult to determine. The National Employment Commission reported the inconclusive findings in 1937 that out of 6,840 firms, 1,018 used advertising as their chief method of recruiting employees; 1,648 hired at the gate, which means that men were hired by company people on company property; 487 took on their employees through trade unions; 258 utilized the facilities of the Employment Service of Canada; and the rest depended on present employees, waiting lists, a combination of the above systems, and "other" methods.[197]

A much clearer statement on this subject was made, however, by Queen's University in its study on the economic welfare of Canadian employees. It reported in 1940 that between 1913 and 1937 "the larger

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[195] Canada, National Industrial Conference, p. 110.

[196] Ibid., p. 69.

[197] Canada, Employment Conditions in Canadian Industry, p. 40.

and better-operated companies established personnel departments" in Canada.[198]

Thus, now that the evolution of Canadian attitudes toward labour have been discussed for the years between 1880 and 1938, some preliminary conclusions can be made. To begin, it is strikingly apparent upon turning to the comparative aspect of Canadian and American managerial philosophies that the captains of industry in both countries generally preached one code of conduct to their workers while practicing another one themselves. That is, Canadian and American managers advised their employees to persevere and remain self-sacrificing for as long as necessary since success would almost certainly eventually greet their efforts. The executives themselves, however, formed protective associations from the 1880's onward in order to stave off the receivership that they knew was possible because of uncontrollable elements in the laissez faire-individualistic economic system.

Then, moving on from here, it became apparent that while a large portion of the North American working population acquiesced to the above philosophy, centers of discontent did arise and grow during the time period under consideration. As a result, a portion of the Canadian entrepreneurial "class" followed American industrialists in turning to scientific management, welfare work, fringe benefits, antiunion campaigns, and personnel management when low production,

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[198] Queen's University, <u>The Economic Welfare of Canadian Employees</u>, p. 125.

labour unrest, and public outrage threatened the status quo. Thus, in the absence of specific Canadian solutions to current problems, some Canadian managers turned to labour programs developed in the United States. And, even though a majority of North American employers never adopted these measures, they were widely discussed in both Canada and the United States between 1880 and 1938.

Finally, it must be remembered that most of the industrialists who introduced innovations such as profit sharing, stock ownership and personnel management had serious difficulties with their administration. These problems clearly revealed the weakness inherent in the paternalistic attitude that most Canadian and American managers manifested toward their workers after they abandoned their former policy of neglect towards them, and this aspect of the new concepts of labour relations will be discussed further in the following chapters.

CHAPTER III

IMPERIAL OIL CASE STUDY, 1880-1938

The Canadian petroleum industry, like all other industries in Canada, has grown and matured under the direct influence of Canadian climatic, geographic, and economic realities. When James Miller Williams sank North America's first oil well in southwestern Ontario in 1857, he could not possibly have visualized the rash of booms and depressions that this industry would enjoy and endure in succeeding decades. By 1876, for example, Canadian oil men found themselves in their first depression due to the glutting of the market through senseless overproduction, and the importation of cheaper, sweeter-smelling crude oil from Pennsylvania.[1] The Pennsylvanianoil captured the European markets along with some Canadian sales, and the price of Canadian kerosene dropped from a dollar a gallon to twelve cents. Many established refineries had to sell out, and dozens of part-time speculators returned to former interests to make a living.

Despite the ongoing depressed conditions in 1880, sixteen Canadians set up headquarters in London, Ontario, and founded Imperial Oil Company Limited with $25,000 on September 8 of that year. Their charter was "to find, produce, refine and distribute petroleum and its

[1]The Story of Imperial Oil (Canada: An Imperial Oil Publication, n.d.), p. 1.

products throughout Canada."[2]

Three points favouring the founders were youth, experience in business--including the oil business--and a total capitalization of $500,000.[3] Frederick Fitzgerald, a forty-year old builder and businessman with interests in groceries, furniture, liquor, and oil, was the first president of the fledgling company. The "organizational genius of the group,"[4] and the company's first vice-president, was thirty-three year old Jacob Englehart. He had fourteen years experience in oil after starting his own refinery at nineteen. The other founders were William Spencer, his two sons William Melville and Charles, Herman and Isaac Waterman, John Geary, John Minhinnick, Thomas Smallman, T.D. Hodgens, his brother Edward, John Walker, Joseph Fallows, William English, and William Cooper.

Imperial Oil prospered early. In fact, the company was not even a month old when the London, Ontario <u>Advertiser</u> credited it as a positive influence in bringing the industry out of its slump. "The market for crude has been booming during the past week," the <u>Advertiser</u> reported September 24, 1880, "the figures having jumped from $1.66 (per barrel) to $1.95. . . The sudden appreciation is traceable to the action of the Imperial Oil Co. . . ."[5] While it is difficult to credit such a

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[2] Quoted in <u>The Story of Imperial Oil</u>, p. 1.

[3] <u>Ibid</u>.

[4] <u>Ibid</u>.

[5] <u>Advertiser</u>, September 24, 1880, quoted in <u>The Story of Imperial Oil</u>, p. 2.

young organization with the above prowess, especially considering the original causes of the depression, Imperial Oil's two refineries in London and Petrolia quickly found a Canadian market. Within the first two years of operation Imperial products were selling in Winnipeg and Halifax; in 1881 a selling office was opened in Montreal; the prairie market was reached through Hudson Bay posts; and by 1883 mule trains were carrying Imperial's kerosine, candles, and lubricants as far as 250 miles inland on the west coast.[6]

Part of the credit for the popularity of Imperial's crude oil must be given to the chemist, Herman, Frasch, who discovered that saturating crude oil with copper oxide, thus extracting the sulfur, would make Canada's product as odorless as Pennsylvania's.[7] The company also functioned very economically. It was an entirely self-contained operation.[8] Imperial pumped oil from its own wells; piped or hauled it to the refinery by horse-drawn wagons; turned it into kerosene, lubricating oils, axle greases, waxes, and candles; and shipped its products in its own oil tins and barrels made in its own copperage with wood from its own wood lots. By 1893, with branch offices from Halifax to Victoria, Imperial was shipping its products in its own railway cars.

The above bright outlook changed drastically around 1895 when Imperial Oil's prosperity became an example of the paradox inherent in

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[6] The Story of Imperial Oil, p. 2.

[7] Ibid.

[8] Ibid., p. 3.

prosperity and ruin. Imperial Oil's products were moving so well that demand far exceeded supply. As it was apparent from the beginning that American interests would step in to fill any void left by Canadian producers, Imperial began a concentrated search for the expansion capital needed to build more bulk plants and distribution facilities. With the world economy in a generally depressed state, not much hope was placed on Canadian financiers. However, when British contacts also failed to show any interest in Imperial's plight, the company had no choice but to sell to an American firm whose offer it had rejected years before: Standard Oil of New Jersey.[9]

On July 1, 1898, Imperial sold a majority interest to Standard Oil. On February 23, 1899, Imperial took over all of Standard's Canadian assets and set up headquarters at the 900-barrel-a-day Sarnia, Ontario refinery.

While Canadian ownership of Imperial Oil had ended, it is evident that the original owners were sound businessmen up to the point of finding sufficient capital to expand a productive business enterprise. The new owners already had affiliates in Canada and the money to make the necessary expansions. But how did these men view the people who actually refined the crude oil and converted it into saleable products? What philosophies of industrial relations were exercised by the owners of Imperial Oil?

Evidence of managements' views on labour between 1880 and 1938

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[9] Ibid.

is meagre at best because such thoughts were rarely expressed at any length, either orally or on paper. However, in Imperial Oil's case a few such written records have survived and will be presented both as a prelude to discussing specific employee relations policies that were inaugurated after Standard Oil's takeover, and throughout the discussion of these policies.

While Imperial Oil's views on industrial relations were recorded in either managerial mouthpieces, such as the employees' magazine, or in speeches made by various mangers, the contents herein will be accepted at face value until they are analyzed and evaluated in the following chapter.

The author of The Story of Imperial Oil succinctly presented the reader with the prevailing view of labour at the time of the founding of the company by stating that in 1880 the main concern of most oil companies was getting the crude oil out of the ground. "There was relatively little concern for people. . . . These attitudes were not confined to the oil industry; they were common to all business of nearly a century ago."[10]

As the author of The Story of Imperial Oil went on to add, "it is now a wiser and vastly more complicated world,"[11] and Imperial's management did present consistent rhetoric indicating changed tactics, and possibly an evolved frame of mind concerning labour, after the turn of the century. For example, in the founding issue of the Imperial Oil

[10] Ibid., p. 14.

[11] Ibid.

Review, the purpose of the publication was stated as follows: "It is our hope that this publication will serve, at least in a measure, to bring us all closer together and develop a spirit of co-operation and enthusiasm which will enable us to serve the public better."[12] The president of Imperial Oil, W.J. Hanna, explained this partnership idea further when he was discussing the need for employee representation within the firm in 1918:

> We are feeling our way towards an organization of industry which will reflect and express its essential partnership, which will enable us to meet our great war debts and carry out economic burdens, but more important than that, will restore to us the personal touch, the realization of our responsibility for the welfare of those around us and for the proper ordering of society which, to some extent at least, we lost in what we call our industrial era.[13]

The managers of Imperial Oil did not always speak in such abstract terms. P.F. Sinclair, the company's second director of industrial relations, referred specifically to management's relationship to the employees, as well as to the employees' relationship to management, when he said:

> "[The workingman has] the right to ask for a square deal; to ask for an honest return for honest labour." [sic] But there is another side to it. That workingman, if he is an honest man, will give a square deal to his employer. . . . We must face

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[12] "Its Purpose," Imperial Oil Review [hereafter cited as IOR], I (May, 1917), 2.

[13] "President's Speech at Sarnia Conference," IOR, III (Jan., 1919), 3.

the facts and not be afraid to place them before the men and ask their judgement and co-operation upon them.[14]

The first evidence that practical steps were being taken in recognition of management's responsibility to its workers is found in By-Law No. 111: By-Law of the Imperial Oil Company, Limited to Provide a Plan for Annuities,[15] which was passed and enacted February 23, 1911. Accordingly, a two-tier pension plan was put into operation. Any officer or employee between 60 and 65 years of age, with 20 years continuous service, could retire with the directors' approval, or be asked to retire by the directors. In either case the employee received 50 per cent of his or her average pay over the last 10 years until reaching 65. Thereafter, the rate was set at 25 per cent of the above sum and was paid quarterly until death. All other officers or employees with 20 years continuous "and satisfactory service," and 65 years of age, were put on the annuity roll at the directors' discretion. They receive 50 per cent of their average pay over the last 10 years for 12 months, and 25 per cent in subsequent years until death.

In response to the disquieting effects of World War I on the lives and financial security of Imperial Oil's employees and their families, the company instituted at least two temporary measures of assistance. On August 30, 1915, the board of directors announced its

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[14] Canada, Department of Labour, Report of a Conference on Industrial Relations, Industrial Relations Series, Bulletin No. 2 (Ottawa: King's Printer), p. 26.

[15] By-Law No. 111: By-Law of the Imperial Oil Company, Limited to Provide a Plan for Annuities, February 23, 1911. Imperial Oil, Limited, Employee Benefits Division, Archives, Toronto, Ontario.

decision to pay all married men who enlisted during the course of the war one-half of their normal compensation until the war ended.[16] Single men received one-quarter of this amount. Upon the death of an enlisted employee, the wife or immediate family of a married man received half pay for six months after the death. In the case of single men, dependents, if any, received quarter pay for the same period.

The July, 1917 edition of the Imperial Oil Review announced that the cost of the above from January 1, 1917, to June 30, 1917, totalled $26,600.00. With 168 employees eligible during this period, payments averaged $158.33 per man.[17]

The rising cost of living, and the employees increased work load due to a greatly reduced staff, provoked Imperial Oil's board of directors in mid-1917 to authorize a special war allowance. All monthly wage earners who had been with the company since January 1, 1917, who had not received a wage increase since that time, were eligible. On June 30, 1917, each such employee earning $100.00 or less per month received a $10.00 per month bonus retroactive to the beginning of the year. Each employee earning between $100.00 and $250.00 per month received a bonus of 10 per cent of his or her salary over the same period. Additional bonuses of like amounts were paid quarterly until the end of the year.[18]

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[16] "Allowance to Enlisted Employees," IOR, I (July, 1917), 2.

[17] Ibid.

[18] "Special War Bonus," IOR, I (July, 1917), 2.

Employees who worked on a daily, hourly, or piece-work basis were not granted this additional compensation. They apparently had already recently received an advance in their wage rates.[19]

The author does not wish to convey the impression that the fringe benefits extended to Imperial Oil employees prior to the end of World War I were part of a coordinated industrial relations package. They were not. This did not emerge until the founding of the Imperial Oil industrial relationship plan in 1918, which was introduced to give life to the previously stressed idea of a partnership existing between Imperial's employers and employees.

The industrial representation plan was inaugurated in Sarnia on December 19, 1918, at a meeting of the chief officials of the company and fifteen delegates representing the employees working there. In essence, the plan was an adaptation of the system of employee representation launched by Mackenzie King in the Colorado Fuel and Iron mines.[20]

The Imperial Oil refinery and marketing employees were divided into occupational groups to facilitate the election of representatives in the ratio of one delegate to every seventy-five employees. The individual departments united at each refinery and marketing location in order to meet monthly, on company time, with an equal number of appointed management representatives to discuss grievances, wages, hours,

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[19] Ibid.

[20] "In Good Company," IOR, XXXI (April, 1947), 9.

and social and working conditions.[21] While it was understood that each unit of delegates would confine itself to matters pertaining to the employees it represented, provision was made for a general conference of all employee and company representatives to be held annually at the call of the president.[22]

In January and February, 1919, Dr. Daniel Strachan, who was appointed assistant to President W.J. Hanna for industrial relations, operationalized the joint councils at the five refineries across the country. Throughout the autumn of 1919 and early 1920, similar councils were organized at the marketing divisions in Calgary, Edmonton, Vancouver, Hamilton, and Toronto. The process was continued by Peter Sinclair during the fall of 1920 when councils were set up at the marketing divisions in Montreal, Ottawa, Quebec City, and St. John, New Brunswick. Employee representation became company-wide, covering all 6,000 employees, in 1922 when the remaining marketing division, Winnipeg, held its first joint meeting.

The actual operation of these joint councils can be studied from the minutes of the meetings held at the Montreal refinery between 1923 and 1938, and from write-ups in the Imperial Oil Review of meetings at the other refineries and marketing divisions. The evidence indicates that wages, working conditions, promotions and discharges, safety, hours of work, the industrial representation plan, an undefined category termed

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[21]"Industrial Relationship," IOR, III (Jan., 1919), 9.

[22]"The New Agreement," IOR, III (Jan., 1919), 14.

"miscellaneous," and sanitation, housing and social events were the topics discussed on a regular basis across the country.[23] Working conditions, the industrial representation plan, the miscellaneous category, and sanitation, housing and social events received the most attention according to the figures presented on the number of times questions came up in each category. Promotions and discharges received the least attention.[24]

It is important to point out that Imperial Oil's joint industrial councils were never intended to act as decision-making bodies. Both the write-ups of meetings in the Imperial Oil Review and the minutes of meetings at the Montreal refinery indicate that the employee and management representatives on the joint councils discussed each question put before them until enough consensus was reached to make a recommendation to the board of directors. It was up to the directors to make all final decisions and to initiate action. The joint councils were informed as soon as a decision was taken. The right of appeal, up to the president

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[23] "A Five Month's Record: January 1st to June 1st," IOR, (Special No., 1919), 6. Sinclair, P.F. "Industrial Representation Plan," IOR, V (Feb., 1921), 8. "Elections Joint Industrial Councils, 1923," IOR, VII (Feb., 1923), 2. "Annuities and Benefits Statistics for 1927," IOR, Supplement XI (Feb., 1928), 14. "Annuities and Benefits Statistics for 1928," IOR, XIII (Feb., 1929), 16. "Annuities and Benefits Statistics for 1929," IOR, XIV (Jan.-Feb., 1930), 14. "Annuities and Benefits Statistics, 1930," IOR (Jan., Feb., Mar., 1931), 26. "Annuities and Benefits Statistics, 1932," IOR, XVI (Jan.-Feb., 1932), 26.

[24] This conclusion was arrived at by totalling the number of times each category was considered according to the figures presented in the articles listed in footnote 23. These totals are: working conditions 358; miscellaneous 341; sanitation, housing and social 329; the industrial representation plan 329; safety 232; hours of work 144; wages 143; promotions and discharges 42.

of the company, existed in cases of disagreement.[25] As P.F. Sinclair clearly stated:

> Justice is the underlying purpose of our Industrial Representation Plan. . . . Its main object is to provide a point of contact between the management and each employee, and regular opportunities for collective action by representatives of the employees and of the management on all matters of mutual interest.[26]

Good examples of how labour and management representatives and the board of directors interacted are found in the series of wage increase requests made at the various refineries just after World War I. On April 29, 1919, at a full meeting of the Sarnia Council, the question of wages was brought up and a recommendation for a general increase was made. After further discussion, a special committee of delegates was elected to confer with the superintendent of the refinery and to draw up a complete schedule of revised wage rates for submission at a later meeting. The special committee submitted its recommendations on May 1. They were accepted by the joint council with a unanimous vote to submit them to the directors for consideration. The directors later approved this submission.[27]

A similar meeting of the Halifax Council was held May 12, 1919. Its specific purpose was "to investigate the high cost of living

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[25] "The Industrial Representation Plan", IOR, (Special No., 1919), 1.

[26] Sinclair, P.F. "Keen Elections at Fifteen Points From Coast to Coast," IOR, VI (Feb., 1922), 8.

[27] "Wage Increase: At Sarnia," IOR, (Special No., 1919), 2.

prevailing in the locality in relation to the rates of pay for labour."[28] After some general discussion of the subject, six committees, with one foreman on each, were formed to represent the six divisions in the works. These groups calculated the various increases in wages since 1914 and then compared them with the retail and wholesale prices of various essential household articles for the years 1914, 1917, and 1919. The committee representing Division No. 3 concluded that

> while in the last few months there has been no appreciable change in the cost of living, the increase in wages of labor had not quite kept pace with the increased cost of living during a more extended period. This Committee would therefore report that it is their feeling that the labor rate must be somewhat increased in order that the laboring men may be enabled to enjoy the same standard of living as before the war.[29]

The general report of the six committees to the superintendent of the Halifax refinery echoed basically the same conclusions:

> It is the feeling that the increases in wages, granted by Imperial Oil Limited, since the commencement of the plant in Halifax, have not quite met the increased cost of living in this locality. This condition is not so marked in the case of those men who are drawing the higher scale of wages as it is in the case of the lower waged or laboring man. . . . We, therefore, recommend that an increase in the scale of wages should be granted to the employees of this plant. . . . Your committee is therefore satisfied to pass these recommendations on to you without mentioning any definite amount of increase. . . .[30]

The superintendent agreed with the above reports and the board of directors instituted a new rate that was unanimously accepted by the men at the

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[28] "Cost of Living: Conference at Halifax," IOR, (Special No., 1919), 3.

[29] Halifax Industrial Council, Report of Committee, Division No. 3, quoted in "Cost of Living: Conference at Halifax," p. 3.

[30] Halifax Industrial Council, General Report, quoted in "Cost of Living: Conference at Halifax," pp. 3-4.

plant.[31]

According to the Imperial Oil Review, similar wage increase requests were made at the other three refineries around the same time. As a result, "a substantial increase in wages was put into effect over the whole system effective from May 1, 1919."[32] And, because the refineries received a general wage increase, an unrequested "generous increase" was granted, retroactive to May 1, to everyone in the marketing divisions: salesmen, office staff, tank-wagon drivers, and the girls in the filling stations.[33]

Similarly, numerous examples were recorded in the minutes of the monthly joint council meetings at the Montreal refinery which substantiate the above interpretation of the employee representation system. In 1930 a motion was introduced by one of the employee representatives that the board of directors be asked to consider the introduction of a paid vacation system for all employees with at least one year of continuous service. The motion was seconded by another employee representative and adopted.[34] At the following meeting the board's unfavourable decision was announced in view of the high cost of such a plan in the midst of a generally depressed and highly competitive business situation.[35] After

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[31] "Cost of Living: Conference at Halifax," p. 4.

[32] Ibid.

[33] "Marketing Department," IOR, (Special No., 1919), 7.

[34] Imperial Oil Limited, Montreal Refinery, Minutes of Meetings of the Joint Industrial Council, meeting of June 16, 1930. (Typewritten.)

[35] Minutes of Meeting of the Joint Industrial Council, meeting of July 15, 1930.

some discussion the council members unanimously decided that the matter should be dropped.[36]

In 1931 a special meeting of the Montreal Council was called to consider a proposed work-sharing plan whereby the work available would be distributed as evenly as possible among all of the employees. The company proposed that the processing department work rotating shifts of 40 hours per week over 5 days instead of the usual 48 hours over 6 days. The mechanical department would operate on a 40 hour week between Monday and Friday. The rate of pay per hour would remain the same and no over-time would be paid until a 48-hour week was worked.[37] The chairman explained, however, "that this was to be considered a temporary measure only on account of the depression and due to necessary curtailment of operations during the closed season of navigation at this Refinery, and emphasized that it was not to be considered as an established precedent."[38] The council "unanimously recommended" the above plan to management, but specified the working hours in the mechanical department as 8:00 A.M. to 4:30 P.M. with half an hour for lunch.[39]

The minutes of the meetings at the Montreal refinery reveal a

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[36] Ibid.

[37] Minutes of Meetings of the Joint Industrial Council, meeting of Nov. 26, 1931.

[38] Ibid.

[39] Ibid.

further point of interest: matters of no great significance to the company as a whole, or matters of purely local interst, were settled by the chairman[40] of the joint council as soon as the question was raised. In 1926, for example, an employee representative asked that an effort be made to have the Banque Canadienne Nationale at the corner of Montreal East and de Maisonneuve Boulevard remain open until 6:00 P.M. on pay days. The chairman agreed to try to have this done.[41] Similarly, when mirrors were requested for the washrooms at the cracking coils for the use of the cracking coil and propane attendants, the chairman immediatedly approved the request.[42]

Introduced concurrently with the industrial representation plan in 1918 was an "agreement" or "contract" between the company and the employees which specified the functions of the employment departments to be set up at each of the works, and listed the offences for which an employee would be suspended or discharged without notice.[43] Each employment department was headed by an employment manager who was responsible to the superintendent of the refinery or marketing division at which he was stationed. The manager's duties centered upon the hiring of new employees, the transfer of employees to other departments, and the

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[40] The chairman of the joint council meetings was usually the superintendent of the refinery.

[41] Minutes of the Meetings of the Joint Industrial Council, meeting of Oct. 15, 1926.

[42] Minutes of the Meetings of the Joint Industrial Council, meeting of June 17, 1936.

[43] "The New Agreement," pp. 13-14. Refer to Appendix 3 for the complete text of the agreement.

counselling of workers on personal matters.[44]

To carry out these functions the manager first familiarized himself, with the advice of the foremen and superintendent, with the employment needs of each department. When it was decided that a new employee was required, the employment manager selected a number of applications, keeping in mind the age guidelines specified by the board of directors and the eligibility of all regardless of membership or non-membership in any church, society, fraternity, or union.[45] These applicants were then individually interviewed to determine which one was most qualified "intellectually and by experience" for the position under consideration.[46] Full written records of all interviews were required on the manager's part, and each successful applicant was sent to the company physician for a complete medical examination. No employee could be engaged unless he was found physically fit.[47]

Also introduced in 1918 with the industrial representation plan was a large range of employee benefits to be coördinated and administered, for the most part, by the Annuities and Benefits Committee under the chairmanship of Dr. Strachan. The 1911 pension plan was revised so that

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[44] Ibid., p. 13.

[45] Ibid.

[46] Ibid.

[47] This qualification did not apply to the Imperial Oil employees who returned from World War I in less than perfect physical condition. On page 5 of the January, 1919 issue of the Imperial Oil Review it was reported that a suitable job with no decrease in pay would be found for all returning veterans.

all employees wishing to retire at 65 years of age, or earler in cases of incapacitating disability or 30 years service,[48] received 2 per cent per year of service of their average annual pay during the ten years preceding retirement--up to 75 per cent of the full amount. These annuities were non-funded and were vested at retirement.[49] Annuitants were allowed to accept positions after retirement as long as this work was not in competition with that of Imperial Oil.[50]

In January, 1920, the terms of the pension plan were changed so that the value of the pensions was tabulated by taking 2 per cent per year of service of the retirees' average annual pay during their last 5 working years. The minimum stipend of $300.00 a year remained the same.[51]

The annuity plan was revised once again at the beginning of the Depression when employee contributions were accepted for the first time. Effective January 1, 1932, the company contributed 1 per cent of the final 5 years average annual conpensation per year of service, and an additional 1 per cent under the same terms if the employee contributed

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[48] IOR, (Special No., 1919), 7. Employees with 30 or more years service were eligible for retirement at age 55.

[49] Imperial Oil, Limited, Employee Relations Department, "Highlights of Imperial Oil Benefit Plans," Toronto, 1973, p. 1. (Mimeographed.)

[50] "The Pension Fund," IOR, III (Jan., 1919), 4.

[51] Circular Letter No. 31, D. Strachan to Heads of Departments, Jan. 16, 1920, Imperial Oil, Limited, Employee Benefits Division, Archives, Toronto, Ontario.

3 per cent of his/her pay. One per cent of this was vested after 20 years of contributory service.[52]

If an employee wished to withdraw from the contributory features of the above plan, his contributions were returned to him with at least 3 per cent interest. If an employee died prior to retiring, his contributions were returned to his beneficiaries with a minimum of 3 per cent compounded interest.[53] The Imperial Oil Pension Fund Society handled the administrative details of these plans.

As the Depression deepended across the country Imperial Oil set definite age requirements for retirement. Effective January 1, 1934, all male employees were retired no later than age 65; all female employees no later than age 55. The case of each male employee was reviewed upon attainment of age 62, and management retained the right to retire him at any time thereafter. The company also made it clear that it still retained the right of discretionary retirement of men prior to 62, and of women prior to 55 years of age.[54]

It is evident that Imperial Oil took a systematic approach

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[52] "Highlights . . .," p. 1.

[53] "Contributory Feature of Annuity Plan," IOR, XVII (Jan. - Feb., 1933), 40.

[54] Form Letter ABC 107, H.H. Hewetson to General Sales Department, Aug. 14, 1942, Imperial Oil, Limited, Employee Benefits Division, Archives, Toronto, Ontario.

toward covering all of the contingencies in the employees' world outside of the actual work day. In December of 1918 President Hanna announced that the lives of all employees with one or more year's service would be insured with the Equitable Life Assurance Society of the United States. The amount of insurance each was entitled to was graduated according to the employee's earnings and seniority within the company. A minimum was set at $500.00; the maximum was $2,000.00.[55]

The above plan remained essentially intact until a contributory one insured with Sun Life of Canada was set up and inaugurated to celebrate the fiftieth anniversary of Imperial Oil in 1930.[56] The employee's coverage amounted to one year's earnings raised to the next $500.00. The Imperial Oil treasurer deducted a fixed amount per month from each employee for every $1,000.00 of insurance held. The company paid the balance.[57]

If an employee left Imperial Oil, his policy was converted into some standard form of assurance. Payment was made to the employee's beneficiaries at death, or to the employee himself in the event of total

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[55] Letter, President W.J. Hanna to Employees, Christmas Day, 1918, Imperial Oil, Limited, Employee Benefits Division, Archives, Toronto, Ontario.

[56] "New Insurance Plan Inaugurated," IOR, XIV (March - April, 1930), 26.

[57] "Highlights . . .," p. 32 stated that 60 cents per month was deducted from each employee for every $1,000.00 of insurance held. A sheet entitled Sun Life Group Assurance Policy #1386-G in the Employee Benefits Division Archives gives the following schedule in terms of yearly, semi-yearly, and monthly payments:

disability before 60 years of age.[58] From 1932 on, annuitants' insurance coverage remained intact after retirement from the company.[59]

Imperial Oil further expanded its efforts to look after its employees both while at work and during their after hours leisure time. The January 1919 issue of the Imperial Oil Review recorded President Hanna's sentiments on sickness and accident benefits:

> We propose that if you are at the theatre, or on the sidewalk, or somewhere else, and you sustain an injury, that you will be cared for by this fund as completely as if that injury had been suffered by you in the course of your employment at the works. That is, a man is in the employ of Imperial Oil Limited twenty-four hours of the day and 365 days in the year, regardless of sickness or accident and where or under what circumstances it occurs.[60]

While the sickness and accident benefit plan was inaugurated in 1919 with the other benefit plans, for the first time a distinction was made between wage earners and salaried employees.[61] Wage earners were entitled to benefits, for disability over 7 days duration, of half wages

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May 6, 1930	1st annual premium			$9.50			
May 6, 1931	renewal of premium			$10.06			
July 1, 1932	"	"	"	$5.39	semi-yearly	$.89½	monthly
Jan. 1, 1933	"	"	"	$5.39	" "	$.89½	"
July 1, 1933	"	"	"	$5.64	" "	$.94	"
Jan. 1, 1934	"	"	"	$5.64	" "	$.94	"

The May 6, 1930 payment of $9.50 per year comes out to approximately 80 cents per month.

58"New Insurance Plan . . . ," p. 26.

59"Highlights . . . ," p. 32.

60"President's Speech at Sarnia Conference," p. 5.

61In 1919 only the plan for wage earners was published, although the formula for salaried employees was apparently operating. "Highlights . . . ," p. 13. According the April, 1925 issue of the Labour Gazette, p. 347, the services of the works' doctor were available free of charge to all wage warners in cases of sickness or accident. It is not clear whether this applied to salaried employees as well.

for 6 weeks after 1 year of service. This rose to 52 weeks after 10 or more years with the company. In cases of permanent and total disability, benefits lasted for 78 weeks if the employee had 10 or more years seniority. In all cases 13 weeks of uninterrupted work were required preceding disability.[62]

Salaried employees with less than 1 year's service were entitled to 2 weeks full pay in cases of disability over 7 days duration. After 1 year, 30 days full pay was allotted. Additional benefits could be paid at the discretion of the Benefits Committee.[63]

In 1925 further unpublished changes were made in the sickness and accident benefits available to salaried employees. From this time on they were eligible for 4 weeks full pay and 2 weeks half pay after 1 year of service, and 12 weeks full pay and 40 weeks half pay after service of 10 years or more.[64]

General revisions were made in the sickness and accident plan in 1932 and 1937. After 1932 an interval of 26 weeks of active service was required to qualify for the full schedule of benefits.[65] From

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[62] "Highlights . . . ," p. 13.

[63] Ibid.

[64] Ibid.

[65] Ibid.

February 1, 1937, service credits with Imperial Oil were not interrupted in cases of industrial accidents causing absences in excess of 30 days.[66]

While pensioners were never entitled to sickness or accident benefits, their beneficiaries were eligible for death benefits if the employee retired after the introduction of this plan in 1919.[67] Accordingly, payments resulting from death due to sickness were insured with the Equitable Life Assurance Society and ranged from 3 months full pay for employees with 1 year of service to 12 months full pay for employees with 5 or more years seniority.[68] The minimum was set at $500.00; the maximum $2,000.00[69]

As far as payments due to death resulting from industrial accidents are concerned, the situation is unclear. A letter dated 1919 from President Hanna to the employees of Imperial Oil suggests that the company made payments to the beneficiaries in addition to those granted

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[66] Ibid.

[67] Annuities and Benefits for the Employees of Imperial Oil Limited, Edition of April, 1919. Imperial Oil, Limited, Employee Benefits Division, Archives, Toronto, Ontario.

[68] Notice of Eligibility to Death Benefits, Special Beneficiary Designation, n.d. Imperial Oil, Limited, Employee Benefits Division, Archives, Toronto, Ontario. The full schedule of benefits is as follows:

1 year's service:	3 months full pay	
2 " " :	5 " " "	
3 " " :	7 " " "	
4 " " :	9 " " "	
5 " " or more:	12 " " "	

[69] "Highlights . . . ," p. 27.

under the workmen's compensation law.[70] However, "Highlights of Imperial Oil Benefit Plans" states that the only compensation the survivors received was that given under the law.[71]

In 1921 the board of directors decided that as of May 31, death benefits would be paid directly by the company to the beneficiaries, and the arrangements with Equitable Life would be terminated. This decision was taken in order to reduce the expense of administration.[72]

Further revisions concerning death benefits were made in 1925 and 1932. In 1925 the maximum total compensation was raised to $3,000.00 for employees with at least 5 years service, and to 1 full year's pay, without limit, for employees with more than 10 years service. Benefits for employees retiring after December 9, 1925, were set at 12 times the monthly annuity being paid at the time of death.[73] In 1932 a dependency clause was inserted for widows and children not living with the decendent, and $500.00 was set aside for costs incurred during the fatal illness and burial in cases where there were no beneficiaries.[74]

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[70]Letter, W.J. Hanna, President, to Employees of Imperial Oil Ltd., 1919, Imperial Oil Limited, Employee Benefits Division, Archives, Toronto, Ontario.

[71]"Highlights . . . ," p. 27.

[72]Letter, C.O. Stillman on Behalf of the Board of Directors to All Employees, May 21, 1921, Imperial Oil, Limited, Employee Benefits Division, Archives, Toronto, Ontario.

[73]"An Annuity and Benefit Amendment," IOR, IX (Dec., 1925), 5.

[74]"Highlights . . . ," p. 27.

As noted earlier in this chapter, paid vacations for wage earners[75] at Imperial Oil was a somewhat contentious issue during most of the 1930's. By 1936, however, the Depression, the reason given by the board of directors for not introducing such a scheme earlier, became the determining factor in its inauguration. President G.H. Smith explained the situation this way in a letter to the chairmen of the refinery and marketing industrial councils:

> [Paid vacations are] in line with the Company's view that economic progress requires good wages for labor and reasonable leisure to stimulate consumption of the products of industry. . . . [They are] in recognition of faithful service and . . . a further endeavor to spread employment and to maintain high standards of physical fitness, and to share with the employees economies which will be effected in [our] operations. . . .[76]

The plan became effective January 1, 1937. Employees with more than 1 year of continuous service were eligible for a one week holiday with full pay in advance; employees with 3 or more years service received 2 weeks. Vacation pay for hourly paid employees was established by multiplying the employee's hours worked per week by his regular hourly rate. Piece workers received the average of their earnings for the two weeks immediately preceding their vacation period.[77]

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[75] The author has no information concerning paid vacations for salaried employees prior to this time.

[76] Letter, G.H. Smith, President, to Chairman of Refinery and Marketing Industrial Councils and Managers of the Marketing Divisions, quoted in "Holidays With Pay," IOR, XX (Nov. - Dec., 1936), 1.

[77] Ibid.

The last benefit to be considered in this chapter is the stock-sharing plan called the Imperial Oil Co-operative Investment Trust. From mid-March, 1920, all permanent employees with at least 1 year of service were eligible to become shareholders in Imperial Oil at a cost well below the price to outsiders wishing to purchase stocks in the company for the first time.[78] The mechanics of the plan were complex. The employee-investors deposited monthly or semimonthly over a 5 year period a fixed amount not exceeding 25 percent of his/her annual wage or salary. Imperial Oil added to this a sum equal to 50 per cent of the employee's deposits, and all dividends, a portion of the trust, were divided equally among the depositors. The above 3 credits, plus withdrawal accruals, (the dividends and company contributions left by employees who withdrew from a trust prior to maturation), were totalled until enough money was saved to purchase full shares of stock.[79] Upon maturity, the depositors withdrew their shares and any uninvested cash left over. Depositors who retained at least two-thirds of their stock

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[78] "The First Year of the Trust," IOR, V (May, 1921), 16. This article leaves the impression that the price of shares for Imperial Oil employees was well below the price for all other shareholders. The IOR article "What the Investment Trust Means," IV (March, 1920), 4, states that the price of shares for the employees was the same price existing shareholders were paying, but it was below the market value placed on the shares by outside buyers and sellers in open trading.

[79] The purchase price per share of stock during the first Investment Trust was as follows: 1920: $75,00; 1921: $96.00; 1922: $96.00; 1923, 1924, 1925: Sometime between 1923 and 1925 the par value shares were split into 4 no par value shares of $30.00 each. Each share of old stock was worth 4 shares of the new. The price of shares was fixed by the board of directors on or before Jan. 1 of each year at not less than the book value of such stock on the preceding June 30.

were eligible to participate in the following Investment Trust.[80]

As already suggested, not all employees continued their participation throughout the 5 years of each trust although the very mechanisms of the plan made it attractive to do so. Employees who either left the company, or wished to withdraw their deposits for other reasons within the first 2 years of a trust, were usually entitled only to the return of their deposits in cash with 6 per cent compounded interest. The board of trustees of the plan could, however, allow such depositors to withdraw their stock at its average cost with the same rate of interest.[81] This is what was done when employees withdrew after 2 years, but before 5 years. In cases where economic difficulty threatened forfeiture, the trustees could either make a loan to the employee, or suspend his/her deposits for a definite period of time in the hope that they could be resumed at the later date.[82] Employees who participated until maturity did not receive their full rights as shareholders until they withdrew their stocks from the trust. Prior to withdrawal the trustees held title to all shares purchased for the employees and had full power to vote on them.[83]

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[80] "The Second Investment Trust," IOR, IX (Dec., 1925), 3. Employees who did not retain at least two-thirds of their stock were ineligible to participate in a new trust for a period of 1 year.

[81] "The Co-operatives Investment Trust," IOR, IV (March, 1920), 3.

[82] Ibid., p. 7.

[83] Ibid., p. 6. The board of trustees was composed of 1 representative of the board of directors, the secretary-treasurer, the assistant secretary-treasurer, and 2 employees chosen by the board of directors.

Special provisions were outlined in the investment plan in the event of the death of an employee-depositor. In such cases the employee's estate, or designated beneficiaries, received the full amount of stock purchased in his credit and the uninvested balance in cash. Similarly, all pensioners received their stock and cash upon retirement.[84]

The encouragement of a feeling of permanency and partnership was obviously, therefore, one of the overriding reasons for instituting such a profit-sharing system. President C.O. Stillman expressed this desire on the part of the company as follows:

> [The Co-operative Investment Trust] will mean a more united effort as the result of the added common incentive to economical and efficient operation and the distribution within the organization in addition to wages, of a large proportion of the profits in the form of dividends; it will make, we hope, for greater continuity of employment, with a minimum of change in the personnel of the "Imperial" family, and will deepen the sense of partnership which has ever been the basis of the relations existing between us.[85]

During the time period under study in this thesis, 4 Investment Trusts were executed. The first one ran from March, 1920, to April 14, 1925 under the terms described above. The following 3 trusts were shortened in length to 3 years each: January 1, 1926, to January 1, 1929; sometime after January 1, 1929, to the same date in 1932; and July 1, 1932, to July 1, 1935. Under these trusts the maximum amount employees could invest was reduced to 10 per cent of their wages or salaries so

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[84] *Ibid*., p. 7.

[85] Letter, C.O. Stillman [to all Employees], March 11, 1920, Imperial Oil, Limited, Employee Benefits Division, Archives, Toronto, Ontario.

that employees of all ranks would be on a more equal footing with each other in terms of shares purchased.[86] The minutes of the May 15, 1925 meeting of the joint council at the Montreal refinery indicate that arrangements were made with the Royal Bank to allow Montreal members of the Investment Trust to obtain loans against stock held as collateral at a 5-½ percent interest rate.[87] From 1928 on, all employee-investors in need of funds could borrow on their stock at a rate of 6 per cent.[88] Imperial Oil's profit-sharing plan was suspended from the middle of 1935 until a revised one was instituted in 1939.

In conclusion, we have traced the development of employee benefits at Imperial Oil from 1919 to 1938. The following chart is presented to co-ordinate in the reader's mind the relationship of the various branches of the Imperial Oil employee relations department to each other, to the other departments, and to the executive officers in the company. The chart was drawn up in 1947 by the employee relations department.[89] The author has incorporated information from a 1944 organizational table

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[86]"Christmas Cheer," IOR, IX (Dec., 1925), 1.

[87]Minutes of Meetings of the Joint Industrial Council, meeting of May 15, 1925.

[88]"Third Investment Trust to be Launched, 1929," IOR, XII (Dec., 1928), 2.

[89]Department of Employee Relations, Master Organization Chart, April 1, 1947, Imperial Oil, Limited, Employee Benefits Division, Archives, Toronto, Ontario.

showing the duties of each division,[90] and has amended it to include only the benefits established during the time period under study.

Finally, as far as some preliminary concluding comments are concerned, we have seen how Imperial Oil developed from a privately sponsored, relatively small Canadian oil company during the 1880's and 1890's into an American-owned, Canada-wide petroleum concern after 1899. We also saw that Imperial Oil was not sold to Standard Oil of New Jersey because of Canadian mismanagement, but as a result of unfortunate economic circumstances that left Imperial's owners little choice except to sell to their traditional rivals.

In addition, after reviewing the history of Imperial Oil's industrial relations policies during the early decades of the twentieth century, it became obvious that Imperial's management was experiencing the same basic revisions in employer-employee relations that other North American managers reconciled themselves to prior to 1938. That is, Imperial Oil's concepts of labour policy evolved between 1900 and 1938 from the prevailing attitude that employees are inseparable from machines, to recognition of the idea that consideration with employees of workers' living and working conditions could be instrumental in increasing production. Thus, a coordinated industrial relations package that included employee representation, fringe benefits, welfare work, stock ownership, and personnel management was formulated and frequently

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[90] Department of Employee Relations, Organization Chart Showing Functional Duties, Dec. 1, 1944, Imperial Oil, Limited, Employee Benefits Division, Archives, Toronto, Ontario.

ILLUSTRATION 1

BOARD OF DIRECTORS

PRESIDENT

ADMINISTRATIVE COMMITTEE

I Salary

ADMINISTRATIVE BODIES

I Benefits Committee
II Pension Fund Society
III Trustees of Thrift Plan

STAFF RELATIONSHIP

Operating Departments
I Producing
II Manufacturing
III Marketing
IV Supply and Transport

DIRECTOR
(Assistant to the President on Employee Relations)--
Contact

I Medical Department
II Accident Prevention

STAFF RELATIONSHIP

Corporate & Service Departments
I Treasurer
II Comptroller
III Law
IV Public Relations
V Services

MANAGER
(Department of Employee Relations)

DIVISIONS

I Annuities & Benefits (Co-ordinator & Assistant Co-ordinator)
A) Plans Administration
B) Thrift Plan
C) Group Insurance
D) Sickness Benefits
E) Death Benefits
F) Pensions & Retirement
G) Labour and Social Legislation Review
H) Records & Statistics
I) Plan Development
J) Dismissal Allowances
K) Miscellaneous Services

II Salary & Wage (Co-ordinator)
A) Salary & Wage
B) Job-Evaluation

EMPLOYEE RELATIONS ADVISORY COMMITTEE

DIVISIONS

III Labour Relations & Research
A) Labour Relations
B) Research & Development
C) Training

Personnel Office
A) Grievances
B) Hiring
C) Induction of New Employees
D) Discipline
E) Records
F) Development of Employment Sources
G) Transfers

revised at Imperial Oil from the end of 1918 right through to the beginning of 1938, with the major reevaluation sessions usually coinciding with important events in Canadian history. World War I and the Great Depression are of course the two most obvious examples of this.

Turning to other important reasons why new concepts of industrial relations were introduced at Imperial Oil, it must be pointed out here that while such questions will be probed in the following chapter, Imperial Oil's management was concerned from the end of the First War that the growing impersonality within the firm must be stemmed in order to maintain a satisfied and productive working environment. Thus, employee representation and paternalism were turned to in much the same way that other corporations incorporated these methods of operation into their corporate structures. From here, other similarities with the material presented in Chapters I and II can be uncovered, and this is the task of the following chapter on the evaluation of the Imperial Oil case study.

CHAPTER IV

EVALUATION OF THE IMPERIAL OIL CASE STUDY

Given the material presented in the Imperial Oil case study in the previous chapter, the task of evaluation remains. While the limited amount of surviving data, in some areas, dictates rather strict limitations, comparative questions inherent in the development of Imperial Oil's philosophy of industrial relations must be presented and analyzed within these constraints. This analysis will follow the same chronological pattern adhered to thus far in the thesis, and will concentrate on three areas of comparison.

The first section will define Imperial Oil as an American-owned company and will present similarities and differences between the development of its labour policies and the emerging American philosophy of industrial relations. The focal point of this analysis will center on Imperial's relationship with the parent company, Standard Oil of New Jersey, and will determine the degree of influence exerted on, and independence left, to the Canadian branch.

Shifting entirely to the Canadian scene, the chronology of benefit plans introduced at Imperial Oil between 1880 and 1938 will be placed in the context of similar policies adopted by Canadian companies. In doing this reference is made once again to Appendix 1 and the contents of Imperial Oil's pension plans, employee representation plan, stock-sharing plans, paid vacation plan, and hours of work will be compared with both specific and general Canadian developments in these areas.

Finally, an investigation of the national origins of Imperial Oil's chief executives up to 1938 will be undertaken as the last point of consideration concerning Standard Oil's influence on Imperial Oil's operations, and Imperial Oil's benefit plans and employee representation system will be discussed in terms of how Imperial's employees reacted to them over the years.

In beginning an analysis on the Imperial Oil material, it must be remembered that we saw in Chapter II the general terms and policy changes concerning labour that were contemplated by Canadian firms between 1880 and 1938, and this material can be compared with similar developments in the United States as presented in Chapter I. More specifically, however, Imperial Oil, Limited is an example of a company that began small and matured into one of the "big four"[1] in the Canadian petroleum industry while under American ownership and while adhering to, and experiencing the effects of, social Darwinism, scientific management, and employee representation.

Unlike examples of other Canadian enterprises that emerged fullblown from the collaboration of government and private wealth, and the Canadian Pacific Railway is the classic example, Imperial Oil began as a modest business venture in the minds of sixteen men who built an oil company literally from the ground up. In this respect, one parallel with the later nineteenth century American scene stands out: the same

[1]According to Earle Gray, The Great Canadian Oil Patch (Tornto: MacLean-Hunter Limited, 1970), p. 257, the other three oil companies that presently make up the "big four" in Canada are: Shell, Gulf, and Texaco.

frontier spirit of entrepreneurial individualism was present here that one reads about in the biographies of the Rockefellers, the Carnegies, and the Morgans. Like their American counterparts, the founders of Imperial Oil were talented businessmen with wide and varied interests who decided to try to bring some semblance of order into the depressed and chaotic Canadian petroleum industry.

Turning to industrial relations, the United States material clearly indicates that the personal concerns of American labour were largely ignored prior to the turn of the century. Similarly, the Canadian petroleum industry concentrated on getting the crude oil out of the ground, and as the author of The Story of Imperial Oil admitted, there was little concern for people. Imperial Oil's owners were entirely preoccupied during the early years with pumping oil, refining it, keeping the business financially sound, capturing a market, developing market facilities, and increasing the appeal of its oil products to Canadian buyers in order to fend off the strong American competition.

Similarly, as time progressed the founders of Imperial Oil were never afforded the luxury of relaxing and perhaps introducing some amenities into their employees' lives as these policies came into fashion, because even after the enterprise prospered, retention of the Canadian market was not assured. Instead, the lack of funds necessary to finance expansion led to Imperial's takeover by its lifelong American competitor. This of course raises questions concerning the degree of influence that Standard Oil of New Jersey had on Imperial Oil's philosophies of industrial relations since specific policies in this area were slowly emerging in both Canada and the United States at the time of the transfer of ownership.

Standard Oil's history of labour-management relations prior to World War I is similar to that of countless other American firms. That is, policies concerning labour were formulated by middle managers, superintendents, and foremen to meet particular situations as they arose. Upper management was rarely involved, and no fixed regulations or rules existed between the company and its employees.[2] As a result, attitudes toward workers varied considerably throughout the organization. As George Gibb and Evelyn Knowlton concluded:

> The only generalization applicable to Jersey Standard labor relations in the years [prior to 1912] would appear to be that such relations were what the individual superintendents of the various operating divisions made them. . . . It seems clear that, though some segments of the organization were outstandingly progressive and the company numbered many fair-minded and liberal men among its top executives, labor policy had seldom become an issue at the top level of management. To the directorate . . . labor was akin to the stretch of pipeline from Moore Station to Bunkie, Louisiana--a matter which was properly and staisfactorily entrusted to managers, superintendents, assistant superintendents, and foremen.[3]

It must be noted, nevertheless, that safety consciousness was in evidence at Standard Oil prior to 1900, toilets and washrooms appeared around 1903, a non-contributory pension plan was inaugurated in 1903 and liberalized in 1909, and steady employment and advancement possibilities existed for most employees throughout the pre-World War I years.[4]

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[2] George S. Gibb and Evelyn Knowlton, The Resurgent Years 1911-1927: History of Standard Oil Company (New Jersey) (New York: Harper & Bros., 1956), p. 155.

[3] Ibid., pp. 140-141.

[4] R.W. Hidy and M.E. Hidy, Pioneering in Big Business 1882-1911: History of Standard Oil Company (New Jersey) (New York: Harper & Bros., 1955), pp. 596-599.

The disjointed and ill-defined handling of workers could possibly have continued unabated, however, if the Ludlow massacre at John D. Rockefeller's Colorado Fuel and Iron Company had not occurred in 1913. After this event, publicity focused attention on the industrial relations policies of all of Rockefeller's holdings, including the long hours and nearly inhuman working conditions endured by Standard Oil's process men and still cleaners.[5] Presumably in response to this criticism, the process men's hours were reduced in 1914 from 84 to 76 per week, with shift breakers being introduced to fill the gap left by the reduction in working time.[6]

Gibb and Knowlton did not elaborate specifically on the alleviation of the still cleaners lot, but they did mention that the company went beyond compliance with state accident compensation laws and in most cases extended benefits substantially beyond its legal liability.[7]

Further more immediate causes behind additional revision in Standard's labour policies can be traced to two strikes which exploded within fifteen months of each other at the Bayonne refinery in New Jersey. Once again the unrest centered upon the still cleaners when

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[5]Gibb and Knowlton, Resurgent Years, pp. 136-138; and Sigmund Diamond, The Reputation of the American Businessman (Cambridge, Mass.: Harvard University Press, 1955), p. 109. A description of the still cleaner's job can be found in Edward J. Nichols, Danger! Keep Out (Boston: Houghton Mifflin Co., 1943).

[6]Gibb and Knowlton, Resurgent Years, p. 139.

[7]Ibid.

they called a strike in July of 1915 after being refused a 15 per cent raise in pay. The company took no immediate action towards a wage increase despite the fact that the work stoppage spread rapidly and the plant was forced to close after strikebreaking still cleaners, who had been hired to replace the strikers, quit because they found the conditions unbearable.[8] The company maintained the attitude that the unrest was due to the work of "professional agitators" who were blocking all avenues of resolution. However, at the same time that management was claiming that it would deal with its own workmen, it refused to submit the controversy to mediation and discharged the employees who presented a petition suggesting this approach.[9] Violence and death ensued until the strikers called off the walkout upon "an implied promise for higher wages."[10] This later resulted in a 10 per cent wage increase, and in August of 1915 the 8-hour day with no loss in pay was instituted when further strike action was threatened.[11]

The second strike began October 10, 1916, after Standard Oil refused demands for increased wages, discharge only with cause, and

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[8]Daniel Horowitz, Labor Relations in the Petroleum Industry (New York: U.S. Works Progress Administration, 1937), p. 30.

[9]*Ibid.*

[10]*Ibid.*, p. 31.

[11]*Ibid.*

"humane and decent treatment at the hands of foremen and superiors in place of the brutal kicking and punching we now receive without provocation."[12] Although this strike was broken October 19, 1916, Standard did grant a 10 per cent pay raise in late November of that year when it realized that another strike might be in the offing.[13]

Thus, many implications inherent in Standard Oil's philosophy of management are clear from the events described above. In both strikes the workers' priorities centered on increased wages and poor treatment by foremen and supervisors. The wage issue is particularly interesting since Standard's executives consistently affirmed, and Gibb and Knowlton and Ralph and Muriel Hidy confirmed the claim that most lower level managers adhered to a policy that Standard Oil men were entitled to pay and working conditions at least equivalent to, and preferably a little better than, those extended by competitors.[14] Daniel Horowitz,

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[12] American Federation of Labor, American Federationist, Dec., 1916, p. 1171, quoted in Horowitz, Labor Relations in the Petroleum Industry, p. 33; and Stuart Chase, "A Generation of Industrial Peace: Men and Management Alike Are Gainers From Thirty Years of Amicable Relations in Standard Oil Company (N.J.)," The Lamp, 28 (Oct., 1946), 2. Chase stated, once again on page 2, that during the 1915 strike the workers ". . . complained that foremen minstreated them. They were continually cursed out, they said. To settle grudges, foremen were detaining cleaners in the hot stills, with temperatures up to 250° F..."

[13] Horowitz, Labor Relations in the Petroleum Industry, p. 35.

[14] Gibb and Knowlton, Resurgent Years, p. 135; and Hidy and Hidy, Pioneering in Big Business, p. 589.

however arrived at entirely different conclusions from his investigation of the renumeration received by Standard employees in Bayonne. He maintained that the other companies with refineries in that area, the Tide Water Oil Company and the Vacuum Oil Company, were both controlled by the same interests that operated Standard Oil of New Jersey, and this permitted "the three companies to retain a uniform low wage policy and yet individually absolve themselves from fault."[15]

Horowitz's conclusion seems accurate since the Tide Water Company, from 1912 on, was referred to as a "non consolidated" firm of Standard Oil of New Jersey. That is, Standard Oil owned 43 per cent of Tide Water's shares in 1912, and 40 per cent in 1925. As a result, while Tide Water's earnings were not directly consolidated with Standard Oil's, its dividends were included in Standard's income.[16]

The situation is less clear where the Vacuum Oil Company is concerned because it became one of the disaffiliated members of the old trust when the Standard family was broken up in 1911. Direct competition between Standard Oil and Vacuum Oil did not assume its greatest momentum, however, until the First War and after.[17]

George P. West and C.T. Chenery, two investigators of the first Bayonne strike for the United States Commission on Industrial Relations, further confirmed Horowitz's findings by concluding that Standard Oil sometimes maintained wages even lower than those of other refineries

[15] Horowitz, Labor Relations in the Petroleum Industry, p. 30.

[16] Gibb and Knowlton, Resurgent Years, pp. 631, 647.

[17] Ibid., p. 12.

in the same area:

> ". . . It [Standard Oil of New Jersey] fixes wages not with relation to the earnings of the company but by taking into consideration wages paid by the other companies in the same locality and then fixes the wages as low as, or lower than the prevailing wage in the locality.
> ". . . The statement of the General Manager of the Company that the interests of other companies in the same locality are considered in the fixing of wages constitutes, in effect, an admission that the company combines with the poorest and least generous employers to fix wage rates".[18]

The above sources clearly indicate, therefore, that Standard Oil had little competition in the Bayonne area, and that it was free to set wages consistent with the lowest common denominator offered there. However, the effects of the pay scales arrived at only become clear when one considers the report published in the August, 1915 issue of the National Petroleum News, which indicated that less than one-half of the workers in the oil plants at Bayonne were able to support their families on their wages, with the rest being forced to take in boarders or to send their children to work to bring each family's income up to a living standard.[19] In addition, while Standard Oil's employees did receive a 20 per cent increase in pay between August 1915, and November, 1916, prices were rising even more rapidly.[20]

The labour unrest which erupted in Standard Oil at the beginning

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[18] New York Times, Aug. 16, 1915, p. 1, ff., quoted in Horowitz, Labor Relations in the Petroleum Industry, pp. 31-32.

[19] Horowitz, Labor Relations in the Petroleum Industry, p. 32.

[20] J.M. Blum, et al. The National Experience, p. 599.

of World War I also revealed both the arbitrary handling of workers that powerful foremen often displayed, and Standard's resolute determination not to bargain with any labour organization or employee representative. Standard even refused to permit non-English-speaking employees to engage an attorney as their spokesman.[21] Thus the popular belief in management's right to unilateral authority was the philosophy that was strictly adhered to throughout this period.

Turning to the positive effects of the strikes, the author must stress that the above work stoppages did have the cumulative effect of impressing on Standard's directorate that labour relations is worthy of regular contemplation and systematic policy making. It was now clear to all concerned that if the top executives had kept a close check on local management, the Bayonne employees would never have had to resort to drastic measures to draw attention to their grievances and frustrations. "Here, at last, was the point of transition from one age to another. These terrible difficulties shocked the directors into new action and called forth the enunciation of a Jersey Standard labor policy."[22]

John D. Rockefeller, Jr., although no longer owning any shares in Standard Oil, was the man who actually pushed the company's directors toward revolutionizing their industrial relations policies.[23] In the

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[21]Horowitz, Labor Relations in the Petroleum Industry, p. 32.

[22]Gibb and Knowlton, Resurgent Years, p. 152.

[23]Ibid., pp. 571-572.

name of permanent labour peace, Rockefeller felt that stop-gap measures such as increasing wages every time a strike seemed imminent, must be abandoned in favour of a coordinated system similar to the one introduced into the Colorado mines by Mackenzie King and Clarence Hicks. In late 1917 Hicks' recommendations for an employee representation plan at Standard Oil were accepted by Jersey's directors, and Hicks became Standard's first executive assistant in charge of employee relations.

It is at this point that comparisons between Standard Oil's and Imperial Oil's labour policies can be made. Taking up the important matter of work stoppages first, the records of strikes and lockouts in Canada between 1900 and 1962 at the Public Archives of Canada indicate that two strikes occurred at two different Imperial Oil refineries between 1880 and 1938. The first of these was reported in the July 6, 1912 issue of the London, Ontario Advertiser, and it apparently took place at the Sarnia, Ontario refinery as a result of employee dissatisfaction with the time check system in use. That is, each employee was required to hand in one time card in the morning upon entering the works, and one at noon, and then collect them at the end of the day. The employees were opposed to this method because it involved lining up three times a day to either deposit or collect a card.[24]

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[24] "100 Walked Out," The London Advertiser, July 6, 1912, n.p.; "Windsor, Ontario, Oil Company Employees, Strike No. 3543," Strikes and Lockouts in Canada, 1900-1962 File, Record Group 27, Vol. 300, Public Archives of Canada, Ottawa, Ontario.

While the Advertiser claimed that the walkout began at the beginning of July, 1912, affected about 100 employees, and lasted for "a couple of days" until the noon check was eliminated,[25] C.O. Stillman, a first vice-president of Imperial Oil, maintained in a letter dated July 22, 1912 to the federal deputy minister of labour that "there has been no dispute or dissatisfaction among our employees since the year 1897, when operations at this Refinery were commenced." He went on to add that "our employees show every indication of being perfectly satisfied with their treatment, pay and work."[26] No additional sources were discovered to substantiate either the Advertiser article, or the employer disclaimer of the strike.

A similar air of mystery surrounds some aspects of the second strike, which took place at Imperial Oil's Ioco refinery in British Columbia in 1918. This dispute centered on a request by about 170 of the refinery's common labourers, pipefitters, carpenters, process men, canners, casers, barrel fillers, and shippers for a 25 per cent increase in wages. The shift process men were also demanding a reduction in hours from 12 per day to 8 per day.[27]

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[25] Ibid.

[26] Letter, C.O. Stillman, 1st Vice-President Imperial Oil Co. Ltd., to R.G. Smith, Deputy Minister of Labour, July 22, 1912, "Windsor, Ontario, Oil Company Employees, Strike No. 3543," Strikes and Lockouts in Canada, 1900-1962 File, Record Group 27, Vol. 300, Public Archives of Canada, Ottawa, Ontario.

[27] Correspondence, J.E. Sirdevan, Superintendent, Imperial Oil Co., Ioco, B.C. to B. Stewart, Editor, Labour Gazette, Part I, March 26, 1918, "Industrial Disputes, the Department of Labour, Strike No. 97," Strikes

The prevailing rates of wages at the Ioco refinery ranged from $3.06 to $4.00 per day, and a 25 per cent increase would raise this to between $3.82 and $5.00 a day.[28] The new rate, according to the workers, would bring the wages at the Ioco works up to the prevailing union rates in Vancouver.[29]

The events of the strike are somewhat unclear, but the superintendent of the Ioco refinery reported to the Department of Labour in Ottawa that the workers in the barrelling and casing department left their jobs the morning of February 12, 1918.[30] Presumably after this walkout, the employees sent a petitition to the local management requesting the 25 per cent wage increase. They then returned to work in order to give the local officials 6 days to confer with Imperial Oil executives at the Toronto head office. However, because the barrelling and casing department was slack, 2 men were laid off. This resulted in another general walkout from the filling department on February 14, 1918.

The following day, February 15, the workers in the mechanical department sent a second petition requesting a 25 per cent wage increase

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and Lockouts in Canada, 1900-1962 File, Record Group 27, Vol. 308, Public Archives of Canada, Ottawa, Ontario; and Correspondence, A. Smith, Secretary, Oil Refinery Workers Union, Ioco, B.C. to B. Stewart, Part I, March 25, 1918, "Industrial Disputes, the Department of Labour, Strike No. 97," Strikes and Lockouts in Canada, 1900-1962 File, Record Group 27, Vol. 308, Public Archives of Canada, Ottawa, Ontario.

[28] Correspondence, J.E. Sirdevan to B. Stewart, Part I.

[29] Correspondence, A. Smith to B. Stewart, Part I.

[30] Correspondence, J.E. Sirdevan to B. Stewart, Part I.

to the local offices. They then left their posts without conferring with management. This led to a general strike on February 16 by the workers in most of the remaining departments previously mentioned. The process men followed suit at 5:00 P.M. two days later.[31]

Negotiations between the company and the workers or their representatives resulted in a total return to work March 1, 1918. The common labourers and semi-skilled employees received a 14 per cent wage increase; the skilled workers' wages were raised to between $3.50 and $5.00 per day. The process men's hours were initially set to remain at 12 per day, but they were given 1 day off in 7 instead of the previous 1 day off in 13. These hours were reduced on April 1, 1918 to 8 per day with no reduction in pay from 12 per day, and the 1 day off in 7 was continued.[32]

In conclusion, it must be noted that no written agreement accompanied the resolution of the strike.[33] This is particularly strange since A. Smith was referred to as the secretary of the Oil Refinery Workers Union of Ioco, British Columbia, Local 15977 in all of the strike

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[31] Correspondence, J.E. Sirdevan to B. Stewart, Part I; and Correspondence, A. Smith to B. Stewart, Part I.

[32] Correspondence, J.E. Sirdevan to B. Stewart, Part II; and Correspondence, A. Smith to B. Stewart, Part II.

[33] Correspondence, J.E. Sirdevan to B. Stewart, Part II.

related correspondence between himself and the Department of Labour in Ottawa. In addition, this local is listed in the Federal Department of Labour's 1917 report on labour organizations in Canada.[34] One must assume, therefore, that at least some of the employees at the Ioco refinery were represented by the Oil Refinery Workers Union during the 1918 strike.

While the above is contrary to information contained in the March 1, 1918 issue of the Federationist, which reported that a union was formed at Imperial Oil's Ioco refinery as a result of the above strike, the Federationist did divulge that local 15977 of the Oil Refinery Workers Union was affiliated with the Trades and Labour Council, and was about to apply to the American Federation of Labour for a charter. The article also stated that between 150 and 200 Ioco workers had signed union cards.[35] This indicates that most, if not all, of the eligible employees at Imperial Oil's Ioco refinery were members of the Oil Refinery Workers Union in 1918.

It may further be concluded that since no mention of the oil workers union at the Ioco refinery was made in later reports on labour organizations by the Department of Labour, that it lost ground after the 1918 strike.[36] However, the Imperial Oil Review did report in

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[34]Canada, Department of Labour, Labour Organization in Canada, 1917 (Ottawa: King's Printer, 1918), p. 172.

[35]"Men's Demands Granted at Ioco," Federationist, March 1, 1918, n.p., "Oil Refinery Employees, Ioco, B.C.," Strikes and Lockouts in Canada, 1900-1962 File, Record Group 27, Vol. 308, Public Archives of Canada, Ottawa, Ontario.

[36]The workers at the Ioco refinery joined another union, the Oil Workers' International Union, in 1949.

August of 1919 that there were "quite a number of union employees" in the Vancouver refinery of Imperial Oil.[37]

As far as an analysis of the results of the 1918 strike at the Ioco refinery are concerned, it must be said that while the common labourers and semi-skilled employees compromised when they accepted a 14 per cent wage increase, the skilled workers and process men received almost exactly what they asked for. The only divergence from their initial demands rested in the fact that the skilled group accepted a wage range from \$3.50 to \$5.00 a day, instead of the \$3.82 to \$5.00 a day spread that they desired.

On the matter of union rates for refinery workers in Vancouver, the author must unfortunately report that verification of these figures in relation to the wages at Ioco is impossible because the Canadian Department of Labour did not include refinery workers in its data on wage rates and hours of work in Canada between 1900 and 1920.[38]

Thus, the strikes at Imperial Oil, Limited were not directly caused by the events at Standard Oil in 1915 and 1916--it is likely that Imperial's 1918 strike was the result of inclement economic circumstances in Canada.[39] However, the fact that the Bayonne employees were

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[37]"How Vancouver Weathered the Strike Storm," IOR, III (Aug., 1919), 14.

[38]Canada, Department of Labour, Wages and Hours of Labour in Canada, 1901-1920 (Ottawa: King's Printer, 1921).

[39]The cost of living and unemployment were rising rapidly in Canada in 1918 and wages were not keeping pace. See Mary T. Waggaman, "Labor Unrest in Canada," Monthly Labor Review, XIII (July, 1921),

successful in gaining results through strike action cannot be discounted as an influential factor on Imperial Oil's workers.

Turning to the subject of hours of work, comparisons are difficult to make on this matter since the author lacks information in Imperial's case for the years prior to 1918. Nevertheless, it is known that Imperial Oil was not allowed to follow Standard's 1915 introduction of the 8-hour day, 48-hour week, until 1919. In addition, while Standard Oil of Louisiana implemented these reductions almost immediately after the parent firm, Jersey's president, Walter Teagle, explained to Imperial's R.V. LeSueur of Montreal that "you cannot work three shifts to advantage. As you know, at the Sarnia and Vancouver refineries we have been obliged to refuse to recognize the request for an 8-hour day and this is even more impossible in the operation of a producing property."[40] It is unclear to the author, at this point, why it was felt that Imperial could not operate effectively under the 8-hour day in 1915 since Imperial Oil was a refining company and Standard Oil of Louisiana, a producing concern,[41] was succeeding with three 8-hour shifts.

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pp. 21-31; and J.T. Copp, "The Condition of the Working Class in Montreal, 1897-1920," in Studies in Canadian Social History, ed. by Michiel Horn and Ronald Sabourin (Toronto: McClelland and Stewart Ltd., 1974), p. 202.

[40]Standard Oil Co. (N.J.), Records, W. Teagle to R.V. LeSueur, July 24, 1916, quoted in Gibb and Knowlton, Resurgent Years, p. 150.

[41]Gibb and Knowlton, Resurgent Years, p. 44.

Going back to World War I, since the United States did not enter the fighting until April 6, 1917, Imperial Oil developed assistance measures for its employees engaged in war efforts before Jersey Standard took similar action. It will be remembered that Imperial paid married men one-half of their annual salaries, and unmarried men one-quarter of this amount, from August 30, 1915 until the end of the war. The first similar bonus at Standard Oil was announced in June of 1916 in connection with the current difficulties between the United States and Mexico. This of course was in the middle of the Bayonne strikes of July, 1915, and October 1916, but Standard officials carefully designated these concessions as part of established company policy and in no way related to the recent labour disturbances.[42]

Standard's enlisted married men received a sum equivalent to a full year's salary; single men with no dependents received one-half of this amount.[43] It is not clear whether these payments constituted a single bonus or were paid periodically throughout the Mexican crisis. However, a second bonus for Standard's employees in the armed forces became effective July 1, 1917 and was equivalent to the plan in operation at Imperial Oil. Gibb and Knowlton suggested that this benefit was one measure that facilitated the acceptance of the new personnel department that was established three months earlier at Standard Oil.[44]

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[42]*Ibid.*, p. 151.

[43]*Ibid.*

[44]*Ibid.*, p. 577.

Imperial Oil also preceded Standard Oil in grasping the usefulness of employee magazines. Imperial's Imperial Oil Review appeared in May, 1917--more than a year before the introduction of joint councils into the Canadian branch. Standard Oil's The Lamp, had a Canadian financial journalist, Victor Ross, as its first editor, and began publishing in May, 1918--one month after the Hicks' system of employee relations was put into effect. Both publications were seen as tools to be used in encouraging close contact and cooperation between labour and management, which was the general reason for their introduction in both Canada and the United States.[45]

Turning to works councils, the mechanics and operation of the employee representation plans at Imperial Oil and Standard Oil were identical except that Imperial workers elected 1 representative for every 75 employees, while Standard had 1 representative for every 150 workers. In both cases top executives reviewed all settlements made by the various joint conferences and no provisions for arbitration existed after management handed down decisions in response to recommendations forwarded by the councils.[46]

Like Imperial Oil, Jersey Standard introduced with its employee

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[45]Ibid., p. 578. The introduction of employee magazines reached its peak in both Canada and the United States between 1917 and 1921. See Canada, Department of Labour, Employees' Magazines in Canada, Industrial Relations Series, Bulletin No. 4 (Ottawa: King's Printer, 1921); and Lescohier and Brandeis, History of Labor in the United States, p. 323.

[46]Gibb and Knowlton, Resurgent Years, p. 586.

representation plan a "joint agreement" drawn up by management and agreed to by the employees. This "contract" called for the setting up of personnel departments to centralize the hiring, training, and discharging functions of the company. While these departments were becoming increasingly common in corporations throughout the United States, they were new to the Standard organization and many Jersey and Imperial foremen and middle managers, like the foremen and middle managers in other companies in Canada and the United States, were initially hostile to the idea of losing their direct authority over the men and being delegated to a minor role.[47] In the case of Jersey Standard, Henrietta Larson et al. specifically stated that the local managers who were unable to adjust to these new methods of dealing with employees were gradually relieved of their responsibilities.[48]

In any event, it must be pointed out here that the "joint agreement" between Imperial Oil's management and employees contained the standard open-shop guarantee in employee representation plans that "no discrimination be made on account of membership or non-membership in any church, society, fraternity, or union."[49] However, as already indicated, prior to the introduction of employee representation into the Standard organization, management there was determined not to bargain

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[47] Ibid., p. 576.

[48] Henrietta M. Larson, Evelyn H. Knowlton, and Charles S. Popple, New Horizons 1927-1950: History of Standard Oil Company (New Jersey) (New York: Harper & Row, Publishers, 1971), p. 345.

[49] Appendix 3; and Bruce Scott, "A Place in the Sun," p. 163.

with unions under any circumstances. While it was reported that President Teagle revised his attitude in favour of works councils after he was named president of Jersey Standard and they were introduced in 1918,[50] it is apparent that the company hoped and believed that the generosity of the employee representation plan and the accompanying benefits would satisfy the workers and supersede the need for unions and suffocate the forces of unionism within the firm. Thus, in actual practice, when work stoppages did occur in isolated instances at Standard or one of its affiliates after 1918, the men who provoked the dispute and shunned established grievance procedures were not rehired when production resumed.[51] This of course was a continuation of the paternalistic philosophy popular in the United States after the Civil War. In other words, ". . . employees received only those things which provident management felt they should have."[52]

As was the case at Imperial Oil a few months later, a complete package of welfare benefits was introduced at Jersey Standard to coincide with the implementation of the joint council system. Standard's 1909 pension plan was revised so that all employees with at least 20 years seniority and 65 years of age received a non-contributory annuity equivalent to 2 per cent per year of service of their average wage or salary

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[50] Gibb and Knowlton, Resurgent Years, p. 574.

[51] Ibid., p. 585.

[52] Ibid.

during their final 5 years of employment.[53] Imperial's first pension plan effective after the start of employee representation specified an annuity amounting to 2 per cent per year of service of the employee's average annual pay during his/her final 10 years. However, revisions made at Imperial Oil in 1920 made its pension plan identical to Standard's.

It is clear, therefore, that Imperial Oil sometimes lagged behind Standard in introducing benefit plans. The example of paid vacations, however, is the most difficult one to understand. Standard Oil granted paid vacations of 1 week in 1924 to all employees who had been with the company 5 years or more; in 1925 this was increased to 2 weeks for employees with 10 or more years of service; and in 1926 all employees with 1 year of service was given 1 week off and the requirement for 2 weeks was lowered to 5 years seniority.[54] Despite the fact that Standard was able to continue this benefit throughout the Depression, Imperial staunchly refused employee requests for similar time off on the basis of inclement conditions until the worst of the recession had subsided. It was only in 1937 that Imperial introduced paid vacations, and it did so not only to offer increased leisure to its employees, but also to spread the available employment and to encourage increased consumption of industrial products. Nevertheless, when a plan was set

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[53] <u>Ibid.</u>, p. 576.

[54] <u>Ibid.</u>, p. 593.

up, it conformed to the most liberal conditions in existence at Jersey.

The idea of making employees eligible to share in the profits of the company is not another example of Imperial Oil conforming to benefits already well tested by Standard Oil. In this case there is evidence that Imperial introduced a stock-sharing plan of short duration as early as 1915.[55] From Gibb and Knowlton it appears that this plan enjoyed only limited success and was quickly abandoned because many employees were unable to afford to purchase stock, even on an installment basis, under its terms of reference.[56]

Imperial Oil's second attempt in this direction began in March, 1920, and was much more liberal than the first in that company contributions were introduced to assist the employees with their purchases, and no interest was charged subscribers on the unpaid balance of the stock subscription.[57] When Standard began its investment trust plan in 1921, even more liberal conditions were offered than in existence at Imperial. The par value of Jersey's capital stock, for example, was reduced from $100.00 to $25.00 per share, and Imperial's stocks were selling for $75.00 each in 1920. However, the maximum amount Standard employees could invest was set at 20 per cent of their annual earnings, while Imperial's workers could put in up to 25 per cent of this amount.

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[55] Letter, W.T. McKee, Secretary, to Employees of The Imperial Oil Company, Limited, November 29, 1915, Imperial Oil, Limited, Employee Benefits Division, Archives, Toronto, Ontario.

[56] Gibb and Knowlton, Resurgent Years, p. 583.

[57] Letter, McKee to Employees, 1915.

This was later changed so that the terms of the second and following investment trusts at Standard and Imperial were identical concerning the maximum amount of money employees could invest each year.[58]

To conclude this section of the chapter, it is obvious to the reader that Imperial Oil did not always wait for the parent company to introduce a benefit plan before taking similar action itself. Even when it did follow Standard's lead, Imperial often developed provisions that varied from those at Jersey. In this respect some independence was left to the executives in Toronto.

Perhaps the greatest influence exerted on Imperial Oil can be found in the implementation of the employee representation system of industrial relations so soon after its introduction at Standard. On this point a number of factors must be considered. Concerning employees generally, the fight for political democracy undertaken in World War I aroused a desire in countless North American workers for industrial democracy at home. By 1918 this enthusiasm was spreading through American and Canadian corporations in much the same way that the efficiency aspects of the scientific management had appealed to employers a few years earlier. And while Jersey Standard's introduction of joint councils at this time was part of its recovery from the Bayonne strikes, it was also the first petroleum company to inaugurate such a plan in the United States.[59] Thus, on the grounds of continuing labour peace and the very

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[58] Gibb and Knowlton, *Resurgent Years*, pp. 583-584.

[59] *Ibid*.

favourable publicity such action would promote both inside and outside of the company, Jersey's top management probably felt very encouraged to extend this measure as quickly as possible to as many of its affiliates as possible.

An additional point in Imperial's favour was the fact that Walter Teagle, an enthusiastic convert to employee representation, was Imperial Oil's chief executive from 1914 to 1917, at which time he assumed the presidency of Jersey Standard. His intimate knowledge of the Canadian branch, plus the above mentioned factors, probably assisted in keeping Imperial in the forefront of Jersey's thoughts, and thus led to the introduction of employee representation within 8 months of Jersey, instead of a number of years later.

One more influence on both Standard Oil and Imperial Oil was the fact that P.C. 1743, issued in July, 1918, indicated the Canadian government's endorsement of collective bargaining between employers and employees or their representatives, and of course, as we have seen, the American government introduced numerous shop committees into American industries during World War I.

In switching to the Canadian scene to analyze industrial relations developments at Imperial Oil in relation to similar trends in Canada between 1880 and 1938, the absence of available material becomes even more apparent than before. However, to begin, a number of Canadian companies that had their welfare plans written up in the <u>Labour Gazette</u>, and are indicated in the chart in Appendix I, were selected to illustrate the tactics adopted and problems encountered over the years with various benefits. Questions concerning similar difficulties at Imperial Oil were then analyzed and discussed.

Taking a particularly successful example first, the Williams, Greene and Rome Company of Berlin, Ontario introduced welfare, recreational, and athletic activities into its shirt manufacturing operations in 1903 and allowed its employees to form societies among themselves to look after the organization and administration of these facilities. That is, the company supplied the required building space, furniture, and athletic grounds, but the various societies, as a general rule, were supported and financed by the employees themselves. In this way it was felt that the workers were ". . . freed from any sense of paternalism on the part of the management,"[60] and the Labour Gazette reported in 1907 that tangible results in the form of increased efficiency were noted soon after the inception of this welfare work. Thus, the volume of business almost doubled between 1903 and 1907 and the number of employees on the payroll decreased from 522 to 430. These 430 workers, it was claimed, drew $28,000.00 more in wages than the former 522.[61]

While a skeptic would wonder whether the employees at Williams, Greene and Rome were pushed beyond their limits so that staff cuts could be made to pay for the new facilities, this does not seem to have been the case in this instance since the workers were given time off during the business week to bathe and the hours of labour were cut from 10 per

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60. "Industrial Betterment at Berlin, Ontario--Welfare Work Among Employees of the Williams, Greene and Rome Company Limited," Labour Gazette, VII (Feb., 1907), 893.

61. Ibid.

day to 9 per day, Monday through Friday, with 4 and one-half on Saturday, as supplements to the welfare programs.[62]

Imperial Oil, in comparison, first reported on recreational activities and facilities in 1919, and while some programs may have been started earlier, the same paternalistic philosophy is found here that was mentioned earlier in relation to unionism at Standard Oil. The 1919 special issue of the Imperial Oil Review reported, for example, that the directors of the company encouraged the development of amateur sport and so provided equipment at this time for various activities at all of the refineries.[63] Similarly, the appointment of an official gardener to improve the appearance of the grounds at the Montreal refinery, and the formation of an orchestra at Halifax, were announced at joint council meetings held between the beginning and the middle of 1919.[64] Unlike Williams, Greene and Rome, therefore, Imperial Oil's management bore the entire cost of introducing and maintaining these functions. Like Williams, Greene and Rome, however, the expected result of the above was increased efficiency resulting from a more fit and content work force.

Turning to the relationship between wage rates and fringe benefits, three points must be made. Firstly, the avowed policy of

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[62] Ibid.

[63] "Athletics," IOR, (Special No., 1919), 7.

[64] "Other Phases of the Plan," IOR, (Special No., 1919), 5, 7.

Imperial Oil's directors was that benefit plans were not introduced at the expense of wages received by any employee, and numerous written statements on this polity are available. The first is found in President Hanna's speech at the Sarnia conference inaugurating employee representation in 1918. He stated at this time that ". . . there are two things about the plans I want to make clear. They are absolutely without cost to the men and they have nothing to do with the rate of wages the men are to receive."[65] He repeated this intention again in his 1918 Christmas letter to the employees: "The Benefits will have no bearing on the question of wages. . . ."[66] On this same subject, V.L. Lavoie, a former member of Imperial Oil's employee relations department, made the company's position clearer in a 1960 address when he explained that no reference is made to Imperial Oil's benefit plans in the joint council agreements because the company does not believe, as some unions do, that wages should be bargained against benefits--a wage increase in lieu of a pension plan, for example. That is, it is better for Imperial's employees to keep wages out of the bargaining field because "should they be included, the Company cost of same would then properly be taken into account as indirect wages [in] determining the Company's

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[65]"President's Speech at Sarnia Conference," quoted in IOR, III (Jan., 1919), 5.

[66]Letter, W.J. Hanna to Employees, Christmas Day, 1918, quoted in IOR, III (Jan., 1919), 8.

position in relation to other companies."[67]

The second point the author wishes to make is that no evidence was found in the Imperial Oil material that would indicate that welfare benefits resulted in reduced wages, in spite of the above policy, after a few years of operation. And thirdly, with the exception of the 1915 stock-sharing plan, there are no instances of benefits being introduced and then withdrawn a short time later because of either employee complacency or dissatisfaction as happended at the John Morrow Machine Screw Company, Limited of Ingersoll, Ontario, and the British Columbia Electric Street Railway Company.

When the John Morrow Company introduced its profit-sharing scheme in 1903, management expected that employee productivity would increase. However, in 1908, when such results were not in evidence, the plan was abandoned because the company concluded that the amounts distributed were too small to be appreciated, and after a year or two the workers came to regard the bonus as their due.[68] It was decided, therefore, "that good wages and a bonus system enabling the employees to earn increased wages by better work were more satisfactory than the system of allowing the employees to share in the profits at the close of the business year."[69]

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[67]V.L. Lavoie, "Philosophy of Benefit Plans" (address presented at a meeting with the Junior Joint Council Chairmen, Oct. 17, 1960), p. 4.

[68]H. Michell, "Profit Sharing and Producers' Co-operation in Canada," Queen's Quarterly, XXV (Jan., 1918), 307.

[69]Report of the English Board of Trade on Profit-sharing and Labour Co-partnership in the United Kingdom, Cd. 6496, 1912, quoted in Michell, "Profit Sharing," p. 307.

In the case of B.C. Electric, a profit-sharing plan was set up in 1902 so that each regular employee with a minimum of 12 months service was eligible for a cash payment each year from the preceding year's profits. This amounted to $25.00 per man in 1903; $66.78 in 1908; and $57.31 in 1910. The reason for the decrease between 1908 and 1910 can be traced to the large amount of money allocated to expand the business. This expansion, however, also resulted in an influx of new employees who were not eligible for a bonus payment until the end of one full year of employment. This factor spurred the new men to mount a campaign against the profit-sharing plan even though the older employees were satisfied with it. As a result, management abolished the scheme in 1911 and granted a general increase in wages.[70]

Imperial Oil, like the above companies, had initial difficulties with profit sharing. However, unlike the above, instead of turning in another direction, Imperial ~~learned~~ its lessons from the 1915 experiment and tried again in 1920. This time, the structure and regulations set down insured the new plan, in large measure, against either employee complacency or dissatisfaction.

The most obvious way that continued employee interest was achieved at Imperial Oil was through the setting up of a trust fund which was actually also a savings plan requiring monthly or semimonthly deductions from the employees' wages or salaries. Thus, each paycheck reminded the

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[70] Michell, "Profit Sharing," p. 308.

employees of the plan. In addition, the company made regular and fixed contributions to each employee's account so that even if the dividends accrued to the plan decreased from one year to the next, the balance in the savings account steadily grew independently of employee deposits as long as the employee remained an active member of the plan. And, since the duration of each trust was from three to five years, the hope that the next year's dividends would rise due to improved economic conditions and increased productivity took some of the intensity out of each bad year, especially if the depressed conditions were beyond the power of either the workers or the management.

In the event of employees being forced to withdraw their funds due to unexpected personal economic difficulties, these workers received both their own deposits and six per cent compounded interest and were allowed back into the plan at the beginning of a new trust if the board of directors and the employee involved felt that a certain amount could once again be set aside from the wages received. In this way, employees who were forced to face an emergency could view the co-operative investment trust as a savings account from which a certain amount of money was readily available.

Employees who could participate until each trust matured became stock owners in their own right, and thus had an interest in the continuing prosperity of the company in the expectation that the value of their shares would increase. For immediate gain, however, any member of this group could sell up to one-third of his/her stock in order to make personal purchases without jeopardizing their membership in the following trust.

It is obvious to the reader, therefore, that both Imperial Oil's management and Imperial Oil's employees stood to benefit from this plan even though it did not fundamentally alter the relationship between them. That is, Imperial Oil's officials were able to encourage continued employment and productivity among the employees, and the workers were able to purchase desired consumer goods with their savings at regular intervals with the knowledge that a growing "nest egg" remained for future emergencies or old age.

It is also obvious that if the above plan had any chance of success, all of the employees at Imperial Oil would have to be making enough money to meet both daily expenses and the savings requirements stipulated for stock ownership. While an analysis of the wages and salaries received by Imperial's employees in relation to the average cost of living between 1920 and 1935 could have been undertaken to try to determine if wages were high enough to permit regular deductions as savings, the author felt that such an exercise would be pointless since higher wages usually lead to increased expenditures, while the amount delegated to savings remains relatively constant. A better indicator, therefore, is the fact that Imperial Oil's employees successfully adhered to the basic requirements of 4 investment trusts for a total period of 15 years.

In addition, it is of the utmost importance to recognize that the economic conditions prevailing throughout most of the years this stock-ownership plan was in operation cannot be considered as conducive to saving money. The span of the first trust, 1920 to 1925, for example, experienced both general depression and soaring costs. Despite this, about 50 per cent of the eligible employees participated and deposited a total of $4,434,211.60.[71] And, while approximately the same number of workers belonged to the fourth trust, it was successfully executed in the middle of the worst depression in Canadian history.

It is apparent, therefore, that at least some of Imperial's employees were earning enough money, even in the most difficult of times, to be able to invest in the future. However, it is unfortunate that no breakdown of Imperial's employee stockholders from labourer to executive is available in order to determine whether one or more groups at the bottom of the hierarchy were forced out of this advantageous position due to repressed conditions beyond their control. The only equalizing factor known, as already mentioned, was that from the beginning of the second trust through to the end of the fourth, the maximum amount employees could invest was reduced from 25 per cent to 10 per cent of their annual earnings so that employees of all ranks were on a more equal footing with each other in terms of the number of shares each was able to purchase.

As far as general trends in profit sharing and stock ownership in Canada are concerned, successful plans usually operated in companies where relations between the employers and the workers were cordial and the schemes were accepted by the employees as gestures of goodwill and

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[71] "The New Partners," IOR, X (June, 1925), 2.

esteem from management. Failures with profit sharing and stock ownership, from management's point of view, as was the case in the United States, usually were connected with unfulfilled expectations concerning increased efficiency and productivity. Employees, on the other hand, usually did not accept such plans unless good wages, reasonable hours, and fair working conditions already existed,[72] and this leads us to further discussions of management's expectations in introducing fringe benefits.

When an employer in either the United States or Canada was already offering good wages, fair conditions of employment, and a full range of benefits, he sometimes set down provisions to insure that if the employees still became disenchanted, they would have much to lose through turning to unionism. Such an example can be found in the 1919 regulations governing International Harvester's pension plan in Hamilton, Ontario:

> A pension may be suspended or terminated by the Pension Board for gross misconduct or other cause. . . . Neither the establishment of this plan . . . nor any other action . . . shall be held . . . as creating a contract or giving to any employee a right to be retained in the service or any right to a pension; and the company expressly reserves . . . its rights to discharge without liability any employee . . . whenever the interests of the company may in its judgement so require.[73]

For anyone who remembered or was aware of the cancellation of stock gifts to the leaders of the strike at International Harvester in 1903, there was little doubt as to the possible consequences the above

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[72] Michell, "Profit Sharing," pp. 302, 306.

[73] International Harvester Co., "Pension Regulations," Jan. 1, 1919, Cyrus Hall McCormack II, Papers, Private File, quoted in Robert

language implied. The pension plan was regarded by the employees as a reward for not joining unions.[74]

Similarly, but without the harsh results, Imperial Oil included a clause in its early non-contributory pension plans which stated that "the Directors reserve the right at any time to abolish or modify these annuities, both in their general form and in their application to individuals."[75] In this case, however, no indication was found in the information made available to the author of any employee being deprived of his/her pension due to conduct considered inappropriate by management. This conclusion must be tempered though by the general scarcity of sources on the 1912 and 1918 strikes at Imperial Oil, and by the fact that unions did not seriously challenge Imperial's employee representation plan during the 1918 to 1938 period.[76]

Standard Oil's 1903 annuity plan also contained the above disclaimer clause, although Hidy and Hidy concluded that no advantage was taken of it. Individual cases were considered on their merits and as long as the worker fulfilled the service and age requirements and

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Ozanne, A Century of Labor-Management Relations at McCormick and International Harvester (Madison: The University of Wisconsin Press, 1967), p. 83.

[74] Ozanne, International Harvester, p. 84.

[75] By-Law No. 111: By-Law of the Imperial Oil Co. Ltd. to provide a Plan for Annuities, 1911.

[76] Imperial Oil's refinery in British Columbia unionized in 1949, and the Calgary one followed suit in the late 1960's. They are the only two that are no longer operating under employee representation.

wished to retire, no one was refused a pension. Even when an employee failed to meet one or more of the stipulations but wished to stop working, he/she was usually put on a "special salary role" with the executives' approval.[77]

Finally, as we have already discussed, Imperial Oil was by no means the first company in Canada to introduce pension benefits. When it did take the initiative, Imperial followed both Standard Oil's lead and the traditional pattern of formal non-contributory plans adhered to by most large Canadian and American companies up to 1929. That is, Imperial introduced a plan that ws financed on a current cost basis which stipulated neither obligation on the employer to continue the plan indefinitely, nor strict legal guarantees of payment to the employees.[78]

When the changeover to contributory pension plans began in Canada in 1929, Imperial Oil once again lagged behind a few large corporations. However, the Depression soon brought the high cost and inadequate reserves inherent in non-contributory plans home to Imperial's hierarchy in Toronto and New York, and in 1932 contributions from the employees were accepted and a board was set up within the company for the purpose of administration.[79] In this regard Imperial Oil did not follow other

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[77]Hidy and Hidy, Pioneering in Big Business, p. 604.

[78]Queen's University, Retirement Plans in Canada, p. 11. In Imperial Oil's favor, as indicated in Chapter III, the 1919 non-contributory pension plan was listed as vested.

[79]Larson, et al. New Horizons, p. 349 indicates that Standard Oil turned to contributory pensions in 1932 as well.

Canadian companies in introducing an outside insurance company to handle the pension funds. Nevertheless, Imperial did have a more advanced plan than some other firms because Imperial employees who wished to withdraw from the scheme before retirement received what they put into it with 3 per cent interest. When employees participated until retirement, 1 per cent of their contributions was vested after 20 years service so that they did not suffer the consequences of some other North American plans which contained no guarantees that employees would receive anything from the company if they withdrew early or if the company was suffering from adverse economic circumstances when the time for an employee to retire arrived.[80]

It is clear, therefore, that especially at Imperial Oil, the new contributory plans were a further de-emphasis of pensions as a reward for faithful service. The contractual rights of employees were strengthened through the increasing tendency to look on retirement provisions as joint employer-employee savings plans.[81]

The philosophy behind paid vacations in Canada is similar to the motives which induced other North American corporate officials to introduce pension plans and other welfare measures. That is, employers granted time off with pay to give the employees time to rest, time to engage in recreational activities, time to make home improvements, and

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[80] Queen's University, Retirement Plans in Canada, p. 13.

[81] *Ibid.*, p. 12.

time to purchase desired consumer products in the expectation that this expenditure would result in a more efficient and satisfied work force. Thus, paid vacations were a reward for past service and a preparation for future expectations.[82]

Referring once again to Appendix 1, the first Canadian paid vacations to be written up in the Labour Gazette were granted in 1919. Thus, Imperial Oil was not only slow in introducing this innovation in relation to Standard Oil, but it also trailed far behind some other Canadian corporations. This is not to say, however, that Imperial was the last company in Canada to introduce such a plan. On the contrary, according to Queen's University's study of this benefit, one-quarter of all paid vacation plans in this country were adopted in 1937 or 1938 and did not go into effect until 1939.[83] And, according to the Queen's study again, 10 of the plans it investigated were suspended in 1932, until the worst of the Depression subsided, and were reinstated in 1936.[84]

In Canada, like the United States, many of the larger companies granted vacations with pay to their salaried workers a few years before the same were given to their wage earners. The reasons behind this are not difficult to determine. Office workers are generally in closer contact with management on a day-by-day basis and therefore received

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[82] Queen's University, Industrial Relations Section, Vacations With Pay in Canadian Industry, Bulletin No. 3 (Kingston, Ontario: Queen's University, 1939), p. 18.

[83] Ibid., p. 16.

[84] Ibid., p. 33.

greater attention; there are fewer salaried employees than wage earners in most firms; and the employers have always viewed their salaried people who are paid by the week or the month as more permanent than wage earners who are paid on an hourly basis, and so long-term considerations favoured the granting of benefits to the salaried group more than to the more mobile lower echelons.[85]

Following the salaried office workers, paid vacations were granted to foremen and supervisory officials in an attempt to increase their status and to strengthen their loyalty to upper management.[86] Lastly, time off with pay was extended to many wage earners prior to 1938, despite their impermanance, when it was realized that the additional leisure might more than return the expense incurred through higher productivity and the absence of discontent.

Imperial Oil, in contrast, appears to have granted paid vacations to both its salaried employees and its wage earners in late 1936. The amount of time off granted to salaried people, however, seems to have been less liberal than the conditions prevailing in other Canadian industries. The Industrial Relations Section of Queen's University, for example, found that most companies stipulated 2 weeks vacation after 1 year of service.[87] Imperial provided 1 week for 1 year

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[85] *Ibid.*, pp. 17-18.

[86] *Ibid.*, p. 19.

[87] *Ibid.*

of seniority and 2 weeks after 3 years. For wage earners, though, Imperial was in step with most other industries in Canada in granting 1 week to workers with 1 year of service. Imperial's 2 weeks after 3 years was much less common.[88]

Now that the amount of time off enjoyed by Canadian employees has been determined, the number of hours worked each day must be considered. We have already discussed the fact that Standard Oil of New Jersey introduced the 8-hour day in 1915, and Canadian industrial relations specialists spent much time considering the pros and cons of this innovation in 1919. It remains to place Imperial's 1919 change-over from 9 or more hours per day to 8 hours per day in the context of other Canadian firms.

In June of 1919 the Canadian Department of Labour conducted an inquiry into the hours of labour in this country. Questionnaires were sent to about 8,500 companies, and some 6,250 replies, covering approximately 612,000 employees were received.[89] The general results of this survey, indicating how many of the 612,000 worked certain hours per day, follows immediately in Table 3. This information is then further divided in Table 4 to show the most common number of hours worked daily in each of the 9 provinces in Confederation in 1919.

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[88] Ibid., p. 46.

[89] "Hours of Labour in Canada," Labour Gazette, XX (Jan., 1920), 46. The figure 612,000 represents about 50 per cent of the total number of employees working at the companies which responded to the Department of Labour's questionnaire.

TABLE 3

EMPLOYEES WORKING A SPECIFIED NUMBER OF HOURS PER DAY, JUNE, 1919

HOURS PER DAY	MEN	WOMEN	TOTAL	PER CENT OF 612,398
4	26	--	26	.0040
5	119	146	265	.0430
5.5	--	2	2	.0003
6	164	460	624	.1010
6.5	89	190	279	.0450
7	3,908	4,180	8,088	1.3200
7.5	4,306	3,512	7,818	1.2700
*8	222,910	43,326	266,236	43.4700
8.5	22,527	10,740	33,267	5.4300
9	123,987	28,742	152,729	24.9300
9.5	7,549	2,358	9,907	1.6100
10	106,450	14,277	120,727	19.7100
10.5	1,474	184	1,668	.2700
11	3,654	71	3,725	.6080
11.5	56	--	56	.0090
12	5,393	37	5,430	.8860
12.5	145	--	145	.0230
13	966	26	992	.1610
14	266	3	269	.0430
15	5	--	5	.0008
17	150	--	150	.0240
TOTALS:	504,144	108,254	612,398	100.000

*This number includes an approximation of 100,000 steam railway employees who were working on a basic 8-hour day which did not necessarily constitute an actual 8-hour day.

SOURCE: Adapted from "Hours of Labour in Canada," Labour Gazette, XX (Jan., 1920), 46.

TABLE 4

EMPLOYEES WORKING A SPECIFIED NUMBER OF HOURS PER DAY
ACCORDING TO PROVINCE, JUNE, 1919

PROVINCE	UNDER 8	8 HOURS	8.5 HOURS	9 HOURS	9.5 HOURS	10 HOURS	OVER 10	TOTAL
Prince Ed. Island	55	39	12	263	--	231	20	620
Nova Scotia	828	15,386	2,914	4,445	288	9,262	1,095	34,218
New Brunswick	478	1,170	609	5,973	219	6,351	324	15,124
Quebec	5,324	28,240	6,415	40,291	3,691	50,533	4,552	139,046
Ontario	6,668	74,923	17,336	85,368	4,243	44,235	6,106	238,779
Manitoba	1,616	11,823	1,529	3,272	1,274	2,336	124	21,974
Sask-atchewan	375	1,415	506	1,078	19	1,543	27	4,963
Alberta	678	7,340	1,221	2,428	57	713	24	12,461
British Columbia	1,080	25,900	2,725	9,611	216	5,523	158	45,213
TOTALS:	17,102	166,236*	33,267	152,729	9,907	120,727	12,430	512,398

*This figure does not include the 100,000 steam railway employees.

SOURCE: Adapted from "Hours of Labour in Canada," Labour Gazette, XX (Jan., 1920), 47.

If Table 3 can be considered as representative of Canadian industry generally, then Imperial Oil's workers began the 8-hour day when about 43 per cent of all other employees in the country were already on this schedule or were about to adopt it. Thus, Imperial Oil's employees enjoyed the change from at least 9 hours per day to 8 per day when approximately 56 per cent of the Canadian labour force were not yet subject to this innovation.

Similarly, according to the provinces in which Imperial had refineries and marketing divisions in 1919, 20.30 per cent of Quebec's employees; 31.37 per cent of Ontario's employees; 7.73 per cent of New Brunswick's employees; 58.90 per cent of Alberta's employees; and 57.28 per cent of British Columbia's workers were on the 8-hour day when Imperial Oil adopted it.

Going back to the reasons why Imperial Oil granted the 8-hour day in 1919 instead of soon after Standard's introduction of the same in 1915, the author feels that Imperial Oil could have adopted shorter hours at the earlier date if Walter Teagle and W.J. Hanna had been amenable to them at that time. Instead, the executives in the United States and Canada waited until employee representation and the accompanying benefits were in operation at Imperial and pressure was mounting throughout Canada for the 8-hour day. In this way Imperial Oil's reduction in hours signalled the completion of its personnel package and focused additional attention on itself during the wave of labour policy reconstruction that was going on in the midst of an unstable period in Canadian industrial relations. This was excellent for Imperial

Oil's public relations image, and Imperial's officials could still truthfully brag that they were among the first to reduce the length of the workday and stabilize conditions of employment.

To begin the last part of this section, the pros and cons of employee representation must be discussed from both a theoretical point of view and from the actual experiences of companies that experimented with it in the years between 1918 and 1938. In a departure from the outline of the chapter thus far, American cases will be presented here along with specific Canadian examples.

Taking the theoretical basis of employee representation in comparison with trade unionism first, it is obvious that works councils or "company unions" represent the simplest form of organized relations between management and labour.[90] Under this system, employee representatives in a single company were given the opportunity, by the employer, to present and discuss the interests and grievances of their confrères with the employer. No particular industrial relations training was required to become an employee delegate, the representatives did not commission outside legal and financial assistance before presenting their requests, and the concessions gained from management did not become the contractual rights of the workers for the life of an agreement.

Trade unionism, in contrast, represents a more structured and

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[90] J.H. Richardson, "Recent Developments in Industrial Co-operation in the United States and Canada," International Labour Review, XX (July, 1929), 69.

independent approach to labour-management communication. Unions in the United States and Canada arose from within the ranks of the workers themselves, and instead of self-contained islands of delegates as present in employee representation, a superstructure of federations and national or international unions exists above each local. These broader units deal with more than one employer, they offer legal and financial assistance to the rank and file representatives, and they are instrumental in bargaining collectively with management from time to time to turn the interests of their members into rights which can only be given back to the employer at a later date if it is found to be expedient to do so.

Thus, management's practice of settling grievances with individual employees was replaced in firms with employee representation by the principle of meeting collectively with worker delegations. In all cases, nevertheless, bargaining in the modern sense of the word did not take place, and this gives rise to additional defects in the works council system as it operated in Canada and the United States that were not discussed previously.

In the absence of an independent union there is always the possibility that overt pressure might be applied by management on the election of committeemen. And, even if company officials do not actively interfere with the employees' voting to insure that desirable representatives with no radical leanings are chosen, the prevailing philosophy and sentiments of the company are easily perceived at the plant level, resulting in an indirect but no less real influence on all of the workers.[91] Therefore, the elected delegates, while in office, could possibly feel that they had to constantly control their impulses in order to stay in line with management's views. This of course could lead to exaggerated conservatism in the presentation and pursual of their requests.[92]

As part of the above there must also be added the fact that the committeemen soon realized that as employees of the people with whom they were meeting, all delegates were particularly susceptible to discharge or discrimination if they incurred the disfavour of the company while exercising their duties to their constituents. This once again could be a restraining influence on ambitious representatives who felt that a favourable impression on management had to be retained at all costs in order to be promoted.

Various aspects of one or more of the above deficiencies can be found in the plans of companies which actually introduced employee representation prior to 1938. On a general level, it was reported in 1925 that the worker representatives at the Rockefellers' Colorado Fuel and Iron mines were keenly aware of the inhibiting forces described

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[91] Paul H. Douglas, "Shop Committees: Substitute For, or Supplement To, Trades-Unions?" Journal of Political Economy, XXIX (Feb., 1921), 95.

[92] This seems to have been the case with the works councils at Massey-Harris between 1919 and 1929. See Scott, "A Place in the Sun," pp. 163-183.

above.[93] Similarly, but more specifically, management's control over the introduction of works councils can be seen in the example of Gray-Dort Motors Limited of Chatham, Ontario. In this instance Gray-Dort's management was first attracted to industrial councils through reading various reports about industries in the United States that had adopted representation plans. As a result, in 1919 the Gray-Dort executives produced a set of by-laws from the best points of the plans studied, and as William M. Gray, vice-president and assistant general manager explained it: ". . . we did not ask our employees to vote whether or not they should adopt same, but simply stated that we intended putting it into effect. A set of by-laws was immediately published, in concise book form, passed out to those in the organization, and the plan became operative."[94]

Another example which is appropriate to present at this time concerns the isolation of each works council, not only in relation to other employers in an industry, but even within one company. The International Harvester organization as it existed in both Canada and the United States in 1923 contained industrial councils in 25 different plants. Thus, with no regular means of intercommunication between these

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[93] "Reports and Enquires: Wage Earners' Participation in Management in the United States," International Labour Review, XII (Aug., 1925), 265.

[94] "Address of Mr. Wm. M. Gray, Vice-President and Assistant General Manager, Gray-Dort Motors, Limited, Chatham," quoted in Canada, Report of a Conference on Industrial Relations, p. 9.

groups, it is obvious that the employees and their representatives could never exhibit the unified front that management always displayed.[95]

This isolation of individual works councils leads us to a further discussion of two more defects in the company unionism system which were briefly indicated above. Firstly, as we have already seen, joint councils were limited to what many authors call "non-vital matters" such as welfare benefits and grievances. In addition, even when hours of employment, working conditions, and wages were discussed, works councils had no power to negotiate these on an industry-wide basis. Similarly, the right to hire, discharge, and layoff remained within the confines of management prerogative. These facts effectively reduced "company unions" to the level of suggestion committees or grievance bodies.

Secondly, employees working in a firm with employee representation were assured of a hearing for their suggestions and grievances, and they had a limited guarantee of fair treatment from management. However, as soon as workers decided to change their place of employment, they lost all of the privileges formerly enjoyed, and unless they moved to a unionized company, each worker went back to dealing with management on an individual basis. Ultimately, all employees in an ununionized industry ran the risk of working for an employer who reduced wages and benefits to the lowest common denominator in that industry in order to remain competitive.[96] The evidence presented on Standard Oil of New Jersey

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[95] Ozanne, International Harvester, p. 123.

[96] Richardson, "Recent Developments," p. 74.

prior to the introduction of employee representation is one example of this development.

To alleviate the above situation, Paul Douglas concluded that unions are the only safeguard available to labour to insure uniformity of wages and benefits in an industry. As he said:

> The interests of the workers can ultimately only be protected effectively by an organization of the workmen themeselves to resist the pressure for lower wages and sweated conditions brought to bear upon them through the market structure.[97]

As far as Imperial Oil is concerned in relation to the above defects and examples, Imperial's management did not impose the employee representation system on its workers without consulting them. While it is true that management officials drew up the rules and regulations that it thought necessary for a successful plan, the refinery and marketing division employees were given the opportunity to indicate through a vote acceptance or rejection of the company's proposal. In this way an agreement or "contract" was made between the employer and the workers before the works council plan was put into operation.

However, like International Harvester, a problem of communication between the various councils within Imperial Oil did exist. The provision for a general meeting of all of the delegates once a year at the call of the president, as indicated in Chapter III, could not possibly resolve anything more than general difficulties. On a day-by-day or week-by-week basis each group of delegates at each refinery or marketing division was isolated from the other groups. The various levels of

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[97] Douglas, "Shop Committees," p. 100.

management, in contrast, received centralized instructions concerning industrial relations from the highest officials of the company in both Canada and the United States, and could therefore present a united front at council meetings throughout the country.

One factor which did, nevertheless, blunt the edge of this unfortunate situation was the fact that Imperial Oil's officials usually extended gains won at one refinery or marketing outlet to all of the refineries or marketing divisions before inequalities between the groups grew to any sizeable proportions. In this way individual works councils did not function in splendid isolation.

Finally, as we saw in Chapter III, Imperial Oil's works councils did not fundamentally alter the relationship between management and the workers, but functioned instead as grievance and suggestion committees which improved communications between these two groups. In other words, all of the employer's prerogatives concerning the organization and allocation of Imperial's physical and human resources remained intact.

Turning away from the defects of joint industrial councils, the interesting matter of the national origins and training of the chief executives of the American-owned Imperial Oil, Limited must now be considered. This is the final point that will be discussed in relation to the question of Standard Oil's influence on Imperial Oil, and in some respects it is also the most important aspect of this investigation.

While the author must unfortunately report that the names of the presidents and directors of Imperial Oil did not surface for the years between 1898 and 1914, it is known that Walter C. Teagle occupied the president's office in Toronto from 1914 until the middle of November, 1917; W.J. Hanna took over this position from the end of 1917 until his untimely death early in 1919; he was succeeded by Charles O. Stillman, whose tenure extended into the 1930's; and G.H. Smith assumed and maintained the presidency into the 1940's.

Upon taking each of these chief executives individually, one cannot help but be struck by the background of the man who piloted Imperial Oil through much of World War I. To begin, Walter Teagle's mother was the daughter of Maurice B. Clark, who was John D. Rockefeller's first business partner. In addition, Teagle's father, John, was part-owner of a Cleveland, Ohio oil refinery that was long famous as a vigorous competitor of Standard Oil. And finally, Walter himself entered his father's firm as a marketer around the same time that it became a hidden associate of Standard Oil under the name of the Republic Oil Company. From here Teagle rose to be vice-president and general manager of Republic Oil, and after he gained some overseas experience, he was elected to Jersey Standard's board of directors in 1909.[98]

Thus, while an American with impecable credentials was Imperial Oil's president during an important period in the company's history, his successor, who was responsible for handling one of Imperial's rare strikes, and who introduced the first joint industrial councils into the Canadian refineries and marketing divisions, was a Canadian with little industrial experience. W.J. Hanna was born in Adelaide Township in

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[98]Hidy and Hidy, Pioneering in Big Business, pp. 314, 320-321.

Middlesex, Ontario in 1862. He was educated in law at Osgoode Hall, and was elected to the Ontario Legislature for West Lambton, Ontario in 1902, 1905, 1908, and 1911.[99] In addition, however, Hanna did practice law in Sarnia, Ontario between 1891 and 1896, and it is possible that he became acquainted with some Imperial Oil officials during these years. In any event, in 1912 it was reported that Hanna had turned down offers of directorships from numerous corporations, including Standard Oil of New Jersey, but by 1917 it is apparent that Standard officials had succeeded in changing his mind to some extent, and he became president of Imperial Oil late that year.[100]

We must bear in mind, however, that although W.J. Hanna was Imperial's president for much of two crucial years, Walter Teagle went on to be Standard Oil's chief executive after he left Imperial Oil. Thus, considerable weight must be given to Teagle's interest in, and influence on, Imperial's affairs in spite of his other responsibilities and the fact that he operated from a distance for the most part, even though he maintained his seat on the Canadian company's board of directors.

In addition, Hanna was the only Canadian Imperial Oil president among the four under consideration. His successor, C.O. Stillman, was educated in Bayonne, New Jersey and worked at Jersey Standard during his

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[99]Hanna served as the Provincial Secretary of Ontario for a number of years after he was elected to the Ontario Legislature.

[100]W.A. Craick, "Wanted: Big Job for Hanna," MM, Aug., 1912, pp. 106-115; and Who's Who and Why: A Bibliographical Dictionary of Men and Women of Canada and Newfoundland, Vol. 5, 1914, ed., by C.W. Parker (Vancouver: International Press, Ltd., ;9;4), p. 420.

summer vacations between 1880 and 1882. He then became a full-time Standard employee and learned the business between 1882 and 1890. From here he went to Buffalo, New York to be superintendent of the Standard plant there, and was transferred to the Bushnell Company, a Jersey affiliate in Sarnia, Ontario, in 1897. Finally, in 1899 he was appointed director and superintendent of Imperial Oil in Sarnia, was elected vice-president in 1911, and became president in April of 1919.[101]

Thus, a Standard Oil employee of long standing and wide experience in the corporation directed Imperial Oil's affairs throughout the first crucial years of Imperial's employee representation plan, and during some of the strongest anitunion and economically difficult years in North America's history.

In conclusion, Standard Oil's influence on Imperial Oil, which was most tangibly embodied in the person of successive Imperial presidents, continued to the end of 1938 under the stewardship of G. Harrison Smith. Smith was a native of Brooklyn, New York, and while he came to Canada in 1916, he was a Standard Oil director at the same time that he was president of Imperial Oil.[102]

The last section of this chapter will briefly deal with an area that is apart from most of the other material presented thus far. However,

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[101] Who's Who in Canada Including the British Possessions in the Western Hemisphere 1928-29: An Illustrated Biographical Record of Men and Women of the Time, ed., by B.M. Greene (Toronto: International Press Limited, 1929), p. 1497.

[102] Who's Who in Canada, 1934-35, p. 460.

the author feels that it is important to conclude this evaluation with a few words about the reactions of Imperial Oil's employees to the labour relations policies that the company inaugurated between 1911 and 1938.

To begin, while Larson, et al. reported in New Horizons that the joint industrial council system experienced some resistance and distrust on the part of the workers when it was first introduced at Imperial Oil, they concluded that these problems were gradually ironed out,[103] and this certainly seems to have been the case from the expressions of loyalty and appreciation that the works councils and the other fringe benefits and welfare plans evoked from the employees to management.

One example of this loyalty among those in the rank and file is found in the fact that both the unionized and nonunionized workers at the Imperial refinery in British Columbia continued to work efficiently in 1919 in spite of the persistent urgings of strikers from other companies to join in the general work stoppage that was taking place in Vancouver at that time.[104]

Similarly, but in a different context, Imperial Oil's employees let the executive officers know that they appreciated the measures introduced after 1911 either through letters to the Imperial Oil Review, or by statements that they asked their immediate supervisors to relay to higher officials. In the summer of 1919, for example, the elected

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[103]Larson, et. al., New Horizons, p. 361.

[104]"How Vancouver Weathered the Strike Storm," p. 14.

delegates at the Sarnia, Ontario refinery proposed and unanimously carried the following motion at the eighth regular meeting of their joint council:

> That there be inserted in the Minutes of the meeting a resolution to the effect that it is the feeling of the delegates on the Annuities and Benefits, elected last December, that the Plan under which the Sarnia Works has been operating this year, has given entire satisfaction and that both the Company and the employees are to be congratulated upon having adopted a Plan under which every question regarding the welfare of the employees in the Plant (which has so far been brought before the delegates' meetings) has been settled in an entirely satisfactory way both to the Company and the men; and that they further wish to express their confidence that there is no question which is likely to come up before the delegates' meetings in the future, which, in their opinion, cannot be settled to the entire satisfaction of the Company and the men.[105]

Finally, as a more concrete token of the employees' appreciation of Imperial Oil's generous industrial relations policies, a committee of workers announced to the shareholders in 1930 that $35,000.00 had been collected from voluntary subscriptions throughout the firm in order to start a philanthropic trust fund from which the executive officers could make donations to outside agencies on a regular basis.[106] This

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[105] Motion, Joint Conference, Sarnia, Ontario May 31, 1919, quoted in "One Hundred Per Cent Dividend on Reasonableness," IOR, III (Special Number, 1919), n.p. Numerous other examples of the employees' expressions of gratitude were recorded in the Imperial Oil Review. A few of them can be found in the following articles:
1) "And So Say All of Us," IOR, III (March, 1919), p. 10.
2) "Ten Per Cent. Bonus," IOR, IV (Jan., 1920), p. 9.
3) "The Harvest of Our Constructive Policies," IOR, V (June, 1921), p. 3.
4) "Expressions of Appreciation," IOR, IX (Feb., 1925), p. 13.
5) "The Still, Small Voice of Gratitude," IOR, XX (Feb.-March, 1936), p. 21.

[106] "Employees Present Trust Fund to Directors," IOR, XIV (March-April, 1930), pp. 1-3.

gesture surely indicates a feeling of well-being on the part of many Imperial employees concerning their relations with their employer, and this is particularly significant since in 1930 the effects of the Depression were already beginning to be felt in North America, and other corporations were withdrawing employee-related programs that Imperial Oil continued to successfully operate.

Thus, one can conclude from the above that at least some Imperial Oil employees were satisfied with their conditions of employment. However, questions surrounding the workers' interest in employee representation over an extended period must be considered since apathy in this regard crippled the effectiveness of joint councils. At Imperial Oil, however, while Tables 5 and 6 on the voting records of the employees across Canada, which follow immediately, show some initial difficulties, employee participation in the election of representatives seems to have been steady during the years for which figures are available after the representation system became firmly entrenched in the various divisions.

To conclude this chapter, we have seen that Imperial Oil's industrial relations policies were directed and influenced by Standard Oil of New Jersey in some cases; while in others Imperial was an innovator in its own right. Similarly, as far as Imperial Oil's position in relation to industrial relations developments in the rest of Canada between 1880 and 1938 is concerned, it is clear that Imperial was among the leaders in some areas; but was content to follow behind other corporations in other instances.

Thus, to proceed with the more straight forward examples of

TABLE 5

PERCENTAGE OF EMPLOYEES VOTING FOR EMPLOYEE REPRESENTATIVES AT IMPERIAL OIL DIVISIONS ACROSS CANADA, 1920-1929

YEAR OF ELECTION	CALGARY	EDMONTON	HAMILTON	WINNIPEG	OTTAWA	QUEBEC	ST. JOHN
1920	--*	--	--	--	--	96	--
1921	--	--	--	--	--	--	--
1922	100	93	100	89	--	100	--
1923	--	--	--	--	--	--	--
1924	100	100	100	100	96	100	100
1925	--	--	--	--	--	--	--
1926	--	--	--	--	--	--	--
1927	100	100	--	--	100	--	100
1928	--	--	--	--	--	--	--
1929	92	100	92	97	100	100	100

* -- indicates that no figures were supplied for these locations.

SOURCE: Adapted from Imperial Oil Review, Vols. IV-XIII.

TABLE 6

PERCENTAGE OF EMPLOYEES VOTING FOR EMPLOYEE REPRESENTATIVES MONTREAL EAST REFINERY, 1921-1938

YEAR OF ELECTION	1*	2	3	4	5	ELIGIBLE EMPLOYEES	NO. VOTED	% VOTED	NO.	REASON NOT VOTE
1921	--**	--	--	--	--	426	252	59		--
1922	37	83	55	21	68	--	--	53		--
1923	--	--	--	--	--	--	--	--		--
1924	--	--	--	--	--	384	348	91		--
1925	--	--	--	--	--	--	--	--		--
1926	--	--	--	--	--	--	--	--		--
1927	--	--	--	--	--	439	428	97		--

TABLE 6 CONTINUED

YEAR OF ELECTION	1	2	3	4	5	ELIGIBLE EMPLOYEES	NO. VOTED	% VOTED	REASON NO. NOT VOTE
1928	98	100	99	98	94	--	--	98	--
1929	100	90	96	98	100	--	--	97	--
1930	--	--	--	--	--	596	583	98	13 sick
1931	--	--	--	--	--	641	641	100	
1932	100	100	100	100	100	550	550	100	
1933	--	--	--	--	--	--	--	--	--
1934	--	--	--	--	--	--	--	--	--
1935	--	--	--	--	--	526	525	99	--
1936	--	--	--	--	--	590	584	99	6 sick
1937	--	--	--	--	--	575	566	98	9 sick
1938	--	--	--	--	--	570	556	97	10 sick

* Numbers 1 through 5 represent the 5 divisions in the Montreal refinery.
** indicates that no figures were available for these dates.
SOURCE: Adapted from Imperial Oil Review, Vols. V-XXII.

the events as they unfolded in Canada and the United States, and at Imperial Oil and Standard Oil, in order to categorize them in an organized fashion, we can begin by remembering that Standard Oil introduced its first pension plan in 1903 and modernized it in 1909. Imperial Oil, on the other hand, did not enter this field until 1911, and when a large number of Canadian and American firms turned to employee contributions in 1929 to augment their pension provisions, Imperial Oil did not follow suit until 1932.

Similarly, we saw that Standard Oil of New Jersey introduced its employee representation plan in April of 1917, and Imperial Oil waited until December of 1918 to set up the same provisions. In this instance, however, it must be noted that Standard Oil was the first petroleum company in the United States to operate with industrial councils, and it was quite remarkable that Imperial Oil mobilized similar facilities as quickly as it did. With this in mind, however, we must remember that strong extenuating circumstances such as the Canadian government's support for collective bargaining as expressed in P.C. 1743, and the 1918 strike at Imperial Oil's refinery in British Columbia, the increasing militancy of the Canadian labour movement after 1916, the fact that Walter Teagle was Imperial Oil's president from 1914 to 1917, and the improved public image to be gained from inaugurating employee representation, all spurred Standard Oil's and Imperial Oil's executives to move quickly in operationalizing the joint industrial councils.

Now, to turn to a few other more striking examples of Imperial Oil trailing behind other corporation, Standard Oil introduced paid vacations in 1924, and Imperial Oil did not give in to employee requests for the same benefit until 1937. Standard Oil also introduced the 8-hour day in 1915, and Imperial Oil did not follow suit until 1919. In both of these cases, however, rather clear evidence indicates that Standard Oil did not have any particularly clearly defined motive for stopping Imperial Oil from taking action in these directions, but it is probable that the executives in New York and Toronto decided to wait until more pressure built up in Canada for the 8-hour day and paid vacations before introducing them here. Thus, when Imperial Oil did take action and set up provisions to accomodate three shifts in 1919, numerous industrial relations bodies such as the National Industrial Conference were discussing shorter hours, and Imperial's move attracted considerable attention.

On a slightly different note, Imperial Oil was particularly slow in introducing athletic and recreational facilities for its employees since we saw that the first Canadian developments along these lines emerged as early as the 1880's. However, Imperial Oil probably had welfare measures such as washing facilities and toilets at an earlier date since Standard Oil was among the pioneers in this regard in the United States.

Finally, turning to instances where Imperial Oil acted on its own initiative in advance of other companies, it is not surprising that Imperial introduced war bonuses for its employees before the American parent plants since Canada entered World War I almost three years ahead of the United States. More important examples than this are available, however, and one of the most interesting centers on the fact that Imperial Oil began producing its employee magazine in May of 1917--a full year and a half before it introduced its employee representation plan. Standard Oil, on the other hand, inaugurated its house organ, the Lamp in May of 1918--one year after Imperial Oil, and one month after works councils began meeting in Standard's refineries and marketing divisions.

Another very interesting example of Imperial Oil acting in advance of Standard Oil, and one for which no explanatory details were found, concerns Imperial Oil's experimentation with stock ownership in 1915 and 1920 before Standard Oil ventured into this field at all. As a result of these "dry runs" in Canada, since Imperial Oil ironed out numerous difficulties connected with investment plans, Standard was able to begin its profit-sharing scheme with considerable confidence.

And lastly, to change the subject of these conclusions as they have been pursued so far to Mackenzie King's philosophy of management, it must be clearly understood that while he was accurate in his belief that improved communication between labour and management was needed to break down the barriers imposed by social Darwinism and scientific management, he was probably disappointed by the instances where joint industrial councils either pretended to, or failed to, facilitate a new relationship between the parties to industry. However, whether this was the case or not, Mackenzie King clearly left himself open for extensive criticism since he never recognized the enormous power that employers retained under employee representation. Thus, even in Imperial Oil's case where advancements seem to have been made in bringing the workers closer to management, the joint council system falls far short of the organized labour movement in terms of the power that trade unions can afford the workers when difficulties arise.

To sum up these conclusions, therefore, the results of this study of industrial relations policies in Canada and the United States, and Imperial Oil and Standard Oil, indicate that the philosophies of management concerning labour that were adhered to in these two countries between 1880 and 1938 emerged in a roughly parallel and corresponding manner. Upon turning to the investigation of particular examples, however, we saw that in some instances the American parent firm actually hindered the introduction of certain personnel policies in the Canadian branch plant. In other cases, however, Imperial Oil acted on its own initiative and was later copied by Standard Oil and other North American corporations.

CONCLUSION

Now that much of the available research material on the concepts of labour policy that management adhered to in Canada and the United States between 1880 and 1938 has been analyzed and discussed in order to determine similarities and differences in the attitudes and practices of the captains of industry in these two countries, the task of outlining the most salient trends apparent from this study remains to be undertaken. These conclusions will also of course include the results of the investigation conducted in Chapter III and IV of this thesis on the influence that the executives of the Standard Oil Company of New Jersey had on the formation of industrial relations policies at Imperial Oil, Limited after the transfer of ownership took place in 1898.

To begin, it must be noted that the author's hypothesis that industrialists in both Canada and the United States operated according to the precepts of similar conscious and unconscious philosophies of management toward labour, with considerable U.S. influence on Canadian development, was substantiated both by representative private and public pronouncements on this subject, and by the actual conduct of business afffairs during the time period under consideration. More specifically, we have seen that most Canadian and American entrepreneurs apparently believed that they had earned the lofty positions they held through hard work, frugality, and superior ability. To substantiate this contention, and to reassure themselves, owners and managers throughout the continent referred all doubters and malcontents to the doctrines of laissez faire economics and social Darwinism.

This task was facilitated in the United States by William Graham Sumner and Herbert Spencer's popularization after the Civil War of Darwinian theories as they applied to human affairs. In the Canadian case, evidence of the origins of managerial attitudes towards labour is less clear, but it is apparent that in addition to British influence, some portion of the Canadian population was reading about social Darwinism and the corresponding natural laws of economics in at least one nationwide periodical which frequently contained articles directly imported from the United States. In addition, American branch plants were being secured on Canadian soil from the 1880's onward, and their American owners generally preached and practiced the same corporate ideals in both Canada and the United States.

Thus, many Canadian and American entrepreneurs believed that since they had won the battle of the survival of the fittest, they also had the inalienable right to run their business enterprises as they saw fit. In relation to employees, this meant that employers could hire whomever they wished, and if individual workers were dissatisfied with their employment contracts or the working conditions in particular plants, each was free to seek a position elsewhere. In other words, the spirit of the times indicated that individuals should make their own way in the world with no governmental interference or assistance from labour unions.

Turning to employers themselves, however, the emphasis on individualism and free enterprise was muted whenever the effects of unrestrained competition threatened their own positions in the business world. This duplicity was always rationalized, though, through firm declarations which stated that employer associations, large corporations, and trusts were necessary in order to build prosperous economies that would benefit the largest possible proportion of the North American population.

Thus, the twin philosophies of laissez faire economics and social Darwinism formed the foundation from which North American business officials viewed workers between 1880 and 1938, and it was a harsh creed which insured neither adequate wages nor safe working conditions. However, other guides to managerial action were developed by small groups of people as the years progressed, and a few outside forces did manage to intervene and influence certain aspects of North American business thinking.

The systematization and streamlining of management and materials, for example, was largely recognized in both Canada and the United States during the 1880's and 1890's as absolutely essential to the successful prosecution of profitable enterprises. The actual pioneers in this and other innovative fields were mostly American, however, and Canadians were generally content to follow in the footsteps of their more southern counterparts. Correspondingly, therefore, the American management philosopher, Frederick Taylor, devoted much of his life to time and motion study in an attempt to both solve the "labour problem" and to show executives how to conduct their affairs. The Canadian Pacific Railway then imported Henry Gantt to introduce these methods into its Angus shops in Montreal, and other Canadian industrialists soon incorporated similar refinements into their operations.

Similarly, but in a different context, both Canadian and American managers had to be shown that it was economically expedient to introduce industrial improvements and fringe benefits for their employees, and be prodded by hostile external pressure before they moved significantly from their defence of the status quo. In any event, it was mostly the owners of large corporations in both Canada and the United States that became involved in welfare capitalism and the fringe benefits movement prior to 1938, and they did so not because they differed philosophically from their colleagues, but because they decided that these were new tactics that had to be experimented with as part of their never-ending search for higher profits and lower costs.[1]

With time, however, when some of the recreational facilities, profit-sharing, pension, and stock-ownership plans failed to live up to employers' expectations of increased production, managers were quick to discard all of the costly extras that were not achieving the desired results. This of course occurred in spite of the fact that in some instances these measures were unsuccessful because executive officials did not give many aspects of their inauguration and administration the careful consideration they deserved. Other plans did fail, however, because of inherent weaknesses ~~within~~ themselves. The long intervals

[1]See Douglas Brown and Charles Myers, "The Changing Industrial Relations Philosophy of American Management," Industrial Relations Research Association, Proceedings of Ninth Annual Meeting (Cleveland, Ohio, 1956); and Solomon Barkin, "A Trade Unionist Appraises Management Personnel Philosophy," Harvard Business Review, XXVIII (Sept., 1950), 59-64, for their discussions on the question of whether North American managers actually modified their views over the years, or just changed their tactics when dealing with employees.

between the division of dividends accompanying employee stock ownership is one such example. Nevertheless, especially where a large percentage of the labour force was composed of newly arrived immigrants, some corporations were able to purchase the loyalty of these unsuspecting workers through substituting welfare schemes and fringe benefits for something less than the price of a living wage. In other cases, though, fringe benefits and industrial improvements were tangible reflections of the good and honest relations that existed between labour and management.

Moving on to employee representation, it must be noted here that Canada did produce one management philosopher of considerable importance to the course of early twentieth century North American industrial relations. That is, William Lyon Mackenzie King not only wrote about and criticized the deficiencies in labour-management relations in the industrialized world as he perceived them, but he was also afforded the opportunity to develop and implement some of his ideas concerning the importance of improved communication between employers and employees through the inauguration of industrial representation into the Colorado Fuel and Iron mines in 1915. From here, many of the larger companies both north and south of the border embraced joint councils in the hope that they would prove to be the much sought after device needed to convince workers that their interests lay with management and not with trade unions.

Upon turning to one specific example of a company that successfully introduced and operated with employee representation during the peak of this movement's popularity, we found that it is likely that works councils were inaugurated at Imperial Oil, Limited in early 1919 because Standard Oil of New Jersey had already taken this step a few months earlier, and the American and Canadian executives decided that it was wise to initiate immediate and similar action in Canada in order to both stave off additional employee unrest that Imperial Oil and Canada generally was experiencing at this time, and to restore more personal contacts between labour and management that Imperial Oil recognized were lacking in its operations. In addition, the endorsement given to collective bargaining and shop committees by the Canadian and American governments in 1917 and 1918 cannot be discounted as a considerable influence on all of the North American officials that turned to employee representation after World War I.

Thus, while some of the same problems industrialists encountered with employees' reactions to welfare measures and fringe benefits were also experienced in relation to joint councils, the author's major objection to these bodies, besides the fact that their meetings usually amounted to little more than grievance hearings, is the fact that they were generally confined to individual firms rather than covering entire industries. This was not Mackenzie King's fault, however, since as we saw in Chapter II, he hoped that employers would eventually fuse their industrial councils on a nation-wide basis under the guidance of government officials.

Going back to Imperial Oil's relations with Standard Oil, however, we can see from the example of works councils that Standard Oil of New Jersey had some impact on Imperial Oil's industrial relations policies.

This of course was not unexpected, and since 3 out of 4 Imperial Oil chief executives between 1914 and 1938 were American born and Standard Oil trained, it is obvious that the parent firm exerted its influence constantly and directly through the appointment of such presidents. However, this does not ~~mean that~~ Standard Oil always dictated to Imperial Oil when the latter was formulating its labour relations policies, Imperial Oil preceded Standard Oil, for example, in introducing both a stock-ownership plan, and war bonuses, and while external factors did play a role in the second case, Standard Oil did not prevent Imperial from taking this initiative.

In other cases, nevertheless, Standard Oil did mix directly in Imperial's affairs and specifically stated, for example, that it would not let Imperial introduce the 8-hour day in 1915. Similarly, no definite reasons were discovered for Imperial Oil's late introduction of paid vacations for the employees, although the author does believe that Standard Oil and Imperial Oil waited until this movement became popular in Canada before giving in to employee pressure to introduce this benefit. In other words, after Imperial Oil got through the 1920's without a paid vacation plan, it used the economic contingencies of the Depression as a very plausible and probably valid excuse to continue delaying the inauguration of a benefit that it did not want to introduce until pressure for it was mounting thoughout Canada.

In conclusuon, therefore, Canadian and American managers generally adhered to similar philosophies of management, and the United States did influence Canada in this respect and in its course of industrialization between 1880 and 1938. These philosophies of management were largely based on the doctrines of laissez faire economics and social Darwinism, although some innovations were accepted in the organization and handling of both the physical and human factors connected with the various concerns. In fact, a general decline in foremen's autocratic authority was widespread after 1910 in both Canada and the United States as employment or personnel management proved its usefulness to employers and became a commonplace feature of industrial life in many large corporations. Along with these improvements, however, came the superior and paternalistic attitudes of managers which only added to employees' sense of insecurity. In any case, as we have seen, even this philosophy was subject to external pressures as antiunion companies in the 1930's were increasingly forced to make room for union representatives, and men like Elton Mayo urged recognition of the human drives, ambitions, and weaknesses of workers when employers were attempting to formulate strategies designed to facilitate productive business enterprises.

APPENDIX 1

CHRONOLOGICAL LIST OF CANADIAN COMPANIES THAT INTRODUCED WELFARE MEASURES, FRINGE BENEFITS, AND EMPLOYEE REPRESENTATION PLANS, 1880-1938

Company	Date	Labour and/or Management*	Name of or Nature of Plan
G. W. Robinson Co. Ltd., Hamilton, Ontario	1900		Profit-sharing plan
Canadian General Electric Ltd., Peterborough, Ontario	1902	L&M	Employees' Mutual Benefit Society (sickness, death, accident, benefits)
B.C. Electric Railway Co. Ltd., Vancouver, British Columbia	1902	M	Profit-sharing plan
Montreal Street Railway Co. and the Montreal Park and Island Railway Co., Montreal, Quebec	1903	L&M	Mutual Benefit Association (pension, medical, death, sick, accident, funeral, benefits)
Williams, Greene & Rome Co. Ltd., Berlin, Ontario	1903		Welfare Work Plan (material comfort and prosperity of the workers: dining, rest, rec. facilities
Grand Trunk Pacific Railway Co.	1903	L&M	Pension Plan
John Morrow Machine Screw Co., Ingersoll, Ontario	1903	M	Profit-sharing plan

Company	Date	Labour and/or Management	Name of or Nature of Plan
Canadian Pacific Railway Co.	1903	M	Pension plan
Intercolonial Railway	1904		Employees' Relief and Insurance Association Constitution amended (accident, insurance, medical, benefits); Pension plan proposed to and accepted by employees--referred to Parliament
Quebec Firemen, Quebec	1905		Pension and Benefit Association (death, accident benefits)
Longue Pointe Locomotive Co. Longue Pointe, Quebec	1905		Housing plan
Crow's Nest Pass Coal Co. Ltd., Coal Creek, British Columbia	1905	L&M	Recreation facilities
Job Printers, Ottawa, Ontario	1905		8-hour day
Williams, Greene & Rome Co. Ltd., Berlin, Ontario	1905		Benefit Association (medical, death benefits)
Messrs. Lever Brothers Ltd., Toronto, Ontario	1905	M	Employees' benefit fund (pension, death benefits)
Dominion Steel Co.	1906 LG**	L&M	Mutual benefit fund (sick, accident benefits)
General Chemical Co., Capetlon, Quebec	1906 LG		Housing plan
Plymouth Cordage Co., Welland, Ontario	1906 LG		Housing plan
Wortman & Ward Manufacturing Co., London, Ontario	1906 LG		Profit-sharing plan

Company	Date		Labour and/or Management	Name of or Nature of Plan
Stanley Mills Department Store	1906	LG		Stock-sharing plan; Profit-sharing plan
Canadian Pacific Railway Montreal, Quebec	1906			Dining facilities
James Walker Hardware Co., Montreal, Quebec	1906			Stock-sharing plan; profit-sharing plan
Dominion Iron & Steel Co., Sydney, Nova Scotia	1906		L&M	Benefit society (sickness. accident, death, pension benefits)
Messrs. Ganong Bros. Ltd., St. Stephen, New Brunswick	1906	LG	M	Profit-sharing plan
Swift Canadian Co. Ltd., Toronto, Ontario	1907			Employees' Benefit Association
Intercolonial & P.E.I. Railway	1907		L&M	Employees' Provident Fund (pension plan)
Western Fuel Co., Nanaimo, British Columbia	1907		M	Profit-sharing plan
Wellington Coal Co., Extension, British Columbia	1907		M	Profit-sharing plan
Grand Trunk Railway	1907		M	Pension Plan
Williams, Greene & Rome Co. Ltd., Berlin, Ontario	1907		L&M	Savings plan
International Harvester Co., Hamilton, Ontario	1908		L&M	Employees' Benefit Association (sick, accident, death benefits), Pension plan
Canadian Pacific Railway And Steamship Co.	1909	LG	L&M	Welfare work system (first-aid, recreation, dining room, safety league)

Company	Date	Labour and/or Management	Name of or Nature of Plan
McClary Manufacturing Co., London, Ontario	1910	M	Welfare department (first-aid, recreation, hospitalization, sanitation)
Wattsburg Lumber Co., Wattsburg, British Columbia	1910	L&M	Stock-sharing plan; housing and land distribution plan
International Harvester Co., Hamilton, Ontario	1910		Accident plan
Nova Scotia Teachers and School Inspectors	1910		Pension plan
Dominion Coal Co., Glace Bay, Nova Scotia	1910	L&M	Employees' Benefit Society (death, sick, accident, indemnity benefits)
W. J. Gage & Co., Toronto, Ontario	1911		Profit-sharing plan; stock-sharing plan
British Columbia Electric Railway Co., Vancouver, British Columbia	1911		Profit-sharing plan discontinued
Imperial Oil, Ltd., Toronto, Ontario	1911		Pension plan
Swift Canadian Co. Ltd., Toronto, Ontario	1912		Guaranteed hours plan
Eastman Kodak Co. of Canada, Toronto, Ontario	1912		Wage-dividend plan (profit sharing and pension)
Steel Co. of Canada Ltd. Hamilton, Ontario	1913 LG		Stock-sharing plan
International Nickel Co., Sudbury, Ontario	1914	L&M	Profit-sharing plan
James Ramsay Department Store, Edmonton, Alberta	1914		Profit-sharing plan

Company	Date	Labour and/or Management	Name of or Nature of Plan
Ottawa Police Dept., Ottawa, Ontario	1914	M	Pension plan
Imperial Oil, Ltd., Toronto, Ontario	1915	M	Military allowance
Swift Canadian Co. Ltd., Toronto, Ontario	1916	M	Pension plan
Dominion Sheet Metal Co. Hamilton, Ontario	1916		Profit-sharing plan
Consolidated Mining and Smelting Co., Trail, British Columbia	1917		Employee representation plan
Imperial Oil, Ltd., Toronto, Ontario	1917		War allowance
Bell Telephone Co. of Canada	1917	M	Pension plan; sick benefits plan (accident, sick, death benefits)
J. Kayser Co., Sherbrooke, Quebec	1917		Profit-sharing plan
Imperial Oil, Ltd., Toronto, Ontario	1918	M M	Employee representation plan; employment department; pension plan revised; life insurance plan; sick, accident, death benefits plan
Algoma Steel Corp. Sault Ste. Marie, Ontario	1918		Welfare board (plant committee, safety, cafeteria, recreation
Consolidated Mining and Smelting Co. of Canada	1918		Housing plan
Toronto Civic Firemen, Toronto, Ontario	1918 LG	L&M	Pension plan

Company	Date	Labour and/or Management	Name of or Nature of Plan
Imperial Oil, Ltd., Toronto, Ontario	1919		8-hour day
Manitoba Bridge and Iron Works Ltd., Winnipeg and Selkirk, Manitoba	1919		Employee representation plan
International Harvester Co., Hamilton, Ontario	1919		Employee representation plan; industrial relations department
General Motors Corp., Oshawa, Ontario	1919	L&M	Savings plan; investment plan
Swift Canadian Co. Ltd., Toronto, Ontario	1919		Employee representation plan
Canadian Explosives Ltd.	1919	M	Pension plan
Massey-Harris Co. Ltd., Toronto, Ontario	1919	M	Employee representation plan; pension plan; profit-sharing plan
Canadian Explosives Ltd.	1919		Profit-sharing plan
B.C. Electric Railway Co. Ltd., Vancouver, British Columbia	1919	L&M	Housing plan (office employees)
Dominion Coal Co., Sydney, Nova Scotia	1919	L&M	Industrial relations department, sick and death benefits
Toronto Carpet Manufacturing Co.	1919	M	Pension plan; death benefits
Dominion Chain Co., Niagara Falls, Ontario	1919	L&M	Acco Employees' Society (health and life insurance; medical, funeral, sick, cash, pension benefits; paid vacations

Company	Date	Labour and/or Management	Name of or Nature of Plan
Montreal Shirt and Overall Co., Montreal, Quebec	1919	M	Pension plan
Ontario Hydro-Electric Commission	1919	M	Pension plan; sick benefits plan
Canadian Cotton Ltd., Montreal, Quebec	1919	M	Profit-sharing plan
Dominion Sheet Metal Corp., Hamilton, Ontario	1919		Paid-vacation plan
Alaska Bedding Co., Montreal, Quebec	1919		Profit-sharing plan
Bell Telephone Co., Montreal, Quebec	1919		Employee representation plan
Robb Engineering Works, Amherst, Nova Scotia	1919		Employee representation plan
Robert Simpson Co., Toronto, Ontario	1919	L&M	Savings plan; profit-sharing plan
Auto-Strop Safety Razor Co., Toronto, Ontario	1919	M	Insurance plan
Ottawa Electric Railway, Ottawa, Ontario	1919	L&M	Life insurance and sick benefits plan
Gray-Dort Motors Ltd., Chatham, Ontario	1920		Employee representation plan; profit-sharing plan
Gutta Percha and Rubber Co. Ltd., Toronto, Ontario	1920		Employee representation plan
Imperial Oil, Ltd., Toronto, Ontario	1920	L&M M	Stock-sharing plan; Pension plan amended
Acadia Sugar Refining Co. Dartmouth, Nova Scotia	1920 LG		Employee representation plan

Company	Date	Labour and/or Management	Name of or Nature of Plan
International Harvester Co., Hamilton, Ontario	1920		Stock-sharing plan; savings plan; benefits plans revised
National Cash Register Co. Ltd., Toronto, Ontario	1920		Profit-sharing plan
John Morrow Screw & Nut Co., Ingersoll, Ontario	1920		Profit-sharing plan
Canadian Explosives Ltd.	1920		Employee benefits plan
International Metal Works Ltd., Brockville, Ontario	1920 LG		Profit-sharing plan
Northern Electric Co. Ltd.	1920		Pension plan; death benefit plan
S. C. Johnson Co., Brantford, Ontario	1920		Employee representation plan
Imperial Oil Ltd., Toronto, Ontario	1921		Death benefit plan amended
T. S. Simms & Co. St. John, New Brunswick	1921		Employee representation plan
Grand Trunk Railway (car shops) London and Stratford, Ontario	1921		Reduced hours plan
Atlantic Underwear Co., Moncton, New Brunswick	1921	L&M	Housing plan; cafetweia facilities
Verity Plow Co., Brantford, Ontario	1921 LG		Employee representation plan
Bell Telephone Co. of Canada	1922		Stock-sharing plan
International Harvester Co., Hamilton, Ontario	1922		Pension plan revised

Company	Date	Labour and/or Management	Name of or Nature of Plan
Laurentide Co. Ltd., Grand Mère, Quebec	1922		Employee representation plan
James Pender & Co., Saint John, New Brunswick	1922		Employee representation plan
Consolidated Mining and Smelting Co., Trail, British Columbia	1922		Profit-sharing plan
British Empire Steel Corp., Sydney, Nova Scotia	1922		Housing plan
Ford Motor Co., Oakville Ontario	1922		40-hour week
Westmount Policemen and Firemen, Westmount, Quebec	1922		Pension plan
Laurentide Co. Ltd., Grande Mère, Quebec	1923		Stock-sharing plan; savings plan; paid vacation plan
Swift Canadian Co. Ltd., Toronto, Ontario	1923		Paid vacation plan
British Empire Steel Corp., Sydney, Nova Scotia	1923	M	Pension plan
Grand Trunk Railway and Canadian National Railway	1923		Pension plan amended
Canadian National Railway, Stratford, Ontario	1923		40-hour week
Proctor Gamble Co., Hamilton, Ontario	1923		Guaranteed employment plan; profit-sharing plan
Dominion Iron & Steel Co., Sydney, Nova Scotia	1923		Employee representation plan
Nashwaak Pulp and Paper Co. Ltd.	1924 LG		Dining and recreation facilities

Company	Date	Labour and/or Management	Name of or Nature of Plan
Canadian National Railway (central region)	1924		40-hour week
British Empire Steel Corp., Sydney, Nova Scotia	1924		Hospitalization and first-aid plans revised
Laurentide Co. Ltd., Grand Mère, Quebec	1924		Paid vacation plan
Moose Jaw Police Commission, Moose Jaw, Saskatchewan	1924		8-hour day
Saskatoon Street Railway Saskatoon, Saskatchewan	1924		Paid vacation plan
Winnipeg Light and Power Waterworks, Winnipeg, Manitoba	1924 LG		Paid vacation plan
Moose Jaw Sewage Disposal and incinerating Employees, Moose Jaw, Saskatchewan	1924 LG		Paid vacation plan
City of Edmonton (hourly employees), Edmonton, Alberta	1924 LG		Paid vacation plan
Canadian Press	1924 LG		Paid vacation plan
Nova Scotia Tramways & Power Co., Nova Scotia	1924 LG		Paid vacation plan
Ontario Street Railway, Ontario	1924 LG		Paid vacation plan
Winnipeg City Dairy Co., Winnipeg, Manitoba	1924 LG		Paid vacation plan
B.C. Power Co., British Columbia	1924 LG		Paid vacation plan

Company	Date	Labour and/or Management	Name of or Nature of Plan
Montreal Light, Heat & Power Co., Montreal, Quebec	1924 LG		Paid vacation plan
Saskatchewan Printers, Saskatchewan	1924 LG		Paid vacation plan
Imperial Oil Ltd., Toronto, Ontario	1925		Sickness and accident benefit plan amended; death benefit plan amended
Abitibi Power & Paper Co., Abitibi, Quebec	1925		Insurance plan
James Pender & Co., Ltd. Saint John, New Brunswick	1925		Profit-sharing plan
Canadian Explosives Ltd.	1925		Pension plan amended
Canadian National Railways (motive power shops) Moncton, New Brunswick, Ontario, Winnipeg, Manitoba and Quebec	1925		Employee representation plan
General Motors Corp., Oshawa, Ontario	1925		Savings plan amended
Swift Canadian Co. Ltd., Toronto, Ontario	1925		Paid vacation plan amended
Christie Brown and Co. Ltd., Montreal, Quebec	1926	L&M	Savings plan; profit-sharing plan
Powell RiverPulp and Paper Co. Ltd., British Columbia	1926 LG	L&M	Sick benefits plan
Montreal Tramways Co., Montreal, Quebec	1926		Pension plan
McIntyre Mines	1926 LG	M	Insurance plan

Company	Date	Labour and/or Management	Name of or Nature of Plan
Dome Mines	1926 LG	M	Insurance plan
International Pulp and Paper Co.	1926	L&M	Stock-sharing plan
Gold Medal Manufacturing Co., Toronto, Ontario	1926 LG		Employee representation plan; profit-sharing plan; insurance plan; welfare plan
Consolidated Mining and Smelting Co. of Canada, Trail, British Columbia	1926	M	Pension plan
B.C. Electric Railway Co. Ltd., Vancouver, British Columbia	1927		Housing plan amended; death benefits
Canadian General Electric Co.	1927		Stock-sharing plan
Firth Brothers, Hamilton Ontario	1927		Profit-sharing plan
General Motors Corp., Oshawa, Ontario	1927 LG	L&M	Insurance plan
Canadian Pacific Railway Co.	1927		Stock-sharing plan
Consolidated Mining and Smelting Co. of Canada, Trail, British Columbia	1927	L&M	Medical and hospital plan; insurance plan
Canadian Industries Ltd.	1927		Stock-sharing plan
Steel Co. of Canada Ltd., Hamilton, Ontario	1928	L&M	Death, sick, medical benefits plan
Bell Telephone Co. of Canada	1928 LG		Insurance plan

Company	Date	Labour and/or Management	Name of or Nature of Plan
International Nickel Co. Ltd.	1928 LG		Pension plan
Brinton-Peterborough Carpet Co., Peterborough, Ontario	1928		Profit-sharing plan
Canadian National Railways	1928		~~Paid vac~~ation plan
Eastman Kodak Co. of Canada, Toronto, Ontario	1928		Pension plan amended; insurance and disability benefits
Goodyear Tire & Rubber Co. of Canada Ltd.	1929	M&L	Pension plan
Canadian National Railway	1929		Pension plan; employee representation plan amended
Borden's Farm Products Co. Ltd., Montreal, Quebec	1929		Employee representation plan
Canadian General Electric Co. Ltd.	1929 LG		Savings plan
Great Atlantic and Pacific Tea Co.	1929		Insurance plan
Hupp Motor Car Corp., Windsor, Ontario	1929		Life, sick, accident insurance plan
International Nickel Co. of Canada, Sudbury, Ontario	1929	L&M	Housing plan
Nova Scotia Light, Heat and Power Co., Nova Scotia	1929	L&M M	Pension plan; sick benefits, insurance plan
Imperial Oil Ltd., Toronto, Ontario	1930	L&M	Insurance plan amended

Company	Date	Labour and/or Management	Name of or Nature of Plan
Canadian National Railway	1930	L&M	Insurance plan amended
Steel Co. of Canada Ltd., Hamilton, Ontario	1930	M&L	8-hour day
Eastman Kodak Co. of Canada, Toronto, Ontario	1931	M&L	Unemployment benefit plan
General Motors Corp., Oshawa, Ontario	1931	L&M	Insurance plan amended
Charles E. Frosst and Co., Montreal, Quebec	1931	L&M	Pension plan; insurance plan
Variety Five Cent to One Dollar Store, Montreal, Quebec	1931	L&M	Insurance plan; health plan
Imperial Oil, Ltd., Toronto, Ontario	1932	L&M	5-day, 40-hour week; pension plan amended; sick and accident benefits plan amended; death benefits plan amended
Proctor Gamble Co., Hamilton, Ontario	1932		5-day, 40 hour week
International Nickel Co., Sudbury, Ontario	1933 LG		Accident prevention plan; medical department
Ottawa Electric Railway Co., Ottawa, Ontario	1933 LG		Insurance and benefit plan
Proctor Gamble Co., Hamilton, Ontario	1933		Employee representation plan
Ontario Paper Co. Ltd., Ontario	1933 LG		Employment department; first aid plan

Company	Date	Labour and/or Management	Name of or Nature of Plan
International Paper Co., Gatineau Mill, Quebec, Three Rivers Mills, Quebec, and Dalhousie Mill, New Brunswick	1933		Employee representation plan
Imperial Oil, Ltd., Toronto, Ontario	1943	L&M	Pension plan amended
General Motors Corp., Oshawa, Ontario	1934 LG		Employee representation plan
Spruce Falls Power and Paper Co., Spruce Falls	1935	L&M	Insurance plan; sick benefits plan; recreation facilities
General Foods Ltd.	1934	L&M	Pension plan
United Cigar Stores Ltd., Toronto, Ontario	1935 1935 LG		Medical department; insurance plan; sick and disability benefits plan; paid vacation plan
Canadian Industries Ltd.	1935	L&M	Paid vacation plan savings plan; sick and accident plan
Canadian National Railway	1935	L&M	Pension plan amended
General Goods Ltd.	1936 1936 LG	M	Paid vacation plan Insurance plan
Canadian Industries Ltd.	1936 LG		Employee representation plan
National Grocers Co., Ontario	1936	L&M	Pension plan
William Wrigley Jr. Co. Ltd.	1936	L&M	Pension plan; insurance plan

Company	Date	Labour and/or Management	Name of or Nature of Plan
Imperial Oil Ltd., Toronto, Ontario	1937		Sick and accident benefits plan amended; paid vacation plan
Goodyear Tire and Rubber Co. of Canada Ltd.	1937	L&M	Pension plan amended
Hollinger Mines, Ontario	1937		Health plan
Noranda Mines Ltd.	1937	L&M	Insurance plan; savings plan; pension plan
T. S. Simms & Co., St. John, New Brunswick	1937 LG	L&M	Benefit plan; savings plan; insurance plan
Canadian Copper Refiners Ltd.	1937		Insurance plan; savings plan; pension plan
Canadian Industries Ltd.	1937		Disability plan
Canadian Pacific Railway	1937		Pension plan amended
Imperial Tobacco Co. of Canada	1937		Paid vacation plan
Northern Electric Co. Ltd.	1937		Pension plan amended; disability and death benefits plan amended
Swift Canadian Co. Ltd., Toronto, Ontario	1937 1937 LG		Paid vacation plan amended; insurance plan
Campbell Soup Co. Ltd.	1938	L&M	Pension plan
Phillips Electrical Works Ltd., Brockville, Ontario and Montreal, Quebec	1938	M	Pension plan; disability plan
Maritime Telegraph and Telephone Co. Ltd.	1938 LG	M	Disability and death benefit plan; pension plan

Company	Date	Labour and/or Management	Name of or Nature of Plan
Dominion Foundries & Steel Ltd., Hamilton, Ontario	1938		Savings plan; profit-sharing plan; pension plan
Canadian Johns-Manville Co., Asbestos, Quebec	1938	L&M	Non-industrial sick and accident plan
Canadian Industries Ltd.	1938		Health plan; insurance plan; vacation plan amended; savings plan amended
John Labatt Ltd., London, Ontario	1938 1938 LG	L&M M	Pension; sick and accident plan; hospital plan
Standard Oil Co., British Columbia	1938	L&M	Pension plan
General Motors Corp., Oshawa, Ontario	1938		Income security plan lay-off benefits plan
Carswell Co., Toronto, Ontario	1938		Pension plan
Sangamo Electric Co., Toronto, Ontario	1938		Pension plan
Davis-Lisson Co., Hamilton, Ontario	1938		Pension plan
Carnegie Library Board, Ottawa, Ontario	1938		Pension plan
Packard Electric Co., St. Catherines, Ontario	1938		Pension plan
MacLaren's Ltd., Hamilton, Ontario	1938		Pension plan
Royal Oak Dairy, Hamilton, Ontario	1938		Pension plan
City Laundry, Hamilton, Ontario	1938		Pension plan

Company	Date	Labour and/or Management*	Name of or Nature of Plan
W. J. Westaway Co., Hamilton, Ontario	1938		Pension plan
Quaker Oats, Co., Peterborough, Ontario	1938		Pension plan
Delcalcomania Co. Ltd., Toronto, Ontario	1938		Pension plan
Chartered Trust & Executor Co., Toronto, Ontario and Montreal, Quebec	1938		Pension plan

* Indicated whether labour or management, or both were responsible for financing and maintaining the plans.

** The exact date that these plans were introduced is not known, but the <u>Labour Gazette</u> recorded them during the years indicated above.

SOURCE: Canada, Department of Labour, <u>Labour Gazette</u>, Vol. I-XL.

APPENDIX 2

Date	Workers Involved as % of Labour Force	Time Loss as % of Estimated Working Time	Number of Strikes per 1 Million in Labour Force	Union Membership as % of the Labour Force
1901	1.35	.23	55.5	N.A.
2	.69	.06	67.7	N.A.
3	1.99	.25	90.8	N.A.
4	.57	.05	51.1	N.A.
5	.59	.06	45.6	N.A.
6	1.08	.10	69.1	N.A.
7	1.47	.12	81.2	N.A.
8	1.08	.16	31.3	N.A.
9	.72	.19	35.7	N.A.
10	.85	.15	38.4	N.A.
1911	1.08	.37	36.7	N.A.
12	1.55	.23	65.3	4.8
13	1.42	.20	53.4	5.6
14	.33	.09	21.6	6.0
15	.39	.02	21.4	5.6
16	.90	.04	40.9	4.9
17	1.71	.21	54.4	5.5
18	2.70	.12	77.8	6.9
19	4.96	.60	112.0	8.3
20	1.96	.14	104.8	12.3
1921	.91	.22	53.8	12.0
22	1.36	.32	32.2	9.7
23	1.03	.13	25.9	8.3
24	1.03	.26	20.9	8.3
25	.85	.23	25.4	7.6
26	.67	.05	21.7	7.6
27	.60	.03	20.1	7.4
28	.46	.04	25.8	7.6
29	.34	.02	23.4	7.8
30	.37	.01	18.2	8.7
1931	.29	.04	24.0	8.8
32	.67	.05	33.4	8.9
33	.77	.07	36.2	8.2
34	1.24	.11	51.5	7.7
35	.88	.05	31.8	7.4
36	.89	.05	40.1	7.2
37	1.75	.15	67.6	7.8
38	.50	.02	36.2	9.4

SOURCE: John Vanderkamp, The Time Pattern of Industrial Conflict in Canada, 1901-1966, Task Force on Labour Relations, Draft Study No. 52(a), pp. 50-51.

APPENDIX 3

THE NEW AGREEMENT

TEXT OF THE UNDERTAKING BETWEEN COMPANY AND EMPLOYEES

Before reading the details of the new agreement relating to employment, wages and representation of employees at the joint conference, Dr, Strachan defined his position. He said that his responsibility consisted in seeing that everybody got a square deal. In general terms this meant that he was first to find the right of every question before making any recommendation to the Directors.

The application of such a principle is very far-reaching. It means right relations between the Company and the men. It means right conditions for the men in their work. It means right conditions for the men in their play time. It means right conditions for the men in their homes, right treatment for those who get sick, and every fair consideration for those who have given their best days to the service of the Company.

Dr. Strachan went on to say that the Company expected him to speak for them in this work and that any statements which he made were absolutely without reservation. The whole scheme is the outcome of the Directors' desire to leave no stone unturned to secure the betterment of the plant, better working conditions for the men and everything within reason that would be of value in enabling employees to live a right true life.

For that reason they had been asked to elect their representatives, to meet together to discuss matters in which they were interested, and to make this possible the Company had drawn up an agreement.

The agreement obligated both sides, the Company and the Employees. If the delegates thought it was all right it should be signed forthwith in order that all should know it was not some illusive scheme. He then read the text of the agreement.

I. EMPLOYMENT DEPARTMENT

This department will be organized at each of the works, the official in charge to be responsible to the Superintendent of the Works, and to have the following duties:

1. To engage all new employees:

   a) This will involve keeping in touch with the Foremen and Superintendents and being fully advised as to the employment needs in each department.

   b) Applicants should be judged from the following standpoints:

      1. Follow such limitations as to age as may be established by the Board of Directors from time to time.

      2. No discrimination to be made on account of membership or non-membership in any church, society, fraternity or union.

      3. Ascertain by personal interview whether applicant is qualified intellectually and by experience for the particular work under consideration. The result of such interview to be recorded on regular blanks and kept for the purpose of future record.

      4. If applicant is satisfactory in the above respects, refer him to the Company Surgeon for physical examination in accordance with established rules. No employee to be

engaged unless he passes satisfactorily such physical examination. All cases of doubt or uncertainty in this respect to be referred to the Superintendent for decision.

2. To act as clearing house in transfers of employees from departments where work is slack to other departments needing men.

3. Employees should be encouraged to come to the Employment Department for friendly counsel in personal matters, or in case they have valid reasons for desiring to be transferred to work in another department.

II. DISCIPLINE

The following is a list of the offences for which an employee may be suspended or dismissed without further notice; this list to be posted conspicuously in each department:

1. <u>Violation of any law</u>

   Special Attention is called to the following:

   a) Carrying concealed weapons; fighting or attempting bodily injury to another; drunkenness; conduct which violates the common decency or morality of the community.

   b) Stealing, or malicious mischief resulting in the injury or destruction of property of other employees or of the Company.

   c) Cruelty to animals--the property of other employees or of the Company.

2. <u>Violations of the following safety rules:</u>

   a) Carelessness in regard to accident and safety of fellow-workmen.

   b) Riding on standard or narrow gauge equipment or on any moving machinery where not assigned.

   c) Running up blocks or cranes.

   d) Violation of rules governing employees in repairing of oiling of moving machinery.

   e) Failure to wear safety goggles that have been provided.

   f) Smoking or carrying matches other than safety matches or having open lights or fires within prescribed limits where such practice is forbidden.

3. Failure to immediately report accidents or personal injuries to the delegated authority wherever possible.

4. Insubordination (including refusal or failure to perform work assigned) or use of profane or abusive language toward fellow-employees or officials of the Company.

5. Absence from duty without notice and permission from Superintendent or Foreman, except in case of sickness or cause beyond his control of a character that prevents his giving notice.

6. Harboring a disease that on account of his own carelessness will endanger fellow-workmen.

7. Changing working place without orders or prowling around the works away from assigned place.

8. Falsifying or refusing to give testimony when accidents are being investigated, or for false statements when application and physical examination is being made.

9. Neglect or carelessness resulting in damage to railroad equipment, or neglect of car dropper to properly set brakes on railroad cars in his charge.

10. Wilful neglect in care or use of Company's property.

11. Obtaining material at storehouse or other assigned places on fraudulent orders.

12. Sleeping while on duty.

13. Offering or receiving money or other valuable consideration in exchange for a job, better working place or any change in working conditions.

14. Introduction, possession or use on the property of the Company of intoxicating liquors.

15. Habitual use of habit-forming drugs or their introduction or possession on the property of the Company.

2. For other offences not on the above list, employee shall not be discharged without first having been notified that a repetition of the offence will make him liable to dismissal. Such notice may be given by the Foreman who shall forthwith send a copy of such notification to the Employment Department.

3. Foremen finding that the interests of the business require the suspension or dismissal of an employee for the commission of any

one of the posted list of offences, or for the commission of any other offence after warning notice has been given, shall report the case fully to his Department Superintendent. This Superintendent, after investigation, may approve the proposed suspension, or, if the facts warrant, discharge him after securing the approval of the Superintendent of the Works.

4. A list of suspensions or discharges, together with the reasons therefore, shall be forwarded to Mr. Daniel Strachan, 56 Church Street, Toronto monthly.

III. RIGHT OF APPEAL

Any employee who feels that he has been unjustly treated or subjected to any unfair conditions, has the right of appeal to the General Superintendent and the higher officials of the Company, provided he shall first seek to have the matter adjusted by conference, in person or through his regularly elected representative, with the Foreman or Superintendent of his department.

Before such appeal shall be taken to any official not located at the plant, it shall first be considered in a joint conference composed of the employees' representatives in the division affected, and an equal number of representatives of the Company. In case such conference fails to agree unanimously as to a fair adjustment, an appeal may be made to the Executive Council at the Works, or in case such a Council has not been organized, to conference composed of all of the Employees' Representatives at the Works together with an equal number of Company Representatives:

IV. WAGE ADJUSTMENTS

Future wage adjustments shall be made in joint conference between the employees' representatives in the division affected and representatives of the Company, such adjustments to be subject to the approval of the Board of Directors.

V. JOINT CONFERENCES

Joint conferences of employees' representatives and Company representatives shall be held at each of the works at least monthly to discuss any matters of mutual interest. A general conference of all employees' representatives from the various Works and of Company representatives shall be held annually at the call of the President. At all joint conferences the number of Company representatives shall not exceed the number of employees' representatives.

SOURCE: "The New Agreement: Test of the Undertaking Between Company and Employees," Imperial Oil Review, III (January, 1919), pp. 13-14.

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