

Canadians split on effect of unions on competitiveness

Nicolas Van Praet, *Financial Post* Published: Saturday, August 30, 2008

One day this past spring, when the International Association of Machinists and Aerospace Workers was trying to organize workers at Toyota Motor Corp.'s assembly factory in Cambridge, Ont., a union employee handing out informational pamphlets at one of the plant gates was hit by a spark plug.

What had begun as a quiet union drive at Canada's number three automaker grew more intense after a vote was called.

Union organizers guarded the names of many of the facilities where they used to hold meetings because, as one said, "Toyota is big in town" and some business owners feared reprisal. They insisted they were collecting union cards at unprecedented speed. Meanwhile, Toyota managers argued the automaker and its team members had built a successful operation in Cambridge without third-party interference. They said their Cambridge workers had always rejected unionization and were confident they would do so again.

In the end, the union cancelled the vote. Toyota's two assembly plants remain nonunion in Canada. The IAM insists on its Web site it has not given up. And if it does not try again, another union likely will.

Successfully organizing a growing company like Toyota would be a prize for a union. But a new poll suggests Canadian workers aren't so sure a union presence would be good for companies.

The survey of 1,000 employed Canadians, commissioned by LabourWatch and conducted by Nanos Research, found they were divided on the net effect unions had on the ability of companies to compete. Currently, 46% said they believed unions had a positive effect on business competitiveness, the same percentage as those who believed they would hurt business.

The real cost unions bring to business is not wages but rather in administration of the collective agreements, said William Watson, a partner with Baker & McKenzie LLP in Toronto.

"To many employers, that's the real frightening prospect," Mr. Watson said. "The employees may be reasonably productive out on the floor, but if you've got all kinds of management time and money taken up administrating the contract... the whole process, no matter how it resolves itself, it's very expensive."

The poll found workers were equally split on whether the presence of a union promoted an innovative working atmosphere, with 53% of respondents saying it did. Job security was perceived as the number one benefit of having a union in the workplace.

When asked what they thought was the main cause of recent layoffs in the auto sector, 18% of respondents blamed high labour costs.

A rapid rise in the Canadian dollar and an increase of raw material costs have changed the game dramatically for carmakers and other manufacturers in Canada. The change has affected their outlook on unionization as well, said Michael Sherrard, a labour lawyer and founding partner of Toronto-based Sherrard Kuzz LLP.

"I think there is a heightened awareness of a desire to stay union-free for those companies who are not currently today unionized," Mr. Sherrard said. "[The worry is] 'If I'm unionized I certainly may be more expensive. My agility to be innovative is a question mark for me because now I have a third party who is attempting to play a role in having an impact on change in the workplace.' And if an employer can't be agile and react quickly to the market I think they have very significant disadvantages."

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THE SURVEY

The survey was commissioned by LabourWatch and conducted by Nanos Research by talking to 1,000 working Canadians, half of them in Quebec. The nonprofit Canadian LabourWatch Association's mandate is to advance employee rights in labour relations, by providing resources on unionization to help employees make informed choices. Founded in 2000, Vancouver-based LabourWatch's membership includes law firms and industry associations across Canada. For more information: www.labourwatch.com

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