



Share some 21st Century Insights
with Joe Mulhall

Harmony of Interests – Bridging the Divide

Unions in the 21st Century have to look back to the 20th Century to design the way forward for workers as we move into a Modern Era of economic restructuring and possibility. The collapse of the Union movement in the United States (private sector union density is now below 6% of the workforce) has left workers on the outside as the wealth created by the economy flows steadily to the very wealthy. We need to tap into the 21st Century information technology that provides us with access to the information that can provide guidance to these discussions.

In the 20th Century model of Industrial Relations there was a presumption that workers/employees, employers and government all had common cause and that a social contract amongst them would ensure that everyone could benefit from the success of business.

This concept was based on the assumption that it was better to work together than it was to wage war in the workplace. The violence in the last part of the 19th century resulted in massive strikes, employer owned private police forces and governments being forced to take sides. Workers and Citizens were defined as different groups with different interests.

By the late 1890's the cost of the violence was impacting on the society as a whole and governments began to look for ways to create stability. Research undertaken by the University of California (2012 and 2013) shows that by 1913, John D. Rockefeller Jr. engaged employers

and worker groups in discussions around “Harmony of Interests” and the value of human relations.

MacKenzie King, who later became the Prime Minister of Canada, worked with Rockefeller for 12 years as a Labour Relations expert developing a path forward. They concluded that the solution to workplace conflict

was to include the elected representatives of the employees in discussions with management in the workplace, on company time. That was in 1913. More than 100 years later we are still having the same discussions.



MacKenzie King

The social contract approach failed because it did not address the root of the divide amongst the economic partners. To build a path forward in the 21st Century, it is important to understand the drivers that divide the interests of workers and the interests of employers in the workplace. In his Article “Rise and Fall of Labor Unions in the US,” G. William Domhoff describes the factors that

impacted on the success of the “Harmony of Interest” approach suggested by MacKenzie King and later expressed in the Wagner Act. Dumhoff summarizes this discussion as follows:

“...why do workers want unions in the first place, and why do business owners resist them so mightily? Workers originally want unions primarily for defensive purposes – to protect against what they see as arbitrary decisions, such as sudden wage cuts, lay-offs, or firings.

see page 2...

Bridging the Divide

They also want a way to force management to change what they see as dangerous working conditions or overly long hours. More generally, they want more certainty, which eventually means a contract that lasts for a specified period of time. In the United States, as we will see, the early trade unionists also wanted the same kind of rights at work that they already had as independent citizens.”

“Business owners, on the other hand, don’t like unions for a variety of reasons. If they are going to compete successfully in an economy that can go boom or bust, then they need a great deal of flexibility in cutting wages, hiring and firing, and adding extra hours of work or trimming back work hours when need be. In fact, wages and salaries are a very big part of their overall costs, maybe as much as 80% in many industries in the past, and still above 50% in most industries today, although there is variation. And even when business is good, small wage cuts, or holding the line on wages, can lead to higher profits. More generally, business owners are used to being in charge, and they don’t want to be hassled by people they have come to think of as mere employees, not as breadwinners for their families or citizens of the same city and country.”

Outside of the workplace.... “All this soon leads to more general disagreements over the rate and progressivity of taxation, the usefulness of labor unions, and the degree to which business should be regulated by government. Employees want businesses to pay higher taxes to government, and they often want government to regulate businesses in ways that help employees. Most businesses reject these policy objectives -- they are for low taxes on businesses, minimum regulation of their businesses, and no government help for unions.”

All of this sounds so familiar. Elected Governments are under pressure from business on the one side to favour their agenda and from Unions on the other side

to favour their agenda. As political elections go (Margaret Thatcher in Great Britain, Ronald Regan in the US, and Steven Harper in Canada) so also go the fate of the workplace parties. The concept of “Harmony of Interest” has failed because there is no agreement on the rights of workers to participate in discussions about the impacts of the economic system on business and the workplace. In Canada the Canadian Charter of Rights and Freedoms has set the legal framework that is needed to encourage workers and employers to come together.

Workers need to accept responsibility for creating the conditions in the workplace that result in the outcomes they need ...

In BC Health Services (Supreme Court June 2007) the Supreme Court of Canada supported the approach that workers and employers need to address these issues directly and not defer to political solutions. Workers have the right to bargain collectively and to participate in the workplace in the same way that they do as Citizens outside of the workplace.

Canadian workers have the right to have a voice in the operations at the workplace. The 21st Century Union must take up this opportunity and move forward to work with employers to find solutions that benefit business, workers and Society as a whole. We need to understand the issues that divide us and we need to address them directly. The Era of Class Conflict was very divisive and we need to leave it far behind us. Workers need to accept responsibility for creating the conditions in the workplace that result in the outcomes they need and Business Owners need to move past their EGO and fear that workers will not share their interests.

CUSW has built a framework to engage in this discussion. We are positioned to take up the challenge. We need to seek out employers that share the “Harmony of Interest” approach to success and want to work with us in building a better future both in the workplace and in the broader society as a whole.

– Joe Mulhall