

Developments in Industrial Relations and Human Resource Practices in Canada: An Update from the 1980's

**Noah Meltz
Anil Verma**

ISBN: 0-88886-383-7
Printed and bound in Canada.
July 1993

Industrial Relations Centre
Queen's University
Kingston, Ontario
Canada K7L 3N6

© 1993 Queen's University IRC

Developments in Industrial Relations and Human Resource Practices in Canada: An Update from the 1980s

Noah Meltz

Principal, Woodsworth College

and

Professor, Department of Economics & Centre for Industrial Relations

University of Toronto

and

Research Associate

Industrial Relations Centre

Queen's University

and

Anil Verma

Associate Professor

Faculty of Management & Centre for Industrial Relations

University of Toronto

and

Research Associate

Industrial Relations Centre

Queen's University

To appear in Thomas A. Kochan, Richard P. Locke and Michael J. Piore, eds. Employment Relations in a Changing World Economy. Cambridge, MA: MIT Press, forthcoming 1993.

The authors gratefully acknowledge financial support received from the Social Sciences and Humanities Research Council of Canada. This study was undertaken as part of the Structural Change in Canadian Industrial Relations project at the Centre for Industrial Relations, University of Toronto. The authors would like to thank Tom Fournier and Labour Canada's Bureau of Labor Information for providing hitherto unpublished data; Paula Mendonca for research assistance; Eva Hollander for assistance with manuscript preparation; and, Roy Adams, Jean Boivin, Rick Chaykowski and Leo Troy for helpful comments on an earlier draft of the paper.

Table of Contents

1. INTRODUCTION	1
2. BROAD PARAMETERS OF THE IR/HR SYSTEM	2
i. The Economy and IR/HR.....	2
ii. Political Parties	3
iii. Labor Legislation.....	3
iv. Other Legislation affecting Human Resource Practices	4
3. THE ACTORS IN THE IR/HR SYSTEM.....	5
i. The Government	5
ii. Management.....	6
iii. Labour.....	6
iv. The Changing Composition of the Labor Movement	7
4. RECENT DEVELOPMENTS AFFECTING THE IR/HR SYSTEM	8
i. The Demographic Composition of the Labor Force	8
ii. The Recessions of 1981-82 and 1990-92 and Unemployment	9
iii. Lagging Productivity Rates.....	9
5. IR/HR PRACTICES: DOMINANT PATTERNS, CHANGES, DIFFUSIONS.....	10
i. Governance	10
ii. Work Organization.....	14
iii. Employment and Income Guarantees	15
iv. Wage Incentives.....	16
v. Fairness and Equity.....	17
vi. Training.....	17
6. CONCLUSION.....	18
REFERENCES	21
Table 1, Employment Share and Union Density by Industry in Canada: 1980, 1984 and 1990.....	26
Table 2, Canada: Collective Agreement Provisions, as percent of contracts and employees (1), 1980-1992	27
Table 3, Firms and Unions with Joint Governance.....	28
Chart 1, Union Shares of the Nonfarm Labour Force in Canada and the United States.....	29
Chart 2, Union Membership in Canada 1971-1992	30

1. INTRODUCTION

The Canadian industrial relations system has followed a course of incremental change and adjustment over the past decade that leaves intact the basic institutional framework and relationships among labor, business, and government. Thus, the system, while changing in ways that are similar to employment relations in other industrial nations, has not undergone any dramatic transformation. While the political forces that influence industrial relations policy and practice predict continuation of this incremental pattern of adjustment, economic pressures to adjust rapidly to a changing market context are likely to test the resilience of this political equilibrium in the 1990s. If the pace and pattern of innovations in industrial relations policy and practice does not accommodate changes in the marketplace, we may expect, at the margin, some decline in investments in Canada contributing to slow growth in employment and income and lagging national competitiveness. Such economic stagnation will, inevitably, put new strains on the political alignment that has made incremental change possible over the last decade.

The broad features of Canada's employment relations system are derived primarily from the (American) Wagner Act model which was grafted on to some significant Canadian innovations that preceded developments in the United States. The system relies on the Wagner Act model of union certification, exclusive bargaining agency, and voluntarism between labor and management through collective bargaining. The most important distinction between the Canadian and the U.S. systems is the interventionist role given to public policy within the law. The Canadian tradition of government supervised conciliation (mediation) embodied in law since 1907, dates back to the disputes of the last century. In keeping with this tradition, there are also some important limitations of the right to strike in contrast to the provisions of the Wagner Act.

In practice, the legal framework has created a decentralized system in which the vast majority of contracts are negotiated at the plant level especially in the private sector. Public sector bargaining tends to be more centralized, particularly in Quebec and in the civil service at both federal and provincial levels. Working days lost due to strikes and lockouts, for the past two decades, have been above that in the U.S., and on occasion in large disputes in the public sector there have been interventions by the government, in the form of back-to-work legislation. As in the U.S., the collective agreement is characterized by detailed workrules which are enforced by submitting disputes to a primarily private system of arbitration.

Although this system of industrial relations performed reasonably well in the post-World War II period, the changing economic context in the 1980s brought intense pressures for change (Chaykowski & Verma 1992). We assay the evidence on changes that took place within collective bargaining agreements in response to external pressures to conclude that these changes have been similar to those in the U.S., i.e., innovation within collective bargaining has been slow and limited. Innovations in human resource practices in non-union firms, likewise, take on a similar pattern but they are less widely diffused than in the U.S. This assessment, however, hides considerable divergence between the two systems in four important and related areas. First, there has been virtually no decline in overall union density in Canada in recent years whereas union density in the U.S. has declined quite dramatically. The difference between the two countries' union density is less striking, though still significant, when the private and public sectors are compared separately. Private sector union density has declined in Canada from the 1970s, but to a lesser extent than in the United States, while public sector union density has risen more than in the U.S. Second, in the last ten years, there have been some notable successes for organized labor's political

strategy. This has given labor relatively greater political clout in setting the social policy agenda at the federal and provincial levels. Third, this policy agenda in the post-World War II period has included comprehensive social legislation such as a national health care system, broad-ranging employment standards, human rights, and health and safety legislation as well as gradual improvements in labor relations legislation supportive of trade unions. Fourth, there have been a number of new tripartite initiatives at the sectoral level that break fresh ground in sharing power in decision-making.

The pressures on the Canadian system to improve productivity at the workplace level remain intense and similar to those experienced by firms in the U.S. Our analysis suggests that the Canadian successes of the last ten years, *e.g.*, labor's political clout and cooperation at the sectoral level, could be in jeopardy in the 1990s if these achievements can not be translated into improvements at the workplace. In the short run, many employers could take the option of investing in new technology rather than in industrial relations and human resource (IR/HR) innovations to improve productivity. But, technological improvements alone are unlikely to sustain the productivity growth that firms will be required to maintain in the 1990s. We conclude with the observation that unless the Canadian IR system changes sufficiently to facilitate productivity growth, its integrity will be questioned and challenged increasingly in the 1990s.

2. BROAD PARAMETERS OF THE IR/HR SYSTEM

In 1867 the British Parliament passed the British North America Act creating Canada as a confederation of provinces giving the French and English the same central government, but control over their own local affairs. The ten provinces have jurisdiction over labor and employment matters covering 90 percent of the Canadian workforce. The positive role of government, together with the primacy of the provinces and the unique institutions in the province of Quebec continue to shape the Canadian system of industrial relations (Meltz 1985, 1990a).

i. The Economy and IR/HR

The Canadian economy is highly developed with a standard of living close to that of the United States. Three-quarters of Canada's trade is with the United States, making Canada the U.S.'s biggest trading partner. An important factor in the development of Canada is the large extent of foreign (primarily American) ownership of its manufacturing sector, estimated at 48% in 1984 (Statistics Canada 1992a). These branch plants have tended to have the same unions as in the U.S.

The strong links with the U.S. were increased with the 1965 Auto Pact which introduced sectoral free trade in automobiles and auto parts, combined with minimum guarantees for production of cars and parts in Canada. The auto sector represents nearly one-quarter of Canada's merchandise exports and imports (Kumar and Meltz 1992). The 1989 Free Trade Agreement with the United States increased the interdependence of the two countries and the North American Free Trade Agreement among these two countries and Mexico will likely further enhance this interdependence. The close economic links have influenced IR in Canada. Initially unions "followed the market", and when American companies set up in Canada unions in the United States became international by organizing locals in Canada. Unions that had formed in Canada also sought alliances with American unions for strength of numbers (Morton 1990). But with the growth of the public sector in Canada and public sector unionization, the national unions now dominate the Canadian labor movement with 65 percent of the total membership. An additional

factor in the relative decline of the international unions has been the shift of some branches of international unions to national union status. The largest change was that by the Canadian branch of the United Auto Workers in 1985, whose 150,000 members under the leadership of Bob White, became the Canadian Auto Workers.¹

ii. Political Parties

The existence of political parties linked to the labor movement has also been important in developing Canada's industrial relations system (Bruce 1989) and its advanced health care system and employment standards legislation. The New Democratic Party (NDP) was formed in 1961 through an alliance of the Socialist party, the Cooperative Commonwealth Federation (CCF), and the Canadian Labor Congress (CLC).² When it formed the government of the province of Saskatchewan, the CCF introduced the right of civil servants to bargain and strike (1944) and, later, a comprehensive health care program (1961). In 1992 the NDP held power in Ontario, the most populous and most industrialized province in Canada, as well as in British Columbia and Saskatchewan. The Liberals were in power in the second largest province, Quebec, whose opposition was the Parti Quebecois (PQ), a party with the backing of some segments of the Quebec labor movement and committed to a form of independence from the rest of Canada. The Progressive Conservatives held power at the federal level, with the Liberals and the NDP as the opposition.

The party structure in Canada is significant for industrial relations because for the past three decades the dominant thrust has been toward support for trade unions³. This thrust has come not only from the NDP but earlier from the PQ. Even when the NDP or the PQ did not hold power their voice in opposition or in a minority government has been significant by drawing attention to labor issues. In most cases the Liberals and Conservatives have been supportive, to varying degrees, of trade unions and progressive employment legislation.

iii. Labor Legislation

Labor legislation in Canada has gone through three stages in the past century. The first stage decriminalized unions from being conspiracies in restraint of trade and established a tradition of tripartism. This tradition was developed in large part by William Lyon Mackenzie King from his experience in the United States when he was employed by the Rockefellers to deal with industrial disputes in their mines. King introduced the Industrial Disputes Investigation Act (IDIA) in 1907 when he was Canada's first Deputy Minister of Labor (Morton 1990). He later became Prime Minister of Canada.

The second stage in legislation was the introduction in 1944 of a Wagner-type Act (PC1003) that provided for compulsory recognition by employers of unions that represented a majority of employees in

¹ One Canadian local with approximately 2500 members in Wallaceburg, Ontario, remained with the UAW.

² Dissatisfaction of some Ontario trade unionists with the policies of the Ontario NDP government in 1993 led a large local of the Canadian Auto Workers to vote to withdraw from their affiliation with the Ontario NDP (Papp 1993). At this point there is no indication that the NDP-Labour alliance will dissolve, but it does illustrate the pressures on this alliance.

³ In the mid-1980's, the Social Credit government of British Columbia passed legislation that reversed many of the pro-labour provisions of the labour relations law enacted by the NDP government of 1972-75. In 1992, the newly elected NDP government brought in new pro-labour amendments to 'restore the balance'.

a designated bargaining unit. In contrast to the United States employees were not allowed to strike during the term of a collective agreement. Compulsory arbitration of grievances was introduced using tripartite boards. The result of PC1003 was enterprise bargaining, a pattern similar to that in the United States. The dominant form of collective bargaining in Canada is between local unions and management in a single establishment (Craig 1990). There has been some pattern bargaining in a few industries, such as automobile assembly, steel, meat packing and pulp and paper, but there has been a weakening of pattern bargaining as has happened in the meat packing and to some extent in pulp and paper industries.

The third stage in labor legislation was initiated in 1964 when the government of Quebec gave public employees the right to organize, bargain and strike. This was followed in 1967 by the federal government's Public Service Staff Relations Act (PSSRA) which gave federal civil servants the same rights. Other provinces followed the lead of Quebec and the Government of Canada to varying degrees (Meltz 1989a). By the 1990s over 60 percent of the public sector of Canada and the provinces was unionized.

Most recently there has been legislation to provide for first contract arbitration when a union and an employer cannot reach a first agreement, in the federal and three provincial jurisdictions. Three jurisdictions also ban the use of replacement workers during strikes, Quebec since 1978, and Ontario and British Columbia beginning in 1993. The banning of replacement workers was introduced when political parties strongly supported by labor were in power. This provision was vociferously opposed by employers, although the employer opposition in Quebec is now muted.

iv. Other Legislation affecting Human Resource Practices

As indicated earlier Canadians have always supported government intervention in economic and social affairs. Over the years Canada has developed a comprehensive social security network. This network provides a framework that affects human resource practices. Coverage of the Unemployment Insurance (UI) program has been comprehensive and generous. Of those unemployed two-thirds receive UI benefits compared with one-third in the United States. Those not covered in Canada include new entrants and re-entrants to the workforce although many qualify for training through Canada's large publicly-funded training programs (Meltz 1990b). Recently-proposed legislation is intended to be more restrictive to make ineligible for UI benefits persons who are dismissed for misconduct or those who quit work without just cause.

Employment Standards legislation contains minimum wage rates and maximum hours as well as requirements for advance notice in the case of layoffs and dismissals of individuals. In many jurisdictions mass layoffs (50 or more persons) or plant closings require advance notice or compensation in lieu of notice. The federal jurisdiction and Ontario require severance pay for individual or group layoffs.

Employers under the federal jurisdiction must comply with a program of Employment Equity, termed affirmative action in the United States. This program does not set quotas, but does require the tabling of plans. A number of provincial governments have similar programs for their public sector employees. The province of Ontario has the most comprehensive form of pay equity, termed comparable worth in the United States. Employers in the private sector are required to set aside up to one percent of their payroll costs to raise the pay of women in sectors where they are not receiving the pay rates they should based on

a comparison of female dominated and male-dominated jobs using a composite measure of skill, effort and responsibility. Pay equity programs must be developed through joint labor-management committees if the workplace is unionized. The programs include the establishment of a job classification system (Stone and Meltz 1993).

Health and Safety laws in Canadian jurisdictions usually require joint labor-management committees to administer the legislation at the workplace level. Ontario's Health and Safety Act specifies that establishments with 20 or more employees must establish a joint management-worker health and safety committee with at least two members, and with at least four members in a workplace where 50 or more workers are employed. At least half the members must be selected by the workers, or where applicable, by the union. The committees must have two co-chairs, one selected by the worker members and one selected by the management members. At least one management member and one worker member must be certified Employers under the federal jurisdiction must comply with a program of Employment Equity, termed affirmative action in the United States. This program does not set quotas, but does require the tabling of plans. A number of provincial governments have similar programs for their public sector employees. The province of Ontario has the most comprehensive form of pay equity, termed comparable worth in the United States. Employers in the private sector are required to set aside up to one percent of their payroll costs to raise the pay of women in sectors where they are not receiving the pay rates they should based on a comparison of female dominated and male-dominated jobs using a composite measure of skill, effort and responsibility. Pay equity programs must be developed through joint labor-management committees if the workplace is unionized. The programs include the establishment of a job classification system (Stone and Meltz 1993).

Health and Safety laws in Canadian jurisdictions usually require joint labor-management committees to administer the legislation at the workplace level. Ontario's Health and Safety Act specifies that establishments with 20 or more employees must establish a joint management-worker health and safety committee with at least two members, and with at least four members in a workplace where 50 or more workers are employed. At least half the members must be selected by the workers, or where applicable, by the union. The committees must have two co-chairs, one selected by the worker members and one selected by the management members. At least one management member and one worker member must be certified external considerations will influence industrial relations policies in the future.

3. THE ACTORS IN THE IR/HR SYSTEM

The three traditional actors in the IR/HR system in Canada are each very fragmented, with no one single entity speaking for any of the actors.

i. The Government

We have already discussed the decentralized nature of the government with labor and employment legislation determined separately by each of the ten provinces and the federal government for the federal sector. There is little or no significant coordination among these agencies that administer these laws, although there are regular discussions through the Canadian Association of Administrators of Labour Legislation. The provinces are aware of developments among them and comparisons and even some pattern setting does occur.

ii. Management

There are central management organizations in Canada but their major role is to lobby the various levels of government and participate in various tripartite or labor-management boards such as the Canadian Labor Market and Productivity Centre. Management is also represented, together with trade unions on the Canadian Labor Force Development Board (1993), a labor-management community-run body established by the federal government to administer its training programs.

There are also sectoral management associations in most industries. Some of these do conduct negotiations with the trade unions in their sector, such as the various regional and local construction associations. Recently a few sectoral associations have joined with trade unions to examine employment and training issues. These sectoral groups include the steel and the electrical and electronics industries, both groups receiving funding from the federal department of Employment and Immigration.

Within corporations there has been a significant increase in the importance of the human resource function. A 1988 survey by the Conference Board of Canada (Benimadhu 1989) found that 76 percent of HR managers reported directly to the Chief Executive Officer, and 12 percent to the Corporate Vice-President. Eighty-four percent of HR executives are full contributing members in their organization's strategic planning process and participate in senior planning meetings.

The Conference Board survey also showed that HR departments were smaller in unionized than in non-unionized firms. This suggests that unions provide a degree of fairness in the workplace that management in non-union organizations has to provide at its own expense (Barbash 1989). One reason non-union firms may be willing to expend more resources is to ensure flexibility in their operations and reduce the desire by workers to unionize.

Another example of the increased recognition of the HR function is the Ontario government's 1991 legislation establishing the designation Certified Human Resource Professional, administered by the Human Resources Professionals Association of Ontario. Ontario is the first government in North America to establish a formal HR designation. In spite of this designation, the existence of various organizations that have interests in the IR/HR field means that there is no unified voice on either labor or employment issues.

iii. Labour

The house of organized labor is also divided. The largest organization is the 2.4 million member Canadian Labor Congress (CLC), containing 59 percent of union members in Canada. A little over a third (37%) of the CLC members belong to international unions such as the United Steelworkers of America, and just under two-thirds (63%) belong to national unions, such as the 407,000 member Canadian Union of Public Employees (CUPE), the largest union in Canada (Labour Canada 1992).

The second largest union federation is the Quebec-based Confederation of National Trades Unions, a multi sector federation with 212,000 members. Only slightly smaller is the Canadian Federation of Labor, made up of international trades unions in the construction industry that broke away from the CLC over the issue of jurisdiction over construction trades in the province of Quebec. Provincial associations within

the CLC, such as the Quebec Federation of Labor, lobby provincial legislatures and also rule on provincial jurisdictional issues. In addition there are local labor councils.

Of the three actors labor is the most unified with the CLC as the labor group that is most called-upon by governments for representatives, although the CFL and the CNTU in Quebec are also included in many bi- and tri-partite consultations.

iv. The Changing Composition of the Labor Movement

Canada is one of a small number of countries whose union density has declined very little in the 1980s. Charts 1 and 2 show the long-term trend in union membership and density in Canada and the United States over the past 70 years. Two developments appear to jump out of the chart. First the major turning points in increases in unionization were associated changes in legislation that were supportive of unions, such as the Wagner Act in the U.S. in 1935, PC1003 in Canada in 1944 and the Quebec and federal government's granting of public sector rights to organize, bargain and strike in 1964 and 1967, respectively.

Second, the divergence between the U. S. and Canadian patterns begins with the passing of legislation but has been sustained at a plateau in Canada of just over 37 percent⁴ since the mid-1970s, while the American union density rate continued to decline to slightly below 16 percent.

Table 1 indicates that the general stability (or at most a slight downward trend) masks major shifts in employment distribution and union density by industry. Some of the service sectors that grew in the 1980s, particularly health and social services, have high levels of union density, 50%, while others such as trade and finance have low levels, 11.6 and 3.5 percent respectively (Statistics Canada 1992b).

In addition, the decline in the density within certain private sectors, such as fishing and manufacturing, are readily apparent. By comparison with the United States the decline in private sector union density was much less precipitous. In 1975, according to Troy (1990) the private sectors in the two countries were identical at 26%, whereas the 1985 figures for the two countries were 21 and 15 percent; and in 1990 were 18 and 12 percent respectively (Troy 1992), the later being a gap of nearly 50%.

An alternative estimate, prepared by the authors indicates that private sector union density did not decline from the mid-1980s, but remained at approximately 21 percent in both 1984 and 1990.⁵ The source of this

⁴ Labour Canada's (1992) Directory of Labour Organizations in Canada indicates a union density rate of 37.4 percent in 1992 based on non-agricultural paid employment and 36.2 percent for 1990. CALURA (Statistics Canada 1992b), which is the source for Table 1 shows 34.7 percent for 1990 for all paid employees. If agriculture is excluded the CALURA density rate for 1990 would be 35.2 percent. There are a number of differences between the CALURA and Labour Canada figures. CALURA excludes international or national unions with less than 100. In addition Labour Canada's figures relate to January of each year, whereas CALURA's data relate to the end of the year.

⁵ No precise estimate is available for 1990 on public versus private sector union density in Canada. Troy (1990 and 1992) bases his estimate of the division of sectors between private and public on a study by the Economic Council of Canada (1986) using 1983 data. Our estimates for 1984 and 1990 are determined in a less precise way by allocating whole industrial sectors. This method produces the same figure of private sector union density of 21 percent for 1984 as Troy (1990) found for 1985. However we find that in 1990 private sector density remained at 21 per cent whereas Troy's (1992) estimate is 18 percent.

stability appears to result from increases in density in forestry, construction, trade, finance, and other commercial services that offset decreases in union density in manufacturing, fishing and mines. Table 1 shows that, with the exception of forestry, the private sector industries whose union density declined were also the sectors whose share of paid employment declined. Similarly, the sectors whose employment share increased also had increases in union density (trade, finance). While the level of union density varies enormously in the private sector, the data indicate that unions were increasing their success rates in the growing sectors.

Our estimates define the private sector to include all of the goods-producing industries, along with trade, finance, insurance and real estate, business services, accommodations, and other services excluding education and health. This method of estimation may in fact understate the level of private sector unionization. New estimates prepared by Riddell (1992) from Statistics Canada's 1984 Survey of Union Membership show private union density at 29 percent and government (public sector) at 74 percent respectively. Riddell (1992) observes that in both the public and private sectors the rate of union density in Canada is twice that in the United States.⁶

There are two additional developments concerning unions in Canada. As Verma and Meltz (1990) have shown, a great deal of organizing continues to take place in Canada, particularly in the service sector by what have been traditional private sector unions. Finally, a major restructuring appears to be beginning with a number of mergers, such as the 1992 merger of the Communications and Electrical Workers of Canada (which had previously separated from the Communications Workers of America), the Energy and Chemical Workers and the Canadian Paperworkers (which in 1974 was formed by a merger of the Canadian branches of the International Pulp and Sulphite Workers and the United Paperworkers). This new union, the Communications, Energy and Paperworkers (CEP) union will rival in size the Food and Commercial Workers International Union, the Canadian Auto Workers and the United Steelworkers.

The implication of the major restructuring within the Canadian labor movement is that Labor is adapting itself for the changed competitive and changed economic structure that is emerging in Canada. This development could and hopefully will present an opportunity for constructive explorations for new approaches within the various public forums that exist for labor-management consultation.

4. RECENT DEVELOPMENTS AFFECTING THE IR/HR SYSTEM

A number of developments that began or were strengthened in the 1980s had and continue to have significant impacts on the Canadian IR/HR system. Three developments are discussed: the changing demographic composition of the labor force; the increase in the unemployment rate during the recessions of 1981-82 and 1990-1991; and the lagging productivity growth.

i. The Demographic Composition of the Labor Force

There were two significant changes in the demographic composition of the Canadian labor force that impacted on the IR/HR system. The greatest change was the fifty percent increase in the employment of

⁶ In a recent study Farber and Krueger (1992) concluded that approximately half of the Canada-U.S. gap in union membership is due to differences in worker demand for union representation and half due to the supply of union jobs.

adult women between 1980 and 1990. Although women are less organized than men, their rate of unionization increased in the 1980s narrowing the gap with men to 8.2 percentage points. The second major change was the progressive aging of the labor force. While the adult labor force grew by 30 percent in the 1980s, the number of youth (aged 15-24 years) decreased by almost 16 percent. Since youth are the least represented by trade unions, the aging of the work force, together with more female unionization, implies a greater potential for organizing by the trade unions.

ii. The Recessions of 1981-82 and 1990-92 and Unemployment

In the past decade Canada experienced two severe recessions that have had sizeable effects on the IR/HR system. For the first time in the post-war period large numbers of professional and white collar workers were unemployed. While the level of unemployment was unchanged at the beginning and end of the 1980s two differences emerged. The first was a regional change with Ontario experiencing a rapid post-recession recovery in the 1980s. Second, in the rest of Canada unemployment rates reached an unprecedented two percentage points above the United States. The recession of 1990-1991 was more severe in Canada than in the United States, with the difference in unemployment rates widening further to almost 4 percentage points in 1992.

For the IR/HR system the high unemployment rates have meant a weakening of trade unions' bargaining strength. Strike rates, while remaining above the U.S., declined dramatically and wage increases moderated significantly. Unions emphasized employment security and large severance packages. In non-union organizations the high rates of unemployment eased earlier recruiting problems for skilled labor and reduced turnover rates.

iii. Lagging Productivity Rates

Although Canada has a high level of productivity, recent rates of increase have lagged behind those recorded by the other countries (Rao and Lempriere 1992). Part of this lag may be the result of Canada having had the highest rate of labor force increase. The increase was initially in inexperienced youth and later in women with less continuous work experience. The up side of this development was that in spite of a widening of the unemployment rate difference between the U.S. and Canada, the rate of employment grew rapidly as well, with Canada ending the decade of the 1980s with a higher employment to population ratio than the United States.

The down side of this development was that in manufacturing Canada's unit labor costs were rising faster than its competitors. This was the result of lower productivity increases and higher wage rate increases, the latter presumably the result of Canada being more than twice as unionized as the United States. Following the beginning of the Free Trade Agreement with the U.S. in 1989, the 10 percentage point increase in the value of the Canadian dollar in comparison with the American dollar, placed Canada's manufacturing sector in a less competitive position than many U.S. and other foreign companies (Meltz 1991; Rao and Lempriere 1992).

The result was massive plant closings and the shifting of many U.S. branch plant operations to the United States. Ontario, the manufacturing heartland of Canada, was the hardest hit region. Between 1989 and 1992 employment in manufacturing in Ontario declined by 18.4 percent (Statistics Canada 1993). This

meant that sectors with high union densities declined. The response of trade unions has been vigorous organizing in non-traditional sectors (Verma & Meltz 1990). For example the United Steelworkers of America have been organizing janitorial and security service workers in the service industries.

The combination of the three major changes has weakened the bargaining position of unions in Canada and encouraged organizations to seek ways to be more cost effective. At the same time the aging of the work force, together with governments' supportive legislation for trade unions, have given unions an opportunity to at least maintain their substantial level of organization. These developments in turn underlie both the gradual changes in IR/HR in Canada and the significant role played by management-labor co-operation on a sectoral basis.

5. IR/HR PRACTICES: DOMINANT PATTERNS, CHANGES, DIFFUSIONS

The trends in specific practices and related developments are considered under the headings: governance, work organization, employment security, wage incentives, fairness and equity and training.

Collective agreements in Canada cover approximately 40 percent of the paid workforce, which is the 35-37 percent who are union members plus another 4-5 percent who do not belong to the unions. Table 2 presents statistics on specific IR/HR practices as contained in major collective agreements. While these data only provide broad indicators of the formal arrangements between the parties and do not indicate the extent of informal arrangements, the fact that they represent approximately 60 percent of persons covered by collective agreements in Canada does indicate the major direction that formal provisions are taking. These data were prepared by the Canada Department of Labor's Bureau of Labor Information from its collective agreements files.

No comprehensive statistics are available on HR developments that are occurring in the non-union sector. To describe HR developments in the non-union sector, as well as informal arrangements in the unionized sector, we have used case studies and the results of selected surveys conducted by such groups as the Conference Board of Canada. The statistics in Table 2 contain selected measures on trends in labor-management cooperation, employment security, wage incentive arrangements, fairness and equity, and training. The specific IR/HR practices will now be examined.

i. Governance

Firm-level Developments

The traditional patterns of workplace and firm-level governance in Canada are very similar to that in the United States. At the firm-level, management rights to make business decisions exclusively are well entrenched in corporate law. Employee representatives have no right to participate in decisions to hire, fire (for just cause), choice of technology, new investments, or plant closures. At the workplace level, the Wagner Act framework has led to a system of decentralized collective bargaining in which work rules with respect to wages, benefits, hours, job classifications and the like are negotiated.

Many scholars have argued that, as in the U.S., this system of governance with its detailed substantive workrules encoded in long collective agreements formed a stable symbiosis with labor's 'job-control' philosophy on one hand and a growing North American market that was relatively free of off-shore competition on the other hand (Chaykowski & Verma 1992).

In the 1980s, this system of governance came under intense pressures to change. Competition intensified due to freer trade, de-regulation, privatization and rapid technology change. This resulted in erosion of profits forcing firms to look for rapid improvements in productivity. In collective bargaining, employers pushed two agendas: moderate increases in compensation and introduction of quality improvement programs within the framework of increased employee involvement. The push for lower wages resulted in some high profile strikes in the early 1990s given the strength and militancy of the Canadian labor movement noted earlier and the onset of a new recession during 1990-91.

Overall, the employer push for quality improvement and employee involvement has resulted in small incremental changes in workplace governance. Both labor and management have contributed to the slow diffusion of innovations in the area of workplace governance.

In the eyes of many unionists and other critics, employer initiatives in quality improvement and employee involvement (EI) are employer attempts to reduce the power and influence of labor collectives by coopting workers into a managerial agenda (Wells 1986). Many unions believe that it is politically hazardous for them to support programs that allow workers to be coopted without some degree of union participation in the governance process. In the main, the critics see quality and EI programs as a threat to traditional collective bargaining.

Early opposition to such programs by the broad band in the Canadian labor movement through much of the 1980s has resulted in two developments. First, in the sectors that have high union density (public sector, resource industries, autos, steel, etc.), quality and EI programs have diffused very slowly. A small but significant number of employers have pushed ahead with these programs on their own, isolating or at least attempting to isolate the union. Second, in sectors where unions are weak or absent, employers have essentially implemented such programs unilaterally. Although there are no comprehensive studies of the diffusion and effectiveness of such programs across union and nonunion sectors, much of the case evidence points to research findings in American workplaces (Verma & Weiler 1993). EI programs in the unionized sector are more difficult to start but once launched, they are easier to sustain if the union is supportive. If the union is cool or opposed to the idea, the probability of sustaining the program in the long-run declines sharply (Cutcher-Gershenfeld, Kochan & Verma 1991; Verma 1989).

By 1992, an increasing number of unions are coming to terms with the reality of these initiatives. Only a handful of major unions - notable among them, the Communications, Energy and Paperworkers (CEP) Union, and the United Steel Workers (USWA) - have proactively embraced policies supporting employee involvement and flexibility. These unions have articulated a set of conditions under which they would be willing to support innovations. These conditions include a formal role for the union in joint decision-making and safeguarding union principles such as seniority rights and job security (CWC 1990; USWA 1991). Other unions who are increasingly involved in such efforts often do so reluctantly. The Canadian Auto Workers (CAW) has set its own agenda which rejects Japanese production methods, but supports efforts to involve and empower workers, to produce quality products, through training, technology and

strengthening the union (Kumar and Meltz, 1992, pp. 73-74). Many employers see the CAW stance as unfriendly to their efforts to introduce employee involvement and team-oriented work organization.

Most firms that wish to implement quality and EI programs do not see the need for changes in workplace governance. Managers would like to retain exclusive control of such initiatives and, at the same time, have unions support them. Under the provisions of the law and of almost all collective agreements, employers have the exclusive right to implement quality and EI programs. It is a traditional right that few employers are willing to give up. In a recent study of ten industrial sectors⁷, the researchers reported few joint labour-management initiatives that addressed governance issues (Chaykowski & Verma 1992, Table 12.1, 459-461).

Despite the slow pace of change, there are indications that a small number of companies and unions have begun to experiment with alternate governance structures (Verma & Cutcher-Gershenfeld 1993). As Table 2 shows, quality of work life provisions have increased over the years but remain confined to a small proportion of all collective agreements. Not all of these concern quality and EI programs. Some are traditional areas such as contracting out and joint committees to deal with technological change. Table 3 shows a representative sample of cases where the parties have agreed to govern jointly.

Table 2 identifies other joint labor-management co-operation including health and safety, joint job evaluation, joint administration of persons and labor-management committees. Overall there appears to be an increase in many specialized forms of labor-management co-operation, with the major exceptions being joint administration of pension plans and general labor-management committees. In the case of the latter there was a substantial decline from a high of 72 percent of all collective agreements in 1980 to 41 in 1987 and then an increase again in 1992 to 48 percent. It would appear that there was a shift in the 1980s away from general labor-management committees to joint committees in selected areas such as technological change and job evaluation. The onset of the 1990-1991 recession seems to have brought back the general labor-management committee while leaving the other specialized committees in place. In general, most of the general labour-management committees have no decision-making authority and, hence, their contribution to general governance is minimal. Such committees are mostly a forum for exchange of information and some consultation.

Although their numbers are small, the experiments in joint governance mentioned above are, none the less, significant because they offer an alternative to traditional management-dominated governance for the workplace. It is possible that the industrial relations system may evolve to a new equilibrium around joint governance because it allows cooperative solutions to form around integrative issues without giving up the right of either party to raise disputes. In this sense, joint governance permits the ideals of pluralism to co-exist with the market-driven need to collaborate (Verma 1991).

Sectoral Initiatives

Although industry-level joint committees have a long tradition (Adams 1985), they received increased attention in the 1980s as a way of focusing on the mutual interests of labor and management. The theoretical assumption behind these initiatives, even if not fully stated, is that if the parties can share a common view of the problems facing the industry, they will be able to proceed with needed reforms at the

⁷ Auto, steel, mining, construction, textile, clothing, public sector, education, airlines, and telephones.

workplace. The Canadian Textile Labor Management Committee was formed in 1967 and has been active in the area of trade policies affecting the industry (Sexton, Leclerc and Audet, 1984). Similarly, the Canadian Steel Trade and Employment Congress (CSTEC) was established in 1985 as a joint initiative of the United Steelworkers (USWA) and the major steel companies. Since 1987, it has also received funding from Employment and Immigration Canada's Industrial Adjustment Service (IAS) to operate adjustment programs for laid-off workers in the steel industry (Worklife Report, 1990).

In the same spirit, the IAS has also signed agreements with the Canadian Automotive Repair and Service Council and the Joint Human Resources Committee of the Canadian Electrical/Electronics Manufacturing Industry (CEEMI), both formed in 1988. Both these committees are primarily concerned with developing and implementing a strategy to improve the skills available to the industry (CEEMI, 1989).

While a full assessment of these initiatives is somewhat premature, some observers have already noted that sectoral level cooperation has not necessarily spurred the consideration and adoption of innovations at the firm or plant level (Warrian, 1990; Docquier, 1989). It is possible that the newer initiatives of the 1990s need more time to percolate down to the firm level. On the other hand, it is also likely that sectoral initiatives facilitate innovations only in a very indirect way.

National Level

It is important to note that the 1980s saw a number of both private and public initiatives at the national level in which labor and management tried to arrive at broad understandings. The Canadian Chamber of Commerce (1988) issued its report, FOCUS 2000, after consulting labor leaders in which it affirmed its resolve to "building an atmosphere of mutual confidence and trust" with the labor movement. In another initiative, The Niagara Institute (1987) assembled an impressive array of leaders from both labor and management whose report, *The Search for a Better Way*, spells out a code of conduct for labor-management relations. These initiatives may well have a positive impact on firm-level adoption of innovations. It is simply too early to tell at this time. There is no doubt, though, that such inputs are important in sending a positive signal to the labor and management community at large.

In the area of public policy, in 1988 the federal government initiated the Advisory Council on Adjustment to examine ways in which Canadians could not only withstand the shock of adjustment to the Canada-U.S. Free Trade Agreement (FTA) but also benefit from it. The Council, under the chairmanship of Mr. A. Jean de Grandpre in its much publicized report, *Adjusting to Win*, recommended a series of measures to invest in labor skills among other things. It urged a review of the nation's training and education infrastructure. It also recommended that the government should "shift the emphasis of government assistance towards employment promotion rather than income maintenance" (Advisory Council on Adjustment 1989: p. xix). As a result of these recommendations the federal government initiated a number of taskforces with the help of the Canada Labor market and Productivity Centre (CLMPC) in 1990 to develop a national training policy. The taskforces, seven in all, completed their report by late 1990. In early 1991, the government announced its intention to set up a national training board (the Canada Labor Force Development Board) that will be managed at arms-length from the government by representatives from labor, business, the community and educational institutions. The government also enacted a bill in 1991 that transfers \$800 million from the Unemployment Insurance fund to the newly created training funds. At the time of this writing, it is hard to tell if this initiative will breathe new air into Canada's private sector training programs that generally lag behind other nations' (Economic Council of Canada 1991). It is clear, however, that the process of consultation followed by the government and the

willingness to move training away from the political winds that blow on Parliament Hill are positive developments.

ii. Work Organization

There have been only a handful of cases in Canada where large scale innovations have been introduced. The best known example is the Shell Canada Chemical plant in Sarnia, Ontario, which has successfully used a team-based work organization along with other attendant innovations since 1975 (Halpern, 1984)⁸. The Shell plant broke new ground in two important ways. First, it reversed the Tayloristic logic of work organization to a high commitment, high involvement form of work organization based on socio-technical design. Second, it achieved this transformation with the full cooperation and involvement of the union, the Energy and Chemical Workers. The union through its stewards and members on the shop-floor shares decision-making powers with management.

In a much larger number of organizations, innovations are diffusing very slowly and tentatively with the parties taking a much more cautious approach. In companies like McDonnell Douglas, Inglis, MacMillan Bloedel, B.C. Hydro and General Motors of Canada among others, there are tentative steps by one or both sides.

In the Canadian auto industry there was an increase in the flexibility of work practices to the benefit of management, but the changes were not quite as great as occurred in the United States when data were compared from 1979 and 1986 (Katz and Meltz 1989). Three types of flexibility were examined: reductions in the number of job classifications, increases in the range of work performed by employees, and other changes in work rules and practices, such as meeting in small groups to discuss production or quality problems and pay for knowledge. A reduction in the number of job classifications removes barriers to flexibility in the use of labor, while broadening the range of work performed enhances flexibility. In the case of job classifications the reduction was much greater in the United States. There was little difference with respect to the range of work performed, except that Canadians do much less of their own housekeeping. Group consultation and pay for knowledge occurred to a greater extent in the U.S.

While these changes indicate more flexibility in the automobile industry in the United States than in Canada, the overall performance measures showed higher productivity levels and better quality of product in Canada than in the U.S., although the gap had narrowed. These findings suggest that there were other factors at work in addition to work rules and flexibility. Canadian operations were ahead in measures of industrial relations such as having lower grievance rates and lower discipline rates.

The other factors in differentiating the performances of workers in the two countries could include the quality of management, the quality of the workforce and the history of the relations between the parties. The continuing sizeable investment by the Big Three Auto firms (General Motors, Ford, Chrysler) in Canada suggests that the Canadian operations are providing a positive environment for production, even though the Canadian Auto Workers have a reputation for militancy. The union has emphasized fair

⁸ An overview of such developments until the mid-1980's is provided by Mansell (1986).

treatment and has been willing to accommodate changes within the framework of the goals it has set for union-management relations (Kumar and Meltz 1992).

Management is often not sure of how speedily to proceed given the ambivalence or possible opposition of their unions. Unions are, similarly, unsure of how this may impact their political standing vis-a-vis their constituents or how it may affect collective bargaining (Rankin 1990). In a growing number of organizations, some innovations have been considered and abandoned so completely that their revival on the bargaining agenda appears unlikely in the near future. Among others, innovations involving worker involvement have been tried and abandoned in the Atomic Energy Corporation, Rockwell and Colgate-Palmolive.

iii. Employment and Income Guarantees

While it was popular to refer to the need for Canadian industry to adopt Japanese approaches to employees, Table 2 shows that only 12 percent of collective agreements in 1992 in large (500 or more employee) establishments provided for employment guarantees of which 9 percent were for an indefinite term and covered 19 percent of all employees. A further 2.5 percent of employees were covered for the term of the agreement or for a specified time period. This is a slight increase from the coverage in 1988 (Meltz 1989b).

For most Canadian employees seniority provisions and the prohibition of contracting out are the most that employers will provide (Meltz, 1989b). Seniority is taken into consideration in a majority of contracts when there are layoffs, recall, job posting, promotion and bumping.

Although one in every two contracts prohibits contracting out there is a wide range in the proportion of agreements with such a clause, from 89 percent in automobile assembly to 27 percent in electrical products. A prohibition of contracting out could have a negative effect on competitiveness in that it prevents an organization from taking advantage of possibilities of reducing costs of operation. In practice these provisions vary in their wording, often allowing for more flexibility than seems apparent. Some provisions prohibit contracting out if employees have to be laid-off as a consequence. Firms can contract out if they find other work for the employees. This prohibition could have some element of encouraging employee commitment to the organization. On balance, however, it may tend to reduce competitiveness unless it is accompanied by other forms of flexibility and consultation.

Income guarantees are now more prevalent than employment guarantees (though slightly less in terms of number of employees covered). The trend is definitely toward an increase in income guarantees. This trend was very likely influenced by the major gains in the auto industry in 1990 as well as at International Nickel by the United Steelworkers in the same year (Chaykowski and Verma 1992, 459-461).

The bottom line remains, however, that only twenty percent of employees in the larger bargaining units have employment and/or income protection. For employees of non-unionized firms the trend has definitely been away from secure employment with such large and employment security-oriented firms as IBM Canada, Dofasco and Ontario Hydro, which eliminated large numbers of jobs and reduced staff through severance incentives in the early 1990s.

iv. Wage Incentives

In the 1980s there was an accepted view that a greater proportion of pay in the form of contingent wages was necessary to enhance competitiveness. This is what the Japanese did, and conventional wisdom held that it was necessary for this to occur in Canada. The statistics in Table 2 show that in general, wage incentives and contingent wages for unionized workers actually decreased in Canada in the 1980s.

The overall decline may be explained by the strong and highly visible opposition the Canadian section of the United Auto Workers took in opposing profit sharing in the 1982 and 1984 negotiations with the auto assembly firms (General Motors, Ford and Chrysler). Although the American branch of the UAW accepted profit sharing, the Canadian branch refused. The differences over profit sharing in the 1984 negotiations led to the split in the union and the formation of the Canadian Auto Workers in 1985. A recent study indicates that the Canadian Auto Workers received more in earnings by not accepting profit sharing than auto workers in the U.S. received by agreeing to profit sharing (Katz and Meltz, 1991).

If Canadian auto workers received more earnings per person by not accepting profit sharing, does that mean that labor costs were higher in Canada and profits lower? In fact, profits tended to be higher in Canada, perhaps because of higher productivity. Although the link between the rejection of profit sharing and higher productivity remains unclear, the CAW appears to have adopted the policy of stressing fair treatment of employees and to put the onus of enhancing productivity on management. To this point the CAW's social unionism has been successful in balancing their concerns for equity with enabling management to enhance efficiency (Kumar and Meltz 1992).

The data from collective agreements do not support the view that there was an increase in contingent wages in the Canadian workforce. However there appears to have been growth in such forms of compensation for management and some white collar workers. No general statistics are available but a survey of large organizations showed that in 1990, 35 percent had a stock option plan restricted in most cases to executives, 27 percent had a stock purchase plan for most employees, 22 percent had profit sharing plans open to most employees, and 28 percent had cash bonus plans for all employees and 61 percent had cash bonuses for management and executives (Lendvay-Zwickl 1990, p. 6)

Wage incentives are therefore mostly focused on management and executives though some industries such as clothing and to an increasing extent steel, make substantial use of wage incentives. The most interesting experiment taking place in Canada in this regard is the employee buy-out by the United Steelworkers of America of the third-largest steel company, Algoma Steel. The employees will own 60 percent of the firm. Initially they will take a reduction in pay and a reduction in employment as part of the restructuring process to restore profitability to the ailing firm. Government assistance has been provided and there will be an extensive program of employee involvement (Galt 1992; Lancaster Labour Law Reports 1992). The labor movement is divided on the wisdom of the Algoma labor-sponsored buy-out and the subsequent reduction in wages. If the employee-controlled Algoma is financially successful, the door may be opened to a broader range of experimentation involving changes in compensation.

v. Fairness and Equity

Canada has experienced a major growth in affirmative action (termed employment equity) legislation in Canada and especially an increase in the extent of legislation on pay equity (termed comparable worth in the United States). Governments have been proactive in the long Canadian tradition of government intervention in the labor market. This contrasts somewhat with the United States which introduced these concepts first in the 1960s but in the 1980s began to move away from them. By contrast, although Canada started later, the federal government and a majority of provincial governments have embraced one or the other of employment equity and pay equity (Labour Canada 1991). While legislation in these fields has tended to be limited to the public sector, in Ontario the Pay Equity Act applies to the private sector as well (Weiner and Gunderson 1990).

Perhaps, because the federal and provincial governments have embraced these equity concepts, few collective agreements contain provisions for either. Affirmative action plans are found in only 5 percent of agreements, while equal pay for equal work or equal pay for work of equal value are in 9 percent of agreements. The latter covers 18 percent of employees. Not surprisingly the industries in which these provisions are most prominent are industries with larger numbers of women (clothing and telephones). The steel industry, with a small percentage of female employees, less than 10 percent, is noteworthy for its involvement in equal pay for equal work. The electrical products industry, with a female proportion of 38 percent, has some agreements with affirmative action plans, although the telephone and telegraph industry has moved the furthest with these plans and more than doubled the proportion between 1987 and 1992 from 11 to 27 percent of agreements.

Provisions against sexual harassment have also increased significantly although the proportions of contracts with this clause vary from a high of 56 percent in the auto industry to 0 in clothing. Overall, there has definitely been a move toward more fairness and equity in Canadian work places.

vi. Training

As noted earlier the federal government has undertaken some recent initiatives to increase the financial support for training in Canada, especially through earmarking \$800 million per year of Unemployment Insurance funds for this purpose. However, this recent infusion of funds is against a backdrop of a decrease in federal government support for training (Meltz 1990b).

Of even greater significance is the fact that private support for training in Canada (0.25% of GDP in 1987) is estimated to be less than half of that in the United States (0.66% of GDP in 1987) (Economic Council of Canada 1991; p. 130). The data in Table 2 confirms the limited involvement of Canadian firms in formal training. For Canada as a whole less than half of the larger unionized establishments in Canada have provisions for training on the job, while only a third support apprenticeship or training in outside courses. On the other hand, the most recent survey of private sector training, conducted in 1991 by the Canadian Labour Market and Productivity Centre, found that seventy percent of organizations provide formal (structured) training to 36 percent of private sector employees.

The differing results between the earlier Economic Council of Canada (1991) study and the most recent survey by CLMPC may lie partly in the type of training identified. CLMPC reported that 61 percent of

firms provided orientation training, followed by computer training (57%), health and safety training (44%) and managerial training (40%). Sales employees were the most likely to receive some structural training. The average training per employee was fourteen hours or approximately two days of training. The average trainee received 39 hours of structured training. The CLMPC survey may have cast its net more broadly in defining training than the earlier Economic Council Survey.

A recent survey by the Conference Board of Canada that indicated that both unionized and non-union Canadian organizations are increasing their expenditures on training at a substantial pace. The largest spenders on training in terms of the percentage of payroll costs were BC Hydro (7.2 percent), IBM (5.6 percent), Xerox Canada (5.0 percent) and the Royal Bank (3.9 percent). (Larson and Blue, 1991, p.11). IBM and the Royal Bank are non-union while BC Hydro and Xerox Canada are unionized.

In the past the relatively low level of private firm spending on training has been offset to some extent by a high level of government spending. In fact in the early 1970s Canada was spending more on training than any other country except Sweden (Economic Council of Canada, 1971). That training, however, was institutional rather than in industry or in partnership with industry. The challenge in Canada has traditionally been to try to shift training toward an industry base. To date there has only been a limited success in this regard. It is important for Canada's continued competitiveness that training be increasingly shifted in an industry-related direction. At present, an estimated 36% of training expenditures are in or with industry (Meltz 1990b). The newly-created Canada Labor Force Development Board and the planned Ontario Training and Adjustment Board (a government agency to be managed by representatives of labor, management, and special interest groups) may help to shift training toward a greater partnership with industry.

6. CONCLUSION

While Canadian developments in industrial relations have been influenced by the U.S. experience particularly in the economic arena, the institutional responses have charted an increasingly divergent and uniquely Canadian course. This makes the Canadian case especially useful for comparative theory construction. The evidence suggests that both labor and management have taken an incremental approach to workplace reform.

Although Canadian management has not adopted the same union avoidance tactics as American management (Verma & Thompson 1989), the desire to avoid unions in Canada is very similar. The best corroboration of this observation comes from the declining union density in the manufacturing sector (Troy 1992). The financial sector has generally neutralized early union gains made in the 1970s, and some large manufacturers like Northern Telecom and other medium size ones like Crown Cork and Seal have pioneered the growth of the high commitment non-union industrial relations systems.

Some degree of union avoidance has always characterized Canadian management practices. What gives them a new flavour is the growing ability of employers to stay non-union in greenfield sites. But, perhaps the strongest weapon that employers have used with success against unions and workers in the 1980s is the threat of closure. In response to increasing competition as a result of the Free Trade Agreement (FTA) with the U.S. and lower tariffs in general, a number of employers (especially, but not only, the U.S. manufacturing companies) began to wind up their branch plant operations in Canada. Even as these plants

closed, other employers have missed no opportunity to point to these cases to win concessions or to defeat organizing campaigns.

Despite management resistance, the Canadian labor movement as a whole, is far from weakened in the way that the U.S. labor movement found itself circa 1980. Labor has gradually increased its involvement both in the political process as well as at the sectoral level during the 1980s (Chaison and RoSe 1990). With the election of Bob White (of the Canadian Auto Workers) as the President of the Canadian Labor Congress (CLC), this trend is likely to intensify further. The political strategy has paid some handsome dividends for labor in recent years. Within a two year period (1990-92), three provinces, Ontario, B.C., and Saskatchewan, elected NDP governments with substantial support from the labor movement. This has given labor increasing clout in setting the political agenda of the nation.

As described earlier, labor has also assured itself of a role in sectoral joint committees and in the national Canada Labor Force Development Board. Similar boards are now being constituted in several provinces giving labor a formal voice. These developments run almost counter to organized labor's declining influence in some parts of private sector collective bargaining and on the shop floor.

Canadian developments raise three research and policy issues that need further examination. First, is increasing clout for labor at the political and industry levels compatible with its decline within collective bargaining in some sectors and on the shop floor in the manufacturing sector in particular? Or, to state it in policy terms: how can labor use its political clout to prevent a decline in its ranks? In the U.S., this debate was settled once between the Knights of Labor and the American Federation of Labor in favour of a non-political labor movement that was to concentrate on bread-and-butter issues within collective bargaining. The Canadian developments are rekindling the old debate in a new setting. The CLC has no major rival. It fights against decline of all labor unions. It also believes in collective bargaining but wants to combine such particularistic activities with broader social goals. At the same time, labor has received its immediate rewards from the political process with pro-labor amendments to labor relations legislation in 1992 in two provinces ruled by NDP governments, Ontario and British Columbia⁹. Management viewed the changes in legislation in both provinces as a major shift of power to unions. However, academic observers believe that these changes would not drastically alter the balance of power but, rather, result in incremental changes consistent with the gradual process of labour law reform in the past (Carter 1992).

In a modern democracy, this debate between political initiatives and workplace priorities, like most others, will be settled ultimately at the ballot box. It is tempting, therefore, to hypothesize that the success of labor's political strategy may well depend on the extent to which unions can add wealth generation to the traditional agenda of equity in the workplace and in the society at large. There is no doubt that for labor, the price of achieving greater clout at the political level will be greater responsibility and involvement at the workplace level where it must demonstrate that it can marshal the rank-and-file forces as much in support of wealth generation as it has in the past, in wealth distribution. If labor succeeds, its reward would be greater following at the ballot box. On the other hand, should labor fail to broaden its traditional role of emphasizing wealth distribution only, it is likely that voters will see labor increasingly

⁹ At the time of going to press, Saskatchewan, the third province with an NDP government, had begun the process of proposing a labour law reform bill.

as part of the problem rather than as part of the solution. In that event, labor's increasing political clout in the early 1990s might be best remembered as Canadians' brief affair with the labor movement.

The second issue is one of Canada's competitive position vis-a-vis the United States, its largest trading partner. Can Canada continue to chart a different economic and labor relations policy course than the U.S. at a time when the two economies are becoming increasingly interdependent? If the lack of unionization and labor market regulation in the U.S. reduce the cost of labor relative to Canada, there will be some pressure, especially within companies that operate in both countries, to shift resources from high cost Canadian operations to the lower cost facilities in the U.S. As suggested earlier, this may already have happened to some extent since the Free Trade Agreement went into effect.

Third and last, from a theoretical point of view, the Canadian experience suggests that labor's political power can modify the behavior of the parties and the influence of market forces on workplace practices and outcomes. Industrial relations theories must, therefore, take into account the role of labor's political initiatives in workplace reform and economic growth. Since the recent successes of labor's political strategy are without precedent in contemporary Canadian history, it is difficult at this time to estimate its effectiveness in the longer-run. Meanwhile, it is clear that the stronger political role of labor in Canada relative to the U.S., will continue to influence workplace reform and collective bargaining as much as the economic forces of the labor and product markets.

REFERENCES

- Adams, Roy J. (1985). "Industrial Relations and the Economic Crisis: Canada moves towards Europe". In Hervey Juris, Mark Thompson, and Wilbur Daniels, eds. **Industrial Relations in a Decade of Economic Change**. Madison, WI: Industrial Relations Research Association, pp. 115-150.
- Advisory Council on Adjustment (1989). **Adjusting to Win: Report of the Advisory Council on Adjustment**. Ottawa: Minister of Supply and Services.
- Barbash, Jack (1989). "Equity as Function: Its Rise and Attribution." In J. Barbash and K. Barbash, eds. **Theories and Concepts in Comparative Industrial Relations**. Columbia, SC: University of South Carolina Press, pp. 113-122.
- Benimadhu, P.P. (1989). **Human Resource Management: Charting a New Course**. Ottawa: The Conference Board of Canada, May.
- Bruce, Peter G. (1989). "Political Parties and Labor Legislation in Canada and U.S." **Industrial Relations**, Vol. 28, No. 2, Spring, pp. 115-141.
- Bureau of Labour Information, Labour Canada (1992). **Provisions in Collective Agreements, Special Tabulations**, (Hull, Quebec: June 2 and 3, 1992).
- Canadian Labour Force Development Board (1993). **Occupational Standards in Canada - Issues and Opportunities**. Ottawa.
- Canadian Chamber of Commerce (1988). **Focus 2000: Report on the Task Force on Harnessing Change**. Ottawa: August.
- Carter, Don (1992). **Labour Law Reform: Radical Departure or Natural Evolution**. Kingston, Ontario: Industrial Relations Centre, Queen's University.
- CEEMI (Canadian Electrical and Electronics Manufacturing Industry) (1989). **Connections for the Future. A Human Resources Strategy for the Canadian Electrical and Electronics Manufacturing Industry** (January).
- Chaison, Gary N. and Joseph B. Rose (1990). "New Directions and Divergent Paths: The North American Labor Movements in Troubled Times." **Labor Law Journal** 41: 591-96.
- Chaison, Gary N. and Joseph B. Rose (1991). "Continental Divide: The Direction and Fate of North American Unions". In **Advances in Industrial and Labor Relations** Volume 5, edited by Donna Sockell, David Lewin, and David B. Lipsky, pp. 169-205. Greenwich, CT: JAI Press.
- Chaykowski, Richard P. and Anil Verma, eds. (1992). **Industrial Relations in Canadian Industry** (Toronto: Holt, Rinehart and Winston).

- CLMPC (Canadian Labour Market and Productivity Centre) (1993). **1991 National Training Survey**. Ottawa: CLMPC, February.
- Craig, Alton W.J. (1990) **The System of Industrial Relations in Canada. Third Edition**. Scarborough, ON: Prentice Hall Canada.
- Cutcher-Gershenfeld, Joel, Thomas A. Kochan & Anil Verma. "Recent Developments in U.S. Employee Involvement Initiatives: Erosion or Transformation", in Donna Sockell, David Lewin & David Lipsky, eds., **Advances in Industrial & Labor Relations**, Vol. 5, JAI Press, 1991, 1-31. CWC (Communications & Electrical Workers of Canada) (1990). "An Agenda for the Future: CWC's Position on Workplace Reorganization". Mimeograph. 7th Annual Convention, Quebec, May 7-11.
- Docquier, Gerard (1989). "Forging New Management Relations - A Competitive Necessity?" Notes for remarks made to the Human Resources Section of the Canadian Pulp and Paper Association.
- Economic Council of Canada (1971). **Seventh Annual Review 1971** Ottawa: Information Canada.
- Economic Council of Canada (1986). **Minding the Public's Business**. EC 22-135. Ottawa: Information Canada.
- Economic Council of Canada (1991). **Employment in the Service Economy**. Ottawa: Supply & Services Canada.
- Farber, Henry S. and Alan B. Krueger (1992). **Union Membership in the United States: The Decline Continues**. Cambridge, MA: National Bureau of Economic Research, Working Paper No. 4216.
- Galt, Virginia (1992). "Algoma workers take pay cut to own the mill", **The Globe and Mail**, April 16.
- Halpern, Norman (1984). "Socio-technical Systems Design: The Shell Sarnia Experience", in J.B. Cunningham and T.H. White, eds. **Quality of Working Life: Contemporary Cases**. Ottawa: Labour Canada.
- IMD International (1991). **The World Competitiveness Report**. Lausanne: IMD.
- Katz, Harry C. and Noah M. Meltz (1989). Industrial Relations Issues for the 1990's, **Proceedings of the 26th Conference of the Canadian Industrial Relations Association**, Edited by Michel Grant, Universite Laval, Quebec, June 4-6, 1989, pp. 384-396.
- Katz, Harry C. and Noah M. Meltz (1991). Profit Sharing and Auto
- Workers' Earnings, The United States vs Canada. **Relations Industrielles**, Vol. 46, No. 3, pp. 515-530.
- Kumar, Pradeep and Noah M. Meltz (1992). "Industrial Relations in the Canadian Automobile Industry", in Richard P. Chaykowski and Anil Verma, eds. **Industrial Relations in Canadian Industry** (Toronto: Holt, Rinehart and Winston). pp. 39-86.

- Kumar, Pradeep, David Arrowsmith, and Mary Lou Coates (1991). **Canadian Labour Relations: An Information Manual** (Kingston, Ontario: Industrial Relations Centre, Queen's University).
- Labour Canada (1991). **Labour Standards in Canada**, (Hull, Quebec: Minister of Supply and Services).
- Labour Canada (1992). **Directory of Labour Organizations in Canada** (Hull, Quebec: Minister of Supply and Services Canada).
- Labour Canada (1993). "Labour Update", Ottawa: Issue 24, February.
- Lancaster Labour Law Reports 3. Contract Clauses, "Steelworkers Reach Historic Deal in Bid to Save Algoma", May 1992, vol. 16, No. 5.
- Lendvay-Zwickl, Judith (1990). **Compensation Planning Outlook 1991**, The Conference Board of Canada. Survey Results, 9th edition.
- Larson, Peter E. and Matthew W. Blue (1991). **Training and Development 1990: Expenditures and Policies**. The Conference Board of Canada, Human Resource Development Centre, Report 67-91.
- Mansell, Jacquie (1986). **Workplace Innovation in Canada**. Ottawa: Economic Council of Canada.
- Meltz, Noah M. (1985). Labor Movements in Canada and the United States, in Thomas A. Kochan, ed. **Challenges and Choices Facing American Labor**, Cambridge, MA: MIT Press, pp. 315-334.
- Meltz, Noah M. (1989a). "Interstate vs. Interprovincial Differences in Union Density", **Industrial Relations**, vol. 28, No. 2 (Spring), pp. 142-158.
- Meltz, Noah M. (1989b). "Job Security in Canada". **Relations Industrielles**, vol. 44, no. 1, pp. 149-161.
- Meltz, Noah M. (1990a). "Unionism in Canada, U.S.: On Parallel Treadmills?", **Forum for Applied Research and Public Policy**, Winter 1990, vol 5, no. 4, pp. 46-52.
- Meltz, Noah M. (1990b). "The Evolution of Worker Training: The Canadian Experience," in **New Developments in Worker Training: A Legacy for the 1990's**, edited by Lou Ferman Michel Hoyman, J. Cutcher-Gershenfeld and Ernest Savoie, Madison, Wisconsin. Industrial Relations Research Association, pp. 283-307.
- Meltz, Noah M. (1991). "Sectoral Realignment in Canada: Shifting Patterns of Output and Employment and the Consequences for Labour-Management Relations", in Elaine B. Willis editor, **Industrial Restructuring and Industrial Relations in Canada and the United States**, Kingston, Ontario: Industrial Relations Centre, Queen's University, pp. 1-17.
- Minister of Labour, The Honourable Bob Mackenzie (1992). Introduction of Amendments to the Ontario Labour Relations Act

Morton, Desmond (1990). **Working People: An Illustrated History of Canadian Labour**, 3rd Edition (Toronto: Summerhill).

Niagara Institute, The (1987). **Code of Conduct for Labour-Management Relations**, Niagara-on-the-Lake, (October).

Papp, Leslie (1993). "Civil Service Revolt Builds", **Toronto Star**, March 24, p. A17.

Rankin, Tom. (1990). **New Forms of Work Organization: The Challenge for North American Unions**. Toronto: University of Toronto Press.

Rao, P. Someshwar and Tony Lempriere (1992). **Canada's Productivity Performance**. Ottawa: Supply and Services Canada and Canada Communication Group.

Riddell, W. Craig (1992). "Unionization in Canada and the United States: A Tale of Two Countries", Vancouver, B.C.: Department of Economics, University of British Columbia.

Sexton, Jean, Claudine Leclerc and Michel Audet (1984). **The Canadian Textile Labour-Management Committee**, Labour Canada.

Statistics Canada (1992a). **Canada: A Portrait**. Ottawa: Supply and Services Canada.

Statistics Canada (1992b). **CALURA Labour Unions 1990**. Catalogue 71-202. Ottawa: Industry, Science and Technology Canada.

Statistics Canada (1993). **Labour Force Annual Averages 1992**. Catalogue 71-220. Ottawa: Industry, Science and Technology Canada.

Stone, Thomas H. and Noah M. Meltz (1993). **Human Resource Management in Canada. Third Edition**. Toronto: Dryden Press.

Troy, Leo (1990). "Is the U.S. Unique in the Decline of Private Sector Unionism?" **Journal of Labor Research** (Spring): pp. 111-143.

Troy, Leo (1992). "Convergence in International Unionism, etc.: The Case of Canada and the U.S.A.", **British Journal of Industrial Relations**, vol. 30, no. 1, pp. 1-43.

USWA (United Steel Workers of America Canada) (1991). **Empowering Workers in the Global Economy: A Labour Agenda for the 1990s**. Toronto: USWA.

Verma, Anil. "Joint Participation Programs: Self-help or Suicide for Labor?", **Industrial Relations**, 28(3), Fall 1989, 401-410.

Verma, Anil (1991). "Restructuring in Industrial Relations and the Role for Labor". In Margaret Hallock and Steve Hecker, eds., **Labor in a Global Economy: A U.S.-Canadian Symposium**. Eugene, Or: University of Oregon Books, pp. 47-61.

- Verma, Anil and Joel Cutcher-Gershenfeld (1993). "Joint Governance in the Workplace: Beyond Union-Management Cooperation and Worker Participation". In Bruce E. Kaufman and Morris M. Kleiner, eds., **Employee Representation: Alternatives and Future Directions**. Madison, WI: Industrial Relations Research Association.
- Verma, Anil and Noah M. Meltz (1990). The Underlying Sources of Union Strength: Certification Activity in Ontario 1982-1988. **Proceedings of the Twenty-seventh Annual Meetings of the Canadian Industrial Relations Association**, pp. 465-474.
- Verma, Anil & Mark E. Thompson (1989). "Managerial Strategies in Industrial Relations in the 1980s: Comparing the US & Canadian Experience", **Proceedings of the Forty-first Annual Meetings, Industrial Relations Research Association**, Madison, WI.
- Verma, Anil and Joseph Weiler (1993). **Change and Restructuring in Industrial Relations and Human Resource Management in the 1980s: A Review of Firm-level Responses**. A special report of the Queen's-Ottawa Economic Projects. Kingston, ON: Queen's University IRC Press.
- Warrian, Peter. (1990). "Is the Wolf Coming to the Canadian Steel Industry in 1990"? Draft manuscript, April.
- Weiner, Nan and Morley Gunderson (1990). **Pay Equity: Issues, Options and Experiences**. Ottawa: Supply and Services Canada.
- Wells, Don (1986). **Soft Sell: Quality of Working Life Programs and the Productivity Race**. Ottawa: Canadian Centre for Policy Alternatives.
- Wood, W.D. and Pradeep Kumar (1981). **The Current Industrial Relations Scene in Canada**, Kingston, Ontario: Industrial Relations Centre.
- Worklife Report, The (1990). "Community and Sectoral Approaches to Labour Market Policy", Vol. 7, No. 3, Kingston, Ontario. pp. 1-17.

Table 1, Employment Share and Union Density by Industry in Canada: 1980, 1984 and 1990

	Employment ¹ (%)			Union Density (%)		
	1980	1984	1990	1980 ²	1984	1990
ALL INDUSTRIES	100	100	100	35.3 ³	34.5	34.7
GOODS PRODUCING	30.5	27.9	25.2	43.0	38.0	39.3
Agriculture	1.3	1.2	1.3	0.4	1.1	1.8
Forestry	0.7	0.6	0.4	38.6	42.5	58.8
Fishing & Trapping	0.1	0.1	0.1	55.3	40.2	33.4
Mines, Oil Wells	2.0	1.8	1.5	32.5	26.4	28.4
Manufacturing	21.4	19.6	16.8	43.2	39.1	36.7
Construction	5.0	4.5	5.0	57.6	47.5	59.6
SERVICE PRODUCING	69.5	72.1	74.8	27.5	33.2	33.2
Transportation, Communication & Utilities	8.6	8.2	8.0	53.2	56.4	54.8
Trade	17.5	18.2	18.8	8.9	9.8	11.6
Finance, etc ⁴	6.1	6.1	6.6	2.5	2.7	3.5
Services	29.6	31.9	34.3	24.2	36.9	35.9
• Business	3.9	4.0	5.4	N/A	N/A	3.1
• Education	6.5	7.4	7.5	N/A	N/A	77.0
• Health & Social	7.7	9.1	9.9	N/A	N/A	50.8
• Accommodation	5.5	5.9	6.3	N/A	N/A	8.8
• Other	6.0	5.5	5.2	N/A	N/A	15.2
Public Administration	7.7	7.5	7.1	67.8	72.4	80.6
PRIVATE ⁵					20.6 ⁶	20.7
PUBLIC ⁷					63.1 ⁶	64.3

Source: Statistics Canada, Calura Labour Unions, catalogue 71-202, 1980, 1984 and 1990 editions.

1. Shares of employment within the service industries in 1980 and 1984 were obtained from Statistics Canada 1992.
2. The industry sector union density figures for 1980 exclude the 1983 amendments to the CALURA survey which raised the density figure by 3.5 percentage points. The 1983 amendments required two types of organizations to report for the first time: single establishment unions which are unitary unions with no locals; and, professional organizations whose avowed primary purpose is the professional development of their members, such as teachers' federations and nurses' organizations (CALURA 1990; p.22).
3. The total union density in 1980 of 31.8% was increased by 3.5% points for comparability with the post-1983 figures (see note 2 above).
4. Finance, insurance and real estate.
5. Private includes: Agriculture, Forestry, Fishing, Mines, Manufacturing, Construction, Trade, Finance, Business Services, Accommodation, Other Services.
6. The division of the service sector unionization between the public sector and the private sector was based on the calculations in Meltz (1993).
7. Public includes: Transportation, Communication and Utilities, Education, Health, and Public Administration.

Table 2, Canada: Collective Agreement Provisions, as percent of contracts and employees (1), 1980-1992

	AGREEMENTS			EMPLOYEES		
	1980	1987	1992	1980	1987	1992
NUMBER	1028	1198	1238	2114100	2392504	2437765
Labour Management Co-operation						
Labour-Management committees	72	41	48	79	42	55
Joint Committee-Tech change	14	17	17	24	26	26
Joint Committee Powers in H&S	NA	25	27	NA	23	23
Joint job evaluation	NA	41	46	NA	46	47
Joint Administration Pension	8	5	5	8	5	6
Job sharing	NA	6	7	NA	4	7
Work sharing	**	3	2	**	3	2
Quality of working life	**	9	12	1	10	12
Employment Security						
Contract-out Prohibited	44	40	46	50	43	48
Employment guarantees (Duration)	NA	11	12	NA	24	21
Income guarantees	NA	17	19	NA	19	20
Wage Incentives						
Piece-rate	NA	6	5	NA	5	4
Group rate	NA	1	1	NA	*	*
Productivity bonus	1	2	1	*	1	1
Profit sharing	*	1	1	*		1
Other	NA	3	3		2	2
No provision	86	89	91	88	93	93
Fairness and Equity						
Affirmative-action plans	NA	3	5	NA	6	9
Sexual harassment	NA	18	25	NA	40	43
Equal pay for equal work	NA	3	4	NA	4	4
Equal pay for work of equal value	NA	1	9	NA	1	18
Training						
Training on the Job	NA	40	43	NA	45	48
Training-outside courses	NA	26	31	NA	33	35
Apprenticeship	NA	33	33	NA	32	30
Educational leave, job related	37	28	15	51	38	19

* Less than .5

** figures do not add to total

Source: 1980: Wood and Kumar (1981) and Kumar, Arrowsmith and Coates (1991); 1987, 1992; Bureau of Labour Information (1992)

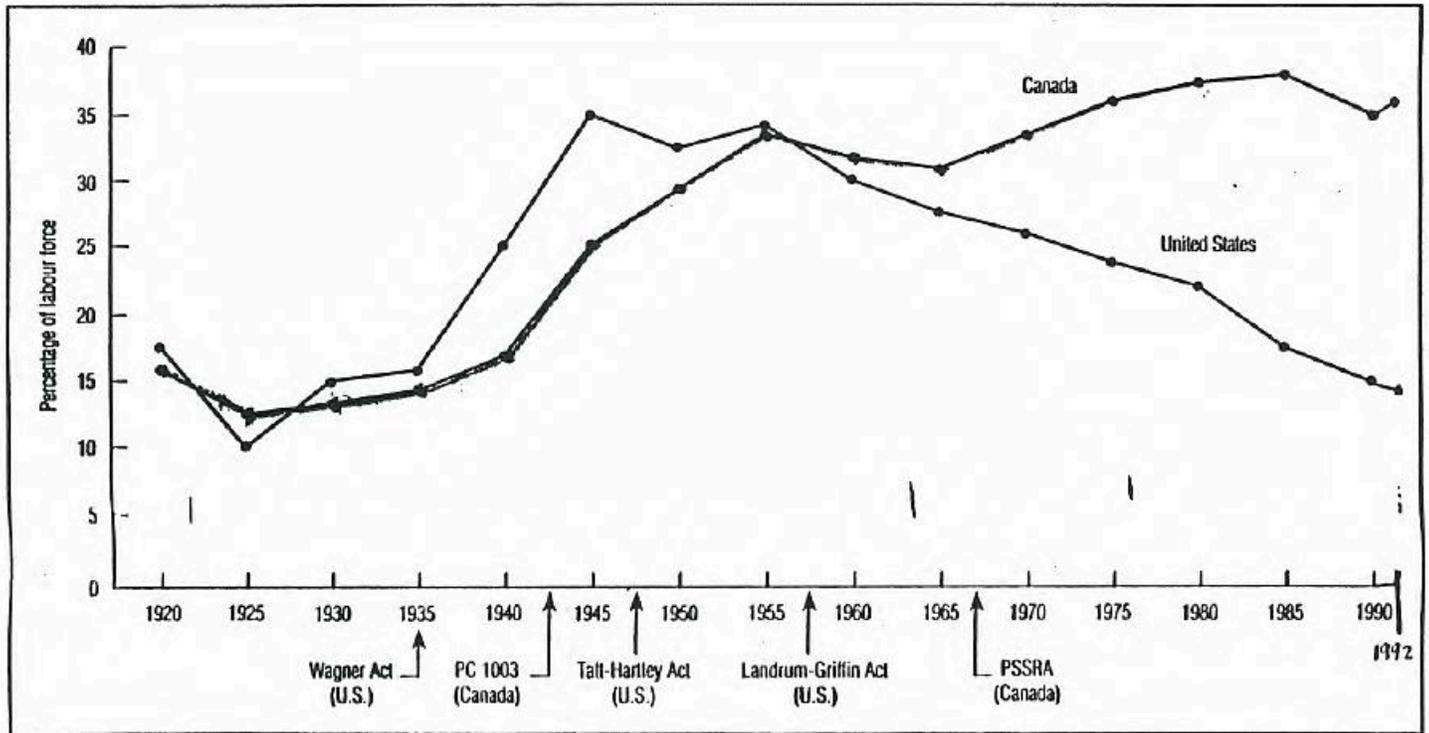
(1) All collective agreements in establishments with 500 or more employees under provincial jurisdiction and 200 or more employees under federal jurisdiction

Table 3, Firms and Unions with Joint Governance

Site	Union	# of employees		Products	Area of joint governance	Year Started
		Company	Bargaining Unit			
Zehrs Markets	United Food and Commercial Workers (UFCW)	5400	4000	Retail food Supermarkets	Training	1987
B.C. Telephone	Telecommunications Workers' Union (TWU)	14997	11990	Telephone and related services	Contracting out and technological change	1978
Forest Industrial Relations Lt.d (FIR) – bargaining agent for employers in the industry	International Woodworkers of America (IWA)	----	14000	Logging and lumber	Contracting out	1988
B.C. Hydro	International Brotherhood of Electrical Workers (IBEW)	5498	2000	Power Utility	Employee involvement	1989
B.C. Telephone	Telecommunications Workers' Union (TWU)	14997	11990	Telephone and related services	Work jurisdiction	1988
Manitoba Telephone System (MTS)	Communications and Electrical Workers of Canada (CWC)	5308	612	Telephone and related services	Ergonomics and other work-related issues	1988
Shell Canada	Energy and Chemical Workers Union (ECWU)	200	138	Petroleum products	Wide variety of work operations	1978

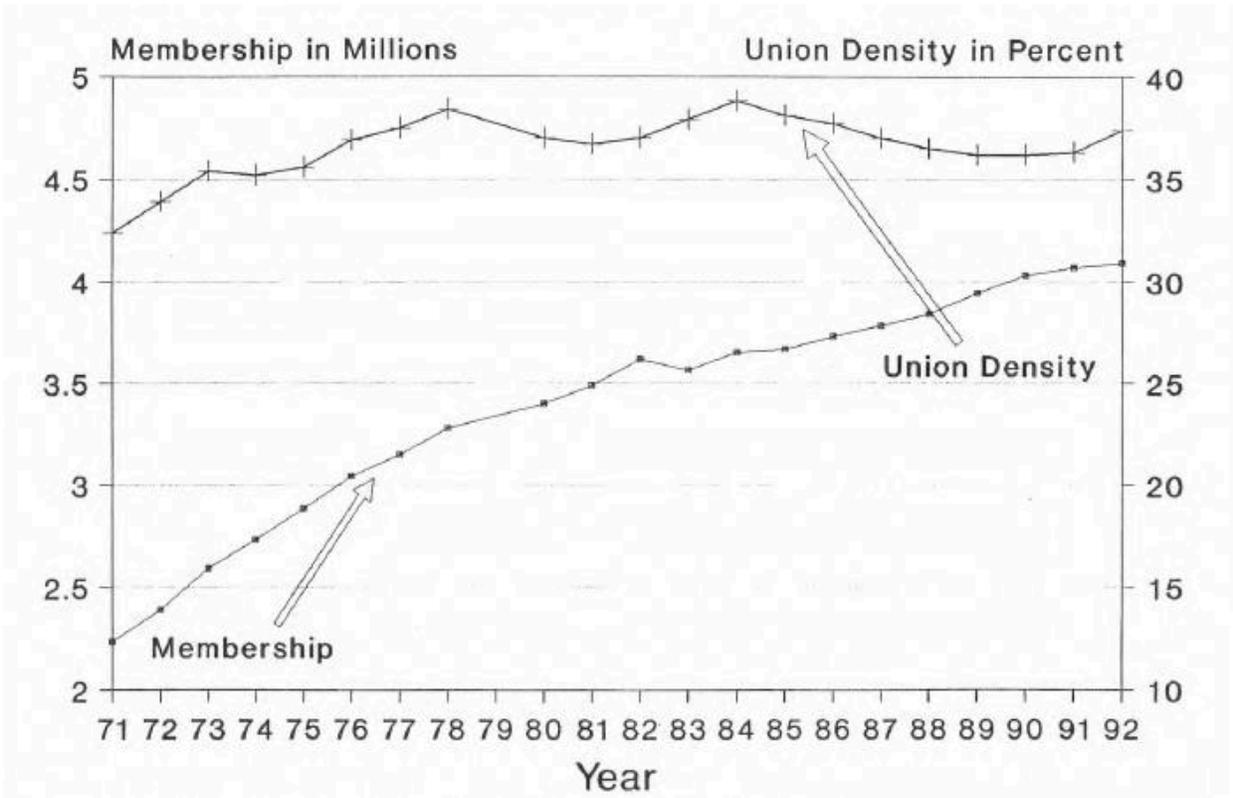
Source: Verma, Anil and Joel Cutcher-Gershenfeld. "Joint Governance in the Workplace: Beyond Union-Management Cooperation and Worker Participation". In Bruce E. Kaufman and Morris M. Kleiner, eds., *Employee Representation: Alternatives and Future Directions*. Madison, WI: Industrial Relations Research Association, 1993.

Chart 1, Union Shares of the Nonfarm Labour Force in Canada and the United States



Source: Noah M Meltz, "Labour Movements in Canada and the United States," in Thomas, ed., *Challenges and Choices facing American Labour* (Cambridge, Mass.: MIT Press, 1985), p. 318; and "Unionism in Canada, US.: On Parallel Treadmills?" *Forum for Applied Research on Public Policy*, vol 5, no 4 (Winter 1990), pp. 46-52. Reprinted with permission.

Chart 2, Union Membership in Canada 1971-1992



Source: Statistics Canada, CALURA Labour Unions, Various Years



Industrial Relations Centre (IRC)
Queen's University
Kingston, ON K7L 3N6
irc.queensu.ca



SCHOOL OF
Policy Studies
QUEEN'S UNIVERSITY