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# The Rise and Fall of National Bargaining in the Canadian Meat-Packing Industry

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Résumé de l'article

Depuis près de quarante ans, les négociations collectives multipatronales avaient soustrait les salaires à la concurrence dans l'industrie des abattoirs au Canada, mais ce régime s'est effondré sous la pression des employeurs. Ces négociations s'effectuent désormais firme par firme.

Depuis 1947, les trois plus importantes maisons d'abattage et de mise en conserves (Canada Packers, Burns et Swift Canadian) négociaient pour l'ensemble de l'industrie. Dans la pratique, cela consistait pour elles à rencontrer à Toronto la United Food and Commercial Workers International Union au même hôtel, mais à des tables distinctes. Du côté patronal, on y retrouvait les bureaux de direction, les gérants d'établissements ainsi que les directeurs de personnel, tandis que les comités de négociation des syndicats étaient formés de délégués de chacune des entreprises sous la présidence d'un représentant syndical.

Sur les questions principales (salaires, caisses de retraite, heures supplémentaires, etc.), les comités syndicaux présentaient aux employeurs des réclamations identiques formulées à la suite de consultations à l'échelle nationale. Quand on en arrivait à un accord, les comités de négociations du syndicat en recommandaient conjointement la ratification par l'ensemble des membres. Pour s'assurer que la décision d'accepter ou de rejeter les propositions patronales était conforme à la volonté des travailleurs d'un bout à l'autre du pays, les bulletins de vote de tous les établissements étaient réunis en un tout. Si l'on en n'arrivait pas à un règlement, une entreprise (généralement Canada Packers) était choisie comme « cible de grève » et l'entente qu'on y obtenait servait de norme à toute l'industrie. Les autres abattoirs acceptaient cette convention collective cadre sans conflit et elle s'appliquait plus ou moins automatiquement aux plus importantes entreprises régionales.

En 1984, cette forme de négociations, qui durait depuis quarante ans, s'écroula. Pour vaincre la forte opposition du syndicat, les employeurs exigèrent les négociations unité par unité. À l'heure actuelle, il ne reste rien des négociations multipatronales et multiétablissements. En quatre ans à peine, une structure, qui semblait à toute épreuve, s'était effondrée, et on n'entrevoit guère de perspectives de relèvement.

Dans le passé, les négociations centralisées avaient bien servi les employeurs. Loin de menacer leurs entreprises sur le marché, les négociations dites nationales avaient contribué à la stabilité du processus de fixation des prix : l'uniformité des salaires justifiait l'uniformité des prix et servait de moule pour les augmentations. Tant que toutes les entreprises de l'industrie purent envisager les mêmes augmentations dans les coûts de la main-d'œuvre, les négociations collectives ne présentaient aucun danger; au contraire, elles constituaient un avantage. Les conditions de travail pour ce secteur d'activité avaient pour résultat de soustraire les salaires à la concurrence. Les négociations collectives remplaçaient le mécanisme plutôt lent et aussi quelque peu moins sûr du marché du travail; les syndicats devenaient ainsi une courroie de transmission rapide des majorations à toute l'industrie. Parce que tous les employeurs accordaient les mêmes augmentations de salaires, les prix pouvaient s'établir en conséquence. Les négociations centralisées permettaient aux employeurs de hausser les prix, certains que ceux-ci correspondraient aux majorations des coûts que devait supporter l'industrie dans son ensemble.

Mais le système a craqué. L'industrie de l'abattage est revenue à une ère de concurrence et a miné les fondations sur lesquelles reposaient les négociations nationales. Les conditions de travail restèrent fort stables d'une façon générale tant que l'industrie demeura un oligopole. Mais le marché plus concurrentiel de la décennie 1980 a détruit les assises sur lesquelles l'uniformité des salaires reposait. La surproduction a bouleversé le processus de fixation des prix et des salaires. L'industrie des abattoirs n'est plus un oligopole hermétique : une seule entreprise conserve une dimension vraiment nationale; la plupart des producteurs sont de taille moyenne pour qui les salaires régionaux plutôt que nationaux constituent un point de comparaison.

La faiblesse du marché du travail en Alberta a offert aux employeurs la porte d'entrée dont ils avaient besoin. Et une fois brisé le modèle national, ils se trouvaient bien placés pour faire plier le syndicat.

# *The Rise and Fall of National Bargaining in the Canadian Meat-Packing Industry*

**Anne Forrest**

*The author addresses the questions of why industry-wide bargaining was developed in the Canadian meat-packing industry and why it suddenly collapsed.*

By international standards, collective bargaining in Canada is highly decentralized. Whereas multi-employer bargaining is the norm in Europe and Scandinavia, only 8 per cent of the collective agreements negotiated in Canada are multi-employer in scope[1]. Centralized bargaining is rarer still in the manufacturing sector where less than 4 per cent of agreements encompass more than one employer. Of the 96 per cent of agreements negotiated on a single-employer basis, only one in four covers more than one establishment (Davies, 1986, p. 216).

So decentralized a system suggests a chaotic process of wage determination: a structure «too fragmented to operate efficiently», according to some (*ibid.*, p. 211). Yet, what is lacking in formal structure is made up for, in part, by strong pattern bargaining. In many industries, pattern setting plays a central and unifying role. Rather than several hundred independent decisions, one or two «key bargains» form the basis of settlements throughout an industry.

Meat-packing is such an industry. For almost forty years, national bargaining established industry-wide terms and conditions of employment. Although bargaining was company by company, all branches of the union put forward the same set of demands and once a settlement was negotiated, it established terms and conditions of employment for the industry as a whole. But that system has broken down. Over the protests of the union,

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1 CRAIG (1986, p. 170) whose data include collective agreements covering 500 or more employees and DAVIES (1986, p. 214) whose data include collective agreements covering 200 or more employees.

negotiations were decentralized in 1984 and pattern bargaining eliminated. Why industry-wide bargaining developed and why it suddenly collapsed are considered below.

## NATIONAL BARGAINING: THEN AND NOW

Since 1947, the three largest meat-packing firms — Canada Packers, Burns, and Swift Canadian — have bargained nationally[2]. The practice was to meet the United Food and Commercial Workers (UFCW)[3] in Toronto, at the same hotel but at separate tables, for negotiations. Representing each employer were corporate executives, plant superintendents and personnel officers while the union's negotiating committees were composed of delegates from each plant, the whole being chaired by an official of the International Union.

On «policy» issues — wages, pensions, overtime, and so on — the UFCW's committees presented the employers with common demands formulated at a national bargaining conference. And when a settlement was reached it had to be recommended by the union's joint bargaining committee, then ratified by the membership as a whole. To ensure that the decision to accept or reject reflected the wishes of meat-packing workers from coast to coast, the ballots from all the plants were pooled. If a settlement was not forthcoming, one company (generally, Canada Packers) was chosen as the «strike target» and the settlement won there set the standard for the industry. This «master» settlement was picked up by the other national packers without dispute and extended to the largest of the regional packers more or less automatically. The result was, in effect, industry-wide bargaining on the central issues of pay and working conditions[4].

National bargaining had been high on the union's agenda from its inception. Although it failed to win its demand for a national wage structure, the United Packinghouse Workers was granted «full recognition» with standard clauses concerning union security, dues check-off, and work stoppages on the recommendation of an Industrial Disputes Inquiry Commission in 1944[5]. The plants were grouped into two zones for pay purposes: for

2 In recent years, Intercontinental Packers has also participated in centralized bargaining.

3 Meat-packing workers were represented by the Canadian Food and Allied Workers prior to 1979 when that union merged with the Retail Clerks International Union to create the UFCW. Before the CFAW was created, meat-packing workers were represented by the United Packinghouse Workers of America.

4 Mr. Vern Derraugh of the UFCW kindly described the bargaining process when interviewed on 14 February, 1986.

5 The Commission, chaired by Mr. Justice Richards, was appointed by the National War Labour Board under PC 4020.

Canada Packers and Swift Canadian, the dividing line was Winnipeg; for Burns, the zones were Manitoba-Saskatchewan and Alberta-British Columbia. Although bargaining was technically plant by plant, a common expiry date was established for all the agreements within each zone (*Labour Gazette,* 1944, pp. 1486-1487).

The principle of wage uniformity was finally conceded in 1947, significantly, by Mr. C.P. McTague. Previously the chairperson of the National War Labour Board, Mr. McTague had been instrumental in defending the government's war-time policy of regional wage relativities in the face of widespread opposition from organized labour. The breakthrough on wages resulted from a strike that began in six plants of Swift Canadian but quickly embraced 14,140 workers in 47 establishments located in nine provinces. At Swift, packinghouse workers won a 10 cent an hour increase with special adjustments for workers in Moncton, St. Boniface, and Edmonton. Canada Packers and Burns later agreed to an interim increase of 7 cents an hour, the final increase to be determined by binding arbitration. Whether each plant was a purely local operation or a component of an integrated whole, the arbitrator, Mr. McTague, was uncertain; nonetheless, he concluded that the major companies operated on a national scale — not comparable to the railways perhaps, but sufficiently national in scope to warrant the upward adjustment of low-wage districts (*Labour Gazette,* 1947, pp. 1791-1792).

In 1984, the forty-year pattern disintegrated. Over-riding the UFCW's intense opposition, the companies insisted on bargaining plant by plant. Negotiations with Burns were combative even before their start. In his New Year's Message, Arthur Child, the company's president, predicted that a strike would be «useless». «Attention is now on retaining jobs, not on retaining wage rates», he warned (*Globe & Mail,* 27 October, 1984). Burns's managers refused to attend negotiations in Toronto (Robertson, 1984, p. 21) and demanded a 40 per cent reduction in the $11.99 base rate (*Globe & Mail,* 7 September, 1984). Justifying its demand for plant-by-plant bargaining, Child claimed, «Every one of our plants is losing money» (*Financial Post,* 23 June, 1984), but as Burns was privately held no one knew for sure.

When the union insisted on retaining the long-established, unified bargaining structure, Burns charged the UFCW with bargaining in bad faith, and won. The Ontario Labour Relations Board ruled that by refusing to bargain except in the context of a national agreement the UFCW wrongly sought to bargain beyond the limits of its legally defined bargaining rights. The demand itself was not unlawful, the Board said. National bargaining could be «raised and discussed», but could not legally be pressed to im-

passe[6]. Burns complained to the Labour Boards of Alberta and Manitoba as well (*Globe & Mail,* 23 August, 1984). Both ruled in its favour although, in Manitoba at least, its victory was based on the narrower grounds that adopting an unyielding position on any subject was unacceptable[7].

In June, Burns's Calgary plant was struck and promptly closed. Six hundred workers lost their jobs and the UFCW was forced to take the company to court for severance pay of more than $2 million (*Globe & Mail,* 14 July, 1984). Strikes at Lethbridge, Brandon, Winnipeg, and Kitchener soon followed. Though it was unprecedented for a major company to operate during a strike, Burns took out a full-page ad in the *Winnipeg Sun* announcing its intention to re-open, with non-union workers if necessary. Only the intervention of the provincial government prevented a confrontation on the picket line (*Globe & Mail,* 25 July, 1984).

Gainers's strategy was even more confrontational. Owned by Peter Pocklington, Gainers is the remnant of the Swift Canadian chain and the nucleus of its owner's plans for an empire in meat-packing (*Globe & Mail,* 8 February, 1986). Beligerently independent, Pocklington not only followed Burns in rejecting centralized bargaining, he hired a firm of labour relations consultants from Mississippi described by the union as a strike-breaking outfit. Soon after, the local union succumbed to the company's demand for a major wage cut when over a thousand unemployed Albertans applied for the strikers' jobs (Robertson, *op. cit.,* p. 22). Against the advice of the UFCW's officials, the workers agreed to a two-year wage freeze and a $7.00 an hour starting rate for newly hired employees to be made up to the base rate over three-and-a-half years.

Coincident with the crisis at Gainers, Lakeside Industries in Brooks, Alberta went non-union. New workers were hired at $3.00 below the national rate and worked throughout the strike. Established on a very small scale in 1966, Lakeside has been growing steadily and is now the fifth largest packer in Canada (*Globe & Mail,* 15 October, 1984).

At Canada Packers, by contrast, negotiations were initially described as amicable and businesslike (*Globe & Mail,* 28 July, 1984). Though less profitable than in 1982 (*Globe & Mail,* 31 July, 1984), the company proposed only «moderate» concessions: a three dollar wage reduction for students, part-time and casual employees and a 15 per cent lower base rate for new employees. Its bargaining strategy was to follow Burns's lead (*Financial Post,* 23 June, 1984), but after the Gainer's settlement Canada Packers tabl-

6 *Burns Meat Ltd.,* [1984] OLRB Rep. Aug. 1049.

7 Manitoba Labour Board, Case No. 521/84/LRA, dated 6 September, 1984. The Alberta Labour Relations Board was unable to provide a copy of its decision in the Burns case.

ed tough new proposals: a $5.00 an hour cut for new employees, the elimination of time-and-one-half for scheduled weekend work, the elimination of long-term disability benefits and the introduction of health-care premiums for workers with less than five years of service (*Globe & Mail,* 19 July, 1984). When the company refused to discuss money so long as Burns was on strike, the 3,700 unionized employees of Canada Packers decided to join the 1,700 Burns workers already on the picket line (*Globe & Mail,* 27 July, 1984).

In late July, a tentative settlement was reached with Canada Packers but rejected by its employees against the advice of their union leadership. Subsequent improvements — a 22 rather than a 24-month wage freeze and 25 per cent more severance pay — were made at the cost of splitting the settlement into two: one for the east, including the plants in Montréal, Toronto and Bramalea, and one for the west, including the plants in Winnipeg (since closed), Moose Jaw, Calgary, Red Deer, Lethbridge, and Vancouver. The lower starting wage for new employees (to be made up to the general labour rate over a period of two years) that was part of the initial settlement remained unchanged.

The principle of separate agreements was established in 1984; in 1986, a wage differential was won, without a work stoppage. Wages were increased by 8.5 per cent in the east — 51 cents in the first year and 52 cents in the second — which brought the general labour rate in the processing end of the business to $13.02. Workers in the western, beef plants got only half of that: in the first year, they were given a lump sum payment of $1,060.80 in lieu of a raise; in the second year, wages were increased 52 cents an hour. Perversely (given Burns's determination to escape national bargaining in 1984), the settlement at Canada Packers was soon followed by Burns and the other large producers, but not, of course, by Gainers.

After a bitter and explosive six-and-a-half month strike at Gainers, during which Pocklington tried, but failed, to break the union, the UFCW signed a settlement that permitted the company to establish a two-tier wage system in exchange for a return-to-work agreement. Employees hired during or after the strike were placed in a separate classification and paid from $8.00 to $14.25 an hour depending on their skills. The wages of Gainers's pre-strike employees were frozen at $11.99 for two years but were set to increase by 3 per cent per year in 1988 and 1989.

In the meantime, Canada Packers has been through another round of bargaining. Wages in its western plants were at least one dollar an hour higher than those paid by the regional packers going into the 1988 bargaining round. Competition in the beef end of the industry is particularly aggressive and unstable, and likely to remain so. Companies like Gainers and

Likeside thrive in the non-union haven that Alberta has become. With the news that the provincial government was willing to subsidize the construction of a new plant for Cargill, Canada Packers felt hemmed in on all sides and considered withdrawing from the beef business altogether (*Globe & Mail,* 15 January, 1988). Unless it could be assured that the wages paid at its western plants would be competitive, Canada Packers told the union it would close these plants down entirely.

The 1988 bargaining round forced the UFCW to accept the unthinkable. There are now marked differentials between the wages of beef and processing plant workers. Although the first year of the new agreement with Canada Packers contains nothing more dire than a wage freeze, in year two, the general labour rate at the company's four western plants will be adjusted (presumably downwards) to the average paid by its competitors in the region. As compensation, workers in the west will benefit from a profit-sharing plan to be operated on a plant-by-plant basis. Meanwhile, the $13.02 per hour base wage paid in Canada Packers's eastern (processing) plants will probably be increased, if only modestly, in the 1988 bargaining round[8].

National bargaining is now in tatters in the meat-packing industry. In just four years, a structure that appeared unshakable for almost forty, crumbled. Nor are the prospects for its resurrection promising.

## INDUSTRIAL STRUCTURE AND BARGAINING STRUCTURE

From the UFCW's point of view the old system of centralized bargaining gave it everything it wanted. By suppressing competition in the labour market, the union was able to eliminate wage differentials within and between firms and place semi-skilled, meat-packing employees among the highest paid manual workers in Canada during the 1950s, 1960s, and 1970s. So effective was the system that national standards applied to almost everything; even the clauses governing seniority, job postings, transfers and promotions, leaves of absence, and so on were virtually the same across the industry.

Taking wages out of competition by «insuring the uniformity of wage rates among producers who operate in the same market» has long been the focal point of union activity (Weber, 1967, p. 15). The Webbs (1913, pp. 574, 179) early identified the «Device of the Common Rule» as the universal

8 Mr. Kip Connolly of the UFCW kindly provided the information about the 1988 negotiations when interviewed on 21 April, 1988.

objective of trade unions, designed to counteract the «evils of individual bargaining» and the «weakness of merely local unions». But their observation, that bargaining progressed from the workshop to the whole town and from the town to the whole industry because of the greater advantage workers secured from the broader scale, was incomplete, Flanders (1975) argued. So limited a view failed to appreciate the element of mutuality in the development of bargaining structures. Because the Webbs «tended to assume that collective bargaining was forced upon employers against their will by strikes and other sanctions», they overlooked the role of employers in the growth and development of collective bargaining (*ibid.*, p. 215).

In highly competitive industries, employers tolerated unions because they helped regulate product-market competition. In industries like clothing and coal mining, labour and management alike were the victims of keen price competition that resulted «in a state of excess capacity, irregularity, and disorganization» (Logan, 1943, p. 33). Wages were low, hours long, and profits skimpy, so both sides stood to gain from any agency that could regulate the market and raise the quality of competition. Unions proved to be such an agency. There were strikes to be sure, «but through experience and reason», employers came to see that their future lay with collective bargaining *(loc. cit.)*. For employers and employees alike, unionization brought stability and higher living standards.

In the mass-production industries, by contrast, employers had no need for unions. Entry was limited and the technology lent itself to large-scale operation with the result that production was quickly concentrated in the hands of a few large firms. Price-cutting competition was rarely a problem for these employers. Mechanisms like price leadership and base-point pricing kept prices high and stable. At best, unions were unnecessary, they promised only added costs and unwanted interference, and were fiercely resisted.

Understanding management's determination to retain control over the production process is the key to understanding the structure of collective bargaining, Sisson (1987) argued. In Europe, where multi-employer bargaining has predominated, industry-wide bargaining has been preferred by employers precisely because it has protected management's right to manage most effectively[9]: «The irony is that the institution of multi-

9 Concomitantly, it is the failure of multi-employer bargaining to «neutralize the workplace» that explains why this form of bargaining has been on the decline in the United Kingdom (Sisson, 1987, pp. 13-15). Of the six countries he studies, CLEGG (1976, p. 67) reported that «only in Britain are workplace organizations [...] important centres of trade union power in their own right».

employer bargaining that trade unions helped to bring about and continue to support is primarily valued by employers because it helps to neutralize the workplace from trade union activity» (*ibid.*, p. 13). By agreeing that *some* issues were subject to joint regulation, «employers were implicitly requiring that trade unions should recognize the employer's right to make *other* rules unilaterally» (*ibid.*, p. 190). Because the substantive rules negotiated at the top have been minimum conditions only, employers have retained a great deal of flexibility with respect to their implementation while the detailed coverage of the rules has limited workplace bargaining to matters that were administrative or supplementary (*ibid.*, p. 188).

Managerial control was never seriously in jeopardy in Canada. By the time the mass-production industries were unionized in the 1940s, the work process had been re-organized. Industrial unions sought to modify, but did not challenge, innovations like time and motion study, job ladders, and incentive pay. For the most part, they acknowledged management's right to organize and control the work process. Their bargaining objectives were limited to raising wages, establishing the principle of seniority, and protecting their members from arbitrary discipline and dismissal. Fragmented jobs and the intense pace of work were more or less accepted as the necessary price of higher wages.

But even this limited form of collective bargaining was determinedly resisted by employers until their right to manage was affirmed in law. PC 1003 constrained the bargaining power of labour by sharply restricting the right to strike. The new law also made collective agreements binding and strikes during their lifetime unlawful: third-party arbitration replaced work stoppages as the mechanism for resolving disputes during the lifetime of collective agreements. The effect of the law was to entrench management's right to manage while curbing the power of unions to mount an effective challenge. Strikes were now predictable and banned entirely for periods of two or three years. And for many disputes, arbitration proved to be an illusory alternative. By the doctrine of residual rights, arbitrators bestowed on employers their pre-collective bargaining prerogative to run their firms as they see fit. Their power to act unilaterally was limited only by the terms of their collective agreements.

Canadian employers have not needed multi-employer bargaining to «neutralize the workplace»; the law has done it for them. As a result, bargaining is highly decentralized. Even national bargaining of the sort

practiced in the meat-packing industry is relatively rare and founded more on the employers' need for market regulation than on their need to defend their right to manage[10].

Although a highly concentrated industry — until the 1970s, Canada Packers, Burns, and Swift Canadian accounted for 60 per cent of the red meat[11] sold in Canada — meat-packing is not a «natural» oligopoly. There are, in fact, relatively few barriers to entry. Economies of scale in slaughtering can be achieved by medium-sized firms and while larger producers benefit from some additional economies with respect to procurement and the disposal of by-products, most of these advantages are available to the medium-sized producer without the added administrative costs of a multi-establishment operation. Nor is it easy for firms to restrict entry by differentiating their products. Particularly in fresh meat, the brand name adds little value. In processed meats, branding and advertising count for more but are insufficient to permit independent pricing.

The active suppression of competition in the meat-packing industry is a matter of public record. Canada Packers has a history of anti-competitive behaviour. It was accused of acting in concert with other beef and pork processors in the 1950s through the meat-packers' branch of the Toronto Board of Trade and of using its dominant position in the industry to influence prices by various means including price leadership, setting prices at unprofitable levels, dumping livestock and meat at low prices, and timing its purchases with other packers to raise prices. Its acquisition of Wilsil Limited and Calgary Packers triggered an investigation by the Restrictive Trade Practices Commission. The conclusion, that competition had been significantly lessened, caused the Commission to recommend legal action to dissolve the mergers (*Report of the Restrictive Trade Practices Commission,* 1961, pp. 11-12)[12]. More recently, the company was tried on five charges of attempting to fix the purchase price of hogs and the selling price of pork cuts to retailers between 1967 and 1976 — charges to which Intercontinental was a party and to which Burns, Gainers, and Swift have pleaded guilty and been fined $125,000 (*Globe & Mail,* 6,7 December, 1986).

10 Few constraints have been imposed on employers in the meat-packing industry. Judging by the collective agreement negotiated by Canada Packers in 1986 for its plant in Montréal, management's right to sub-contract work is limited, most importantly, by its obligation to consider factors such as the adverse impact on the employees, the availability of the skills required, and relative cost comparisons. In the event that it wishes to introduce new technology, management is only obliged to give thirty days' notice if cut-backs will result and to «red-circle» the rates of employees forced onto lower paying jobs. Management's rights with respect to overtime are equally well preserved. Its right to schedule extra hours is restricted only by its commitment to limit overtime as far as reasonably possible.

11 Red meat includes beef, veal, pork, and lamb.

12 No proceedings were instituted in light of other judicial decisions that made the successful prosecution of an anti-combines case unlikely.

The realities of oligopoly generate powerful forces for collusion. Firms tend to maximize their collective profits, approximate the pricing behaviour associated with pure monopoly, and compete on a non-price basis once a «stable» price level has been reached (*Report of the Royal Commission on Corporate Concentration,* 1978, p. 78). Co-ordination is important, consequently, not only to attain «monopolistic» prices, but to maintain them in the face of changing costs and demand (Green, 1980, p. 94). Ordinarily, no firm will risk an increase or decrease unless it is assured that its competitors will follow suit[13]. To implement a change, therefore, one firm, usually the largest, takes the initiative but may protect its position by publishing a post-dated price list or announcing the proposed change publicly. If the adjustment is resisted by other producers, it can be retracted (*Report of the Royal Commission on Corporate Concentration, op. cit.,* pp. 80-81). When the change «sticks», it sets the new price level for the industry as a whole.

In the meat-packing industry, centralized bargaining suited the companies' purposes well. Far from threatening their control over the market, national bargaining contributed to the stability of the price-setting process: wage uniformity justified price uniformity and lock-step increases. So long as all the firms in the industry faced the same increases in employment costs, collective bargaining posed no threat; indeed, it may have even been an advantage. Industry-wide terms and conditions of employment took wages out of competition. Collective bargaining took the place of the relatively slow and somewhat less reliable mechanism of the labour market; unions became the instrument for the prompt, industry-wide transmission of increases. Because all the employers incurred the same increases in wages, prices could be adjusted accordingly. Centralized bargaining permitted producers to raise prices, secure in the knowledge that they were responding to cost increases faced by the industry was a whole.

But the system has broken down. Per capita consumption of red meat, on the rise since the depression, is declining[14]. The industry is plagued by old plants and over-capacity. Shut-downs are a regular event: «Since 1975, over 30 plants have been closed down», Robertson (*op. cit.,* p. 21) reported in 1984. But even then, the combined shut-downs of Canada Packers and Burns during the strike that year had no apparent effect on output. Production was maintained at 10 million pounds a day; there were no shortages anywhere in Canada and no significant price fluctuations. «Most shoppers probably did not know there was a strike», the *Globe & Mail* (9 October, 1984) concluded.

13 The so-called kinked demand curve.

14 Now at 158 pounds per person per year, consumption of red meat is well below its 1980 peak of 163 pounds.

In so crowded a market, exports are critical. Though still less than 10 per cent of total production, exports almost doubled in value between 1980 and 1985. But the American market has been difficult to penetrate. Packinghouses in the United States have mounted a successful offensive against the UFCW. Bankruptcy laws and other provocative tactics have been used to beat wages down. The transformation of meat-packing from a high- to a low-wage industry in the United States (*Business Week,* 27 June, 1983) has been accomplished by breaking the union. At one time a tightly organized industry, by 1981, one-third of the largest plants and one-half of the smaller plants were non-union. And within the organized group, few companies adhered to the master agreement (Cappelli, 1985, pp. 93-94).

A competitive edge has returned to the meat-packing industry in Canada as well and undercut the foundation on which national bargaining was erected. Prices cannot be pushed up automatically in the face of stagnant demand; nor are exports an easy solution to the problem of surplus production.

Under pressure, the industry is restructuring. The «big three» are no longer so big; their domination of the market no longer unshakable. «Where before three or four national producers were dominant, the market is now shared by a number of regional independents and pared down national packinghouse chains» (Robertson, *op. cit.,* p. 21). Swift Canadian is out of business; sold to Gainers and many of the plants have been closed. Burns is much smaller than it was; only four plants remain. Canada Packers, the only «national» producer (as opposed to distributor) still in business, has closed half a dozen unprofitable plants as part of a restructuring programme designed to reduce its reliance on meat sales (*Globe & Mail,* 24 June, 1986). The four largest firms now account for less than 40 per cent, and the eight largest firms for just over 50 per cent, of sales.

Competitive advantage has shifted away from national producers to medium-sized firms in western Canada. For the first time in decade, the majors are facing serious competition from low-wage companies. With regional rather than national wage rates the relevant consideration, decentralized bargaining has become a necessity. National agreements are now too rigid and too expensive.

Not surprisingly, the UFCW has resisted the move away from centralized bargaining. According to Weber (*op. cit.,* p. 33), there have been few cases «in which unions have acceded voluntarily to the fragmentation of existing bargaining structures into independent negotiating units [... because ...] such a step generally means a sharp reduction in its bargaining power within the firm or industry». Plant-by-plant bargaining has proven to be a particularly weak structure for unions in multi-establishment firms,

both resulting from and adding to a union's vulnerability (Greenberg, 1966, p. 350). The break up of more inclusive structures leaves unions vulnerable to whipsawing and other divide-and-rule tactics: «If bargaining is carried out on a single plant basis, it is possible for the employer to blunt the effect of the strike in one plant by continuing production in another» (Weber, *op. cit.*, p. 21).

In 1984, the employers' course was set; the battle lines were drawn. Their drive to eliminate centralized bargaining, to substitute regional for national wage rates, was a wholly predictable response to the heightened competition in the product market. The collapse of the Alberta labour market was no more than a fortuitous coincident: help for the employers but certainly not the cause of labour's problems.

## CONCLUSION

In the meat-packing industry, national bargaining actively reinforced the anti-competitive tendencies of the major producers. Centralized bargaining emerged because it accommodated the union's need to suppress competition in the labour market *and* the employers' need to regulate competition in the product market. Far from threatening their control over the market, industry-wide terms and conditions of employment contributed to the stability of the price-setting process. In some respects a labour-intensive industry,[15] pattern bargaining benefited the packing-houses by taking wages out of competition. Wage uniformity justified price uniformity and lock-step increases.

Common terms and conditions of employment had a firm foundation so long as the industry was securely oligopolized. Rather than undermining the price-setting process, national bargaining contributed to its stability. But the more competitive market of the 1980s has undercut the foundation on which wage uniformity rested. Over-production has upset the price- and wage-setting process. The meat-packing industry is no longer a tight oligopoly: only one firm is truly national in scope; most are medium-sized producers for whom regional, rather than national, wage rates are the critical point of comparison. The weakness of the Alberta labour market offered employers the point of entry they needed. And once the national pattern had been broken, they were well placed to whipsaw the union into compliance.

15 Wages and salaries account for roughly half of the packers' costs, apart from the costs of raw materials (Yorgason, 1973, p. 59).

The determinants of bargaining structure are notoriously indeterminate. Following Weber's (*ibid.*, p. 17) dictum that the market has been, and will continue to be, a basic reference point for both labour and management in collective bargaining, researchers frequently hunt for statistically significant correlations between bargaining structure and variables such as industrial concentration, capital intensity, establishment size, and so on[16]. Helpful as these associations are, they tend to overlook that fact that in the long-run stable bargaining structures are those that satisfy the needs of labour and management jointly. Other considerations are of secondary importance or important in the short-run only.

In the United States, the shift away from pattern bargaining in the manufacturing sector has been so sharp and, in the minds of some, so fundamental a change that Katz (1985, p. 219) fears the industrial relations system no longer works. Others doubt whether a stable new system will emerge from the disintegration of the old (McKersie *et al.*, 1985, p. 340). In one sense, the evolution of a stable new system is axiomatic. For collective bargaining to work, there must be a «system» of labour-management relations and to work over the long-run it must be fairly stable. Tumultuous as periods of readjustment are, in the past they have produced new syntheses.

Given that employers are as anxious to regulate competition in the product market as workers are to dampen competition in the labour market, we would expect them to share an interest in finding a structure that will stabilize labour-management relations in the meat-packing industry. By agreeing to divide the industry in two, the UFCW has made a step towards finding a workable compromise. But this may not be enough; there are new forces afoot. Not only is the industry more competitive today than at any time in the last fifty years, Canadian producers are fearful that free trade will plunge them headlong into a battle with mean and lean American industry. For a variety of reasons, therefore, the prospects for structural stability and industrial peace in the meat-packing industry are poor.

16 See the studies reviewed by DAVIES (1986, pp. 224-235).

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## *La montée et le déclin des négociations à l'échelle du pays dans l'industrie des abattoirs au Canada*

Depuis près de quarante ans, les négociations collectives multipatronales avaient soustrait les salaires à la concurrence dans l'industrie des abattoirs au Canada, mais ce régime s'est effondré sous la pression des employeurs. Ces négociations s'effectuent désormais firme par firme.

Depuis 1947, les trois plus importantes maisons d'abattage et de mise en conserves (Canada Packers, Burns et Swift Canadian) négociaient pour l'ensemble de l'industrie. Dans la pratique, cela consistait pour elles à rencontrer à Toronto la *United Food and Commercial Workers International Union* au même hôtel, mais à des tables distinctes. Du côté patronal, on y retrouvait les bureaux de direction, les gérants d'établissements ainsi que les directeurs de personnel, tandis que les comités de négociation des syndicats étaient formés de délégués de chacune des entreprises sous la présidence d'un représentant syndical.

Sur les questions principales (salaires, caisses de retraite, heures supplémentaires, etc.), les comités syndicaux présentaient aux employeurs des réclamations identiques formulées à la suite de consultations à l'échelle nationale. Quand on en arrivait à un accord, les comités de négociations du syndicat en recommandaient conjointement la ratification par l'ensemble des membres. Pour s'assurer que la décision d'accepter ou de rejeter les propositions patronales était conforme à la volonté des travailleurs d'un bout à l'autre du pays, les bulletins de vote de tous les établissements étaient réunis en un tout. Si l'on en n'arrivait pas à un règlement, une entreprise (généralement Canada Packers) était choisie comme «cible de grève» et l'entente qu'on y obtenait servait de norme à toute l'industrie. Les autres abattoirs acceptaient cette convention collective cadre sans conflit et elle s'appliquait plus ou moins automatiquement aux plus importantes entreprises régionales.

En 1984, cette forme de négociations, qui durait depuis quarante ans, s'écroula. Pour vaincre la forte opposition du syndicat, les employeurs exigèrent les négociations unité par unité. À l'heure actuelle, il ne reste rien des négociations multipatronales et multi-établissements. En quatre ans à peine, une structure, qui semblait à toute épreuve, s'était effondrée, et on n'entrevoit guère de perspectives de relèvement.

Dans le passé, les négociations centralisées avaient bien servi les employeurs. Loin de menacer leurs entreprises sur le marché, les négociations dites nationales avaient contribué à la stabilité du processus de fixation des prix: l'uniformité des salaires justifiait l'uniformité des prix et servait de moule pour les augmentations. Tant que toutes les entreprises de l'industrie purent envisager les mêmes augmentations dans les coûts de la main-d'oeuvre, les négociations collectives ne présentaient aucun danger; au contraire, elles constituaient un avantage. Les conditions de travail pour ce secteur d'activité avaient pour résultat de soustraire les salaires à la concurrence. Les négociations collectives remplaçaient le mécanisme plutôt lent et aussi

quelque peu moins sûr du marché du travail; les syndicats devenaient ainsi une courroie de transmission rapide des majorations à toute l'industrie. Parce que tous les employeurs accordaient les mêmes augmentations de salaires, les prix pouvaient s'établir en conséquence. Les négociations centralisées permettaient aux employeurs de hausser les prix, certains que ceux-ci correspondraient aux majorations des coûts que devait supporter l'industrie dans son ensemble.

Mais le système a craqué. L'industrie de l'abattage est revenue à une ère de concurrence et a miné les fondations sur lesquelles reposaient les négociations nationales.

Les conditions de travail restèrent fort stables d'une façon générale tant que l'industrie demeura un oligopole. Mais le marché plus concurrentiel de la décennie 1980 a détruit les assises sur lesquelles l'uniformité des salaires reposait. La surproduction a bouleversé le processus de fixation des prix et des salaires. L'industrie des abattoirs n'est plus un oligopole hermétique: une seule entreprise conserve une dimension vraiment nationale; la plupart des producteurs sont de taille moyenne pour qui les salaires régionaux plutôt que nationaux constituent un point de comparaison. La faiblesse du marché du travail en Alberta a offert aux employeurs la porte d'entrée dont ils avaient besoin. Et une fois brisé le modèle national, ils se trouvaient bien placés pour faire plier le syndicat.