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## PHONE WORKERS IN CANADA

# SOCIAL UNIONISM AND RESTRUCTURING

FOR THE PAST TWO DECADES, CAPITAL HAS BEEN HARD AT WORK, FASHIONING THE conditions needed to restore its profitability. But capital's successful strategy has had a devastating effect on organized labor. Unparalleled technological change and never-ending workplace reorganization, together with concerted government and business attacks, have decimated organized labor's ranks and placed working people on the defensive.

Nowhere are the negative effects of this collusion between employers and government against workers and society more dramatically illustrated than in the field of telecommunications. Although developments in this sector are being promoted as beneficial to everyone in the new economy, developments in telecommunications should be taken as a warning of what could be in store for all of us if we don't resist.

### COMPETITIVE TELECOMMUNICATIONS: THE NEO-LIBERAL ARCHETYPE

Deregulation began in the late 1970s in the transportation sector (trucking and airlines). It came to the telephone industry the following decade when business realized that the existing system of government regulation prevented it from reaping the full benefit of new and anticipated technological innovations. This concern led large business users to

mount a successful campaign for a telecommunications system that was more in tune with their increasingly global interests

Thanks largely to the efforts of corporate users, social regulation of telecommunications has been dismantled. Corporations have reaped the benefits of their political pressure in the form of massively restructured telephone rates. In essence, telephone deregulation and competition have meant lower prices for a small group of big users. But for the vast majority of phone users, these changes have had the opposite effect.

The business sector was hostile to government regulation of the telephone industry from the outset, conceding the point only as a compromise in the face of popular support for public ownership and control of this vital service. Designed to make the service affordable and universal, regulation meant that long distance voice service—the bulk of which was

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used by business—would be priced above cost and that a significant portion of the resulting revenues would subsidize the cost of local service for the benefit of the general public.

This arrangement was acceptable to the phone companies, since they enjoy a monopoly over the lucrative portion of the industry—business services and long distance calling. But government regulation and the

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impact that it had on their telephone rates was an ongoing source of irritation to the companies' corporate customers who knew that in a "competitive," unregulated market, they could get substantial savings.

**I**N A PRECURSOR TO TODAY'S GLOBALIZATION process, corporations in the United States, Britain and Japan mounted enormous campaigns aimed at forcing their respective governments to dismantle social regulation of their telecommunications industries and to allow competition in the long distance part of the business. These companies' goal was to reduce their communications costs and to reshape the industry so that it more closely addressed their corporate needs. These campaigns resulted in the dismantling of the unitary telecommunications infrastructure that had characterized U.S., British and Japanese phone systems since their inception.

Contrary to the promises made by the promoters of competition, these changes did not benefit ordinary telephone users. For all

but the largest corporations, the introduction of telephone industry competition had negative effects. Phone rates increased for the vast majority of users. Furthermore, as the battle for market share heated up, the quality of service declined. Competing companies focused their organizational efforts on satisfying the needs of major business accounts, neglecting residential and rural customers. Telephone companies reduced their costs by laying off tens of thousands of workers.

A similar pattern of events transpired in the Canadian telecommunications industry, but with a time lag of several years. Unitel sought regulatory permission to compete in Canada's long distance market in 1990. The company enjoyed strong backing from the Canadian corporate establishment, which wanted the lower long distance rates that competition would bring. The company was also backed by the right-wing Progressive Conservative federal government in Ottawa. Unitel's enormous financial resources, strong allies in the corporate sector and the pro-corporate orientation of Canada's federal government made the campaign to introduce long distance competition impossible to resist. In 1992, the Canadian Radio-television and Telecommunications Commission (CRTC), which regulates the country's phone service, gave Unitel permission to compete in the long distance telephone business.

**T**HE UNITEL DECISION IS SIGNIFICANT FOR several reasons. Residential customers as well as people living in rural areas and small towns across Canada face significantly higher costs for their basic service. They are also at risk of being left without access to the latest "Information Highway" telecommunications services. Finally, like their American counterparts before them, Canadian tele-

phone workers are bearing the brunt of this decision. As telephone companies restructure their operations to meet the needs of large corporate customers in major urban centers, thousands of employees are being shed from the workforce.

### THE "SOCIAL CONTRACT" IN THE TELEPHONE INDUSTRY

THESE CHANGES ALSO MARK A DEPARTURE from the traditional labor-management relationship in the communications industry. Workers in the telephone industry were first organized at the end of the 19th century. Although phone companies undermined these unions in the 1920s by creating management-dominated employee associations, changes in labor law (the Wagner Act in 1935 in the U.S., and in Canada, a 1944 federal government wartime labor regulation similar to the Wagner Act) prohibited businesses from setting up company unions. As a result, workers transformed these associations into real unions. In the postwar era, telecommunications became one of the most highly organized sectors of the economy.

For most of the 50-year period prior to the AT&T divestiture in 1984, most North American telecommunications unions practiced conservative "bread and butter" unionism. They had reason to believe that what was good for the phone company was good for phone workers. Telephone workers did strike occasionally over issues of wages and benefits, but they rarely challenged management's right to manage the industry as it saw fit.

Many aspects of the telephone industry's employer-employee relationship were reciprocal. Telephone companies were willing to pay

agement. Telephone companies needed large numbers of specially trained and skilled workers to keep their systems functioning smoothly. The essential skills needed to keep these systems operating were often unique to the telephone industry and were normally acquired through on-the-job experience, rather than through outside technical training, and they tended to be of limited use outside the phone industry. The fact that these workers and their skills were not easily replaceable increased the bargaining power of the workforce, while the limited applicability of telephone workers' skills tended to tie the workforce to the company. In other words, the management-labor relationship was one of reciprocal dependence.

Furthermore, the absence of competition gave phone companies both price flexibility for their services and the ability to carry out long term planning, while a constant incremental increase in productivity within the industry allowed telephone management to meet the wage demands necessary to maintain a stable workforce. This reinforced the terms of the industry's implicit social compact.

Finally, rate of return regulation by governments included oversight of the quality of service provided by regulated phone companies. This protected workers by ensuring that companies had a bottom line interest in maintaining the quality of their service as well as the workforce necessary to provide it.

Symptomatic of this symbiotic relationship was the fact that unions tended to take the side of their employers at regulatory hearings. They felt that their wages and job security were directly related to the prosperity of their companies and their ability to pass on

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### DIVESTITURE: FUNDAMENTAL CHANGE

**A**LL OF THIS CHANGED DRAMATICALLY WITH the AT&T divestiture in 1984. Phone workers were the big losers. According to Professors Jeffrey Keefe and Karen Boroff, on the eve of divestiture, AT&T was the world's largest private employer with over one million employees. Since 1984 that company has eliminated some 140,000 bargaining unit jobs, while establishing and purchasing major non-union subsidiaries. Since October 1993, the restructuring has accelerated. Keefe and Boroff cite the following figures: US West announced the elimination of 9,400 jobs; Bell South, 10,800 jobs; GTE, 17,000 jobs; Pacific Telesis, 10,000 jobs at Pacific Bell; Ameritech, 6,000 jobs. NYNEX scaled its previously announced plans for 22,500 layoffs to 16,800, while AT&T added another 15,000 layoffs on top of already scheduled reductions of 6,000 operator and call servicing positions and 7,500 jobs at Global Information Solutions, formerly NCR.

"From the standpoint of labor-management relations," conclude Keefe and Boroff, "this massive industrial restructuring is in jeopardy of severing the traditional link between high productivity growth through rapid technological change and rising employee incomes with employment security."<sup>1</sup>

Massive job destruction has begun in Canadian telecommunications as well. Overall employment in telecommunications services has declined from 1984 to 1994 by 31% in the U.S. and by 20.5% in Canada. And from 1995 to mid-1996, thousands more Canadian phone workers lost their jobs to the combined effects of technological and regulatory changes and corporate downsizing initiatives.

Consumers in the U.S. have also been harmed by developments in the deregulated industry. There is a direct relationship between the level of employment in the industry

and the quality of service that companies deliver to their customers. Quality of service has been negatively affected as companies have downsized their workforces. For example, the New York Public Service Commission, which oversees NYNEX, slapped the company with a \$46 million fine in November 1996 after finding that the company's quality of service performance had been sub-standard. The Commission has since threatened to double the size of the fine because of the magnitude of the problem and NYNEX's apparent unwillingness to address it.

Problems with quality of service have been experienced in Canada, as well. Over the past few years, Canadian regulators have warned several Canadian phone companies that their quality-of-service indicators are substantially below standard.

### THE NEED FOR SOCIAL REGULATION

**O**NE OF THE UNDERLYING RATIONALES FOR creating a regulated monopoly environment in the first place was that provision of service to low revenue customers has never been a priority of North America's telephone companies. As we move into the Information Age, service obligations are more important than ever. In Canada, the population at the beginning of the century demanded near universal access to telecommunications at a reasonable cost as an important goal of public policy. Where private phone companies refused to meet these goals, provinces took over the system and provided the service through publicly owned telecommunications corporations. Canada today enjoys the highest rate of telephone density in the world.

However, since the establishment of the new competitive environment, representatives of the telephone and cable industries argue that they have no responsibility to address the telecommunications needs of the poor and

those living in sparsely populated areas. Their bottom line position is that companies functioning in a competitive environment have no social obligations.

Without government intervention, the poor as well as residents of rural, remote and small market areas will be left to their own devices in the deregulated world of advanced telecommunications. In the U.S. since divestiture, this has meant a sharp increase in local rates and the outright abandonment of service obligations in many rural areas. Some telephone companies are actually selling off their rural exchanges to groups of local customers for a nominal price.

Rural and low income groups will not have the funds necessary to construct the infrastructure that will be needed to provide them access to the Information Highway. As a result of corporate abandonment of these exchanges and markets, entire communities and social strata will have access to an inferior grade of information facilities and services.

There is a link between workers' needs for stable jobs with decent pay and benefits and consumers' need for universal, affordable access to high quality communications services. The growing realization that workers have more in common with consumers than with management is the key to developing labor-based alternatives to profit-driven industrial restructuring. For too long, management and government have played unions and consumers against each other by convincing unions that they must identify with the needs of their employers, and by telling consumers that high quality service is a luxury which rising labor costs now make unaffordable.

There is evidence that government and employers understand and fear a coalition between producers and consumers. In a May 1985 Canadian federal cabinet document on telecommunications policy that was leaked to the press, bureaucrats warned the Conservative government of the day of the danger of a

"common front" of "consumers, small and medium-sized business, unions, anti-poverty groups, and seniors." Recognizing where labor's potential strength lies, the authors of the document stressed the importance of preventing the formation of such a common front.

### **LABOR-CONSUMER COOPERATION: ONE UNION'S EXPERIENCE**

**F**OR MORE THAN 25 YEARS, THE TELECOMMUNICATIONS Workers Union of British Columbia (TWU) has worked with community and consumer groups on the issue of quality of service. They mounted their first campaign against organizational change in the telephone industry in 1973-74 in opposition to the opening of Canada's first self-service Phone Mart stores, which replaced the previous service of home delivery of telephones and telecommunications equipment. The union recognized that the new facility would mean a loss of jobs for the workers and a decline in service for the public. Although the TWU was not successful in preventing the company from opening Phone Marts throughout the province, the campaign legitimized the view within the union that it had a right and a responsibility to contest the company's failure to provide quality service.

The union continued working with consumer groups and other organizations on the issue of quality of service. In the fall of 1980, TWU took the historic step of intervening at (CRTC) hearings to oppose a BC Telephone company demand for a rate increase. It argued that any rate increase should be made contingent on an improvement in the company's service to the public. In the course of the hearings, union members contributed expert testimony that no other group could provide, offering the public an insider's view on telephone company operations.

Aligning themselves with consumer and community groups in opposition to the com-

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pany's requested rate increase, the telephone workers won enormous credibility in the eyes of the general public. The CRTC intervention also helped consolidate the union's awareness of the power of joint action with consumers. The union had taken the offensive, publicly challenging management's regressive plans for the future of the telephone industry—a position that it has not relinquished.

The favorable press coverage and public support the union received for its intervention at the CRTC hearings proved invaluable. Less than three months later, concerned that the company was about to lock out its unionized workers, the TWU turned the tables. It locked out management and occupied telephone exchanges across the province for five days in February 1981. While the courts eventually ordered the union to leave the exchanges, the union's peaceful, disciplined and militant action generated tremendous public sympathy. It was because of this public sympathy that there was no victimization of union members or leaders for the actions that were taken in the course of the subsequent all-out strike.

With these actions, the Telecommunications Workers Union was experimenting with a new approach to unionism. It was moving beyond the narrow "bread-and-butter" focus of the old business unionism, not on the basis of abstract philosophical commitments to concepts like class or socialism, but because of the recognition that the old, narrowly self-interested tactics and methods were simply no longer capable of delivering for its members.

The new relationship with consumer groups helped the union move beyond a purely reactive stance and allowed it to assume a pro-active position that reshaped its relationship with management. As TWU members found themselves increasingly confronting issues related to the future of their industry, they came to recognize the need to link up with residents of local communities, en-

vironmentalists, women's organizations, and other social advocacy groups. Working together in this manner, they transformed what would otherwise have been a series of isolated labor-management conflicts into a broader debate about the limits of market competition and the need for social regulation. In the process they began to formulate a socially-based development strategy for the industry.

### CREATING A SOCIAL STRATEGY FOR CANADA'S INFORMATION HIGHWAY

**W**HILE IT IS IMPORTANT FOR UNIONS AND their allies to fight to preserve existing levels of service or quality of goods, one key lesson of the TWU experience is the need to move from a defensive to an offensive posture. Today's world is characterized by capital's wide ranging attacks on all segments of society, and a purely defensive approach is not sufficient. The underlying logic of social unionism is to move beyond the preservation of what currently exists to the promotion of a vision of what should be. This was the approach that the union took in relation to the Information Highway.

Over the past few years, the Information Highway and the telecommunications industry of the future have been promoted as keys to a bountiful tomorrow. Few subjects have received as much hype from government and business. Although the public is hearing nothing but positive public relations messages about the wonders of the Information Highway, telecommunications workers—the folks at the front line in this sector—are experiencing negative change of an unprecedented magnitude. They are threatened with the prospect of becoming the roadkill on the Information Highway.

The impact on telephone workers is not limited to the outright loss of employment. Those jobs that remain have been broken up into routinized, monitored, intensified and

deskilled tasks. Highly skilled trouble-shooting jobs have been transformed into tasks that clerical workers perform using personal computers. The work of operators, which once required considerable knowledge of call routing, as well as the handling of complex time and charge schedules, has been transformed into a series of tiny tasks which are subjected to unimaginable speed-up. Telephone workers, whose wages and working conditions were once the envy of the rest of the work force, are experiencing a declining standard of living, increasing stress on the job and an unprecedented level of insecurity about their employment future.

Das connects Information Highway

among the report's recommendations was one urging governments to use their purchasing power as both carrot and stick to ensure that telecommunications companies provide Information Highway services on a universal, affordable basis. Given that governments are telephone companies' largest customers, their demands—including requirements to meet social criteria—cannot be ignored in a competitive environment.

Governments can use the leverage generated by their formidable purchasing power to ensure that the construction of the Information Highway incorporates criteria related to physical and financial availability. The fact that telecommunications is now competitive

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- Advisory committees consisting of a range of public interests should be established to provide government with continuous feedback on the needs of society and their relationship to developments in the industry.

- Formal public consultation between government and industry must be conducted, based on both economic and social criteria.

In anticipation of the response that this is pie-in-the-sky thinking, it must be pointed out that key portions of this strategy have already been put in place in the province of British Columbia.

The key to the success of a social strategy like this one is the creation of a coalition between telecommunications workers and telecommunications users. To that end, the TWU has actively promoted the formation of such coalitions at the provincial and national levels, because, ultimately, no one union can take on this battle on its own. The union's goal must be to advance a social strategy which will employ its members in building the Information Highway by ensuring that state-of-the-art communications services are available to people in every walk of life, living in all parts of the country.

To complement its work with govern-

nounced plans to downsize and close rural offices, the TWU responded by sending delegations to municipal councils in the affected towns, explaining why the company's actions were unnecessary and how they were damaging the communities involved. In a related response to management's attempt to downgrade service quality, the union established its own internal, rank-and-file-based Quality of Service Committee, which monitored developments at BC Tel and put pressure on company attempts to cut back on staffing and service.

Experience shows that neither job creation nor universal, affordable service are priorities in a market-driven model. As a result, it falls to governments to take the necessary steps to ensure that both job creation and access to universal, affordable service are central concerns when the Information Highway is built. The task for unions and their social partners is to convince governments that they must address these social issues in their policy deliberations.

If corporate strategy is allowed to dominate in the building of the Information Highway, telecommunications workers and the vast majority of phone users will suffer. In short,