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Industrial Relations in the 1980's: Issues and Implications

**Papers presented at a Symposium at Queen's University
21 November 1987**

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Foreword

Last year, we at Queen's celebrated the 50th anniversary of our long association with Canada's industrial relations community. The highlight of these celebrations was a one-day symposium held on 21 November 1987, dealing with the rapidly changing industrial relations environment that we have experienced in the 1980s. We were fortunate to have a distinguished panel to lead the symposium and, as these proceedings testify, our panelists did not shirk their task of identifying the difficult issues that all of us in the Canadian industrial relations community must face as we approach the close of this century.

A debt of gratitude is owed to many people who contributed to the success of the symposium. Particular mention should be made of our distinguished panelists — Frederick Curd Jr, Sam Gindin, Harold Giles, John Fryer, John Dunlop and of Senator Carl Goldenberg who chaired the panel. I am also deeply grateful to my colleague, Pradeep Kumar, who led the organization of this symposium and edited these proceedings. A special acknowledgement is owed to all the members of the staff of the Industrial Relations Centre/School of Industrial Relations who contributed so much to the organization of the symposium and to the preparation of these proceedings, and to all of the other activities that formed a part of our 50th anniversary celebrations.

D.D. Carter, Director
Industrial Relations Centre/School of Industrial Relations
Queen's University
May 1988

Introduction and Summary

Pradeep Kumar

The 1980s have been a period of marked change and adaptation in Canadian industrial relations. Both labour and management priorities have undergone major shifts in response to new economic and social realities. The pressures for change are many and inter-related. The pace of economic growth has been uneven and uncertain because of the volatile international economy, in particular the fluctuating currency exchange values, increased competitive pressures from newly industrialized countries, and the growing protectionism in the United States, Canada's major trading partner. Many sectors and regions still bear scars of the 1981-82 recession, the worst economic downturn in Canadian economic history since the depression of the 1930s. Despite six consecutive years of sustained economic growth, the aggregate unemployment rate still remains in excess of the pre-recession level. The economic recovery has been largely confined to Ontario and Quebec, Canada's industrial heartland; the economies of Western Canada and the Atlantic provinces are still struggling to recoup the recessionary losses.

To add to these economic strains, the pace of technological change has accelerated, causing widespread uncertainty and concerns regarding employment dislocation and adjustments. There has also been a shift in public policy towards free trade, privatization, deregulation, and the public sector spending restraints as a result of high fiscal deficits at both the federal and provincial levels. All these initiatives have had serious adverse impacts on employment, work practices and work relationships.

Against this background, labour-management relations are in "transition", marked by profound changes in union and management strategies, in wage and non-wage outcomes, and in collective bargaining relationships. In the private sector, the spectre of international competition and the rapid changes in technology have led management to aggressively seek accommodations with labour, with a view to achieving competitive costs and flexibility in compensation and work arrangements. Employers are constantly demanding wage and benefit concessions and changes in work-rules and job classifications, and at the same time taking initiatives to foster greater employee involvement and improved consultation and cooperation with unions. In a number of industries where collective bargaining relationships have been mature and established (*eg* steel and auto), there is a growing emphasis on joint problem-solving based on recognition of mutual priorities and objectives, reflecting a heightened awareness to bring about a change in traditional adversarial labour-management relationships often characterized by frequent conflict, distrust and latent suspicion.

In the public sector, in contrast to the emphasis in many industrial sectors on "working together" to resolve issues arising from international competition and technological change, confrontation and conflicts are on the increase. In an attempt to reduce budget deficits, governments appear determined to reduce their wage bill through wage restraints, employment cutbacks, privatization, and contracting out. Job security and protection of their collective bargaining rights have become, for the first time, a key concern among public sector employees. Contract negotiations have been protracted, frequently resulting in strikes or lockouts as a result of hard and sometimes uncompromising attitudes of public sector employers. There is increasing bitterness and militancy among public sector unions sparked by the

governments' frequent use of their legislative authority and executive fiat to enforce their bargaining agenda.

The papers in this volume reflect these diverse and contradictory trends and patterns in Canadian industrial relations in the 1980s in the face of what some observers believe "a fundamentally altered economic and public policy environment." These papers were presented at a symposium held at Queen's University on 21 November 1987, to mark the 50th anniversary of industrial relations programs at Queen's. The purpose of the symposium, chaired by the Honourable Senator Carl Goldenberg, was twofold:

1. to assess the state of industrial relations in the 1980s and
2. to determine whether recent developments signal a fundamental change in Canadian industrial relations, as some commentators have argued.

The panel of speakers included Frederick Curd Jr, the Vice-President and General Director of Personnel, General Motors of Canada; Sam Gindin, the Director of Research and Assistant to the President; Robert White, Canadian Auto Workers; Harold Giles, Vice-President, Corporate Human Resources, General Electric Canada; John Fryer, the National President, National Union of Provincial Government Employees; and Professor John Dunlop, Lamont University Professor Emeritus, Harvard University, and the first Don Wood Visiting Lecturer at Queen's.

Highlights of the Papers

Fredrick Curd describes the changing labour relations at General Motors of Canada since 1982 where the emphasis has shifted from confrontation and adversarial relationship to joint problem-solving or "working together". This is the most significant and far-reaching change in the collective bargaining relationship between General Motors and the Auto Workers over the last 50 years, according to Curd. The change has followed an evolutionary path based on a definition of mutual objectives and exploration of mutually acceptable and beneficial ways to achieve the objectives. The strategy has been to pick an area where both union and management have a mutual interest. Thus, from small beginnings in the area of apprenticeship training, jointly administered programs have expanded to include substance abuse and employee counselling, health and safety, affirmative action, human rights education and literacy training. The "working together" approach, Curd claims, has benefited both the management and the union by fostering positive attitudes and grass-root input into problem-solving.

Union-management cooperation, Curd notes, does not happen overnight and requires a lot of flexibility and openness on the part of both the union and management. Management has to be willing to communicate and to share information, Curd emphasizes, and to be committed and sincere towards the change, and not flip-flop from confrontational to problem-solving to just trying to get along. Curd stresses that it is naïve to believe that cooperation or mutual problem-solving can be across-the-board. There are some areas where you have to agree to disagree, where mutual cooperation is impossible because of the widely divergent interests of the two parties.

Sam Gindin, providing a union perspective, concurs with Curd that "to think that all conflict is fading away is naïve." He believes that labour and management have different constituencies, with different

degrees of power and different interests, and therefore the conflict is going to remain, not simply on monetary issues but also on what happens in the workplace. The question is not whether conflict will disappear, but whether conflict can be managed in a constructive way. He is of the opinion that many of the changes in labour relations at General Motors are transitory and fragile. It is true, Gindin notes, that there has been cooperation in a number of areas at both the industry and workplace levels. The union has cooperated with the auto industry on developing an industrial strategy and a human resource policy. But the change has been incremental, necessitated by new technology and growing international competition. The cooperation or working together in areas of mutual concern, according to him, is still in an experimental phase. Whether or not cooperation endures would depend on how much autonomy and control workers have in future, whether or not their quality of work life improves after the new technology is in place, and how management reacts if the industry moves into another recession.

On the broader question of where labour relations are going in the longer term, Gindin thinks there has been a clear shift in collective bargaining in favour of management throughout the early and mid-1980s. Management in North America has increasingly come to the bargaining table with demands for greater control and flexibility over both pay systems and the workplace, emphasizing, at the same time, the need to tap into workers' potentials and to foster greater cooperation with the union. According to Gindin, this management response to the economic crisis of the 1980s is "in a lot of ways a return to non-union days, to non-union environments." What "management defines as labour rigidities are in fact things that are very important to workers and fundamental to what they believe is work life." The response of Canadian unions to these management demands has been significantly different than the response of the US labour movement. Whereas the union leadership in the United States endorsed the management demands for concessions, the Canadian labour movement has fought back showing an "incredible degree of combativeness" in protecting the hard-won gains of workers. The differing union responses to management demands in the 1980s, Gindin notes, are the reason why the Canadian union movement has been vibrant and dynamic while the American labour movement has been weak and stagnated.

Harold Giles is similarly convinced that "industrial relations have gone through a significant shift in the early '80s." He thinks that flexibility, in labour market behaviour and in conflict resolution approaches, is absolutely essential to compete in world markets, to be productive, and to create better quality jobs. In the industrial relations area, flexible compensation plans, portability of benefits, adaptive retraining programs, and employee participation in the broadest sense will all enhance our ability to respond to the kind of environment that we are going to have in the next ten years. However, Giles believes that the question of flexibility has to be dealt with in the framework of both equity and efficiency goals. The critical issues that need to be resolved, in his opinion, are:

1. flexibility in all types of education to develop a "learning-for-life" culture;
2. creation of jobs that more effectively utilize the skills and abilities of the employees and therefore assure quality and security;
3. discussions between labour, management and governments for trade-offs to remove barriers to flexibility while maintaining cost effectiveness; and
4. programs to facilitate mobility of workers between sectors, regions and skills. Giles predicts that "the shift from directed to flexible labour market strategies will be the dominant issue for the remainder of the '80s and into the '90s."

While there appears to be a growing spirit of accommodation between labour and management in the private sector, "the whole system of collective bargaining in the public sector is breaking down," according to John Fryer. He notes that since the early 1980s, severe budget constraints and the political shift to the right has led to increased "public sector bashing" in Canada, "on the false premise that extending collective bargaining to the public sector workers in the late '60s and early '70s was somehow a grotesque mistake." The governments at both the federal and provincial levels have stacked the balance at the bargaining table in their favour, as employers, by using their legislative power. Fryer cites a number of "facts" to support his contention:

1. legislation has been used to cancel collective agreement clauses that the government was unable to negotiate out of collective agreements;
2. legislation has been used to deny the unions the right to negotiate the matters of critical importance to the membership (*eg* job classifications, seniority, pensions) that in the private sector are taken for granted as belonging to the bargaining table;
3. legislation has been used to so expand and control essential service designations that the dispute settlement mechanism has virtually disappeared;
4. wage controls have been legislated, in many instances setting a "zero wage norm", and arbitrators have been forced by legislation to take government's ability to pay into account when giving wage awards; and
5. "there has been a conscious decision made, in many jurisdictions, to dismantle the public service" through privatizing, downsizing or contracting out in the ideological belief that "the private sector does everything better than the public sector."

Fryer contends that the relative standard-of-living of public sector employees has deteriorated markedly in the 1980s. Their real wages have been declining consistently. They have no job security anymore. It has become almost impossible to discuss with the employers the issues of concern to the employees (*eg* technological change and its introduction, the political rights of civil servants, and such issues as personal privacy, electronic surveillance, drug testing). The morale of the employees is at an all-time low. According to Fryer, the restoration of "free" collective bargaining in the public sector is a key issue. "We must act to review the present system of industrial relations in the public sector ... to overhaul it where necessary, and ... to put in place in the public sector the same type of mature industrial relations model that is in place in the private sector."

The papers presented at the symposium clearly indicated that there is no uniform or set pattern of change in Canadian industrial relations. While labour relations in some sectors (*eg* steel and auto) are characterized by a growing spirit of cooperation, or working together, on issues of mutual concern, confrontation dominates labour management relations in other sectors, particularly the public sector. John Dunlop aptly summarizes this diverse pattern by noting that "all labour-management relations ... anywhere are always in part adversarial, and in part cooperative." The real issue is the mix and the circumstances. Quoting from the statement of purpose of the Labor-Management Group in the United States, comprised of seven union presidents and eight CEOs of business corporations, Dunlop, the coordinator of the group, describes the practicality in labour relations that exists:

We recognize the legitimate, adversarial roles which we hold in American society, but we are committed to try to solve problems, to recognize the points of views across the table and more importantly, that we commit ourselves to listen to other people and try to understand their point of view, even when we profoundly disagree with them.

The quote underlines the basic essence of mature industrial relations and a challenge for labour and management in Canada in the 1980s and beyond.

Labour Relations at General Motors of Canada

Frederick Curd Jr

Mr. Frederick Curd is the Vice-President and General Director of Personnel, General Motors of Canada. He has been with the corporation since 1963, serving in a variety of line and staff positions, including Director of Labour Relations to General Motors Fisher Body Division, and the Chevrolet/Pontiac/General Motors Canada group. Mr. Curd is a graduate of Rensselaer Polytechnic Institute in mechanical engineering, and Stanford University, where he completed his Master of Science degree in management under the Stanford-Sloan Fellowship Program.

From the vantage point of having been directly involved in the labour relations business for 23 years, I would like to talk about the greatest change I have seen in General Motors' 50-year relationship with both the Canadian Auto Workers (CAW) and the United Auto Workers (UAW). In the United States, this phenomenon has occurred over roughly the last 10 to 12 years, but in Canada it really began in 1982. Please remember that while I believe that my comments have some general applicability, I am speaking on the basis of my GM experience. I am not sure what to call this change, or exactly how to describe it. We have called it everything from cooperation to mutual trust, to jointness or mutual problem-solving, but the notion is that unions and management *can* work together for their mutual benefit. It's the opposite of confrontation, or an adversarial relationship. It's finding and defining mutual objectives, and exploring mutually acceptable, mutually beneficial ways to achieve these objectives.

In my opinion, this change has come about in the United States over the last 10 or so years and more recently in Canada. And I certainly would say that it works to the benefit of the union, the employees, and the company.

I also want to acknowledge that there are some areas where you cannot use mutual problem-solving, and these areas just have to be set aside. They include the basic economics of the labour agreement, issues like wages, COLA and pensions. These just do not lend themselves to mutual problem-solving. The company wants to be fair to its employees and the CAW cares about the company's long-term solvency and success, however the parties do have a disagreement about how to divide the profits of the company. Maybe GM thinks a three percent settlement would be good, and the CAW thinks a six percent settlement would be good. The difference in our positions is certainly a margin for confrontation and will remain so for some time to come. This does not, however, prevent the parties from working together on other issues.

How then does a company and union start the process of developing a problem-solving or non-confrontational relationship? GM and CAW got started in two areas, substance abuse programs and the training of apprentices. We found that we both had a real, mutual interest in the objectives of those two activities, and we sat down and developed a problem-solving approach around those issues. From substance abuse programs and apprentice training, we expanded into the area of health and safety training and benefit plan administration. More recently, we have worked together in the area of broadening the scope of the jobs in our plants and making the jobs more satisfying. We have worked to involve the whole employee, not just the muscle and bone, but the intellect as well. I should note that the CAW was way ahead of us in taking this approach. They urged us to do this long before we were willing to accept it. Sometimes we forget the union's farsightedness in this area, but I certainly acknowledge it here.

Another area that we have recently become involved in on a joint basis is affirmative action. This is a good example to illustrate that jointness does not just happen, it takes work and mutual commitment. Ford, Chrysler and GM all had essentially the same agreement provisions about affirmative action, but the way GM and CAW implemented these provisions, jointly and with a deep commitment, produced entirely different results than at Ford and Chrysler. You may know that recently GM and CAW jointly received an award from the ministry responsible for women's issues in Ontario, and from the Women's Directorate, for achievement in affirmative action, or employment equity. It is the first time a union and management have received a joint award like that.

It is also important to realize that the degree of jointness may vary both from issue to issue and over time. For example, in our 1984 agreement, we introduced some jointness in health and safety training. In our 1987 agreement, we agreed to expand our joint training efforts to literacy and basic math. Ultimately, the objective is to do joint problem-solving around some hard, key questions like productivity, absenteeism and quality.

The benefits of this kind of approach are very significant from the point of view of all parties — the union, the employees, and the company. For example, for many years GM did not get grassroots input on our problems and issues, either from the union representatives or from our employees. If a union representative or a represented employee came up with a good idea, we tended to discount it simply because of the source. It is very different today. We have realized the benefits of communication. We know now that it is very helpful for the company to get ideas from the union and from the employees.

GM also realizes that the union has a lot more influence than management in certain areas. For example, in the legislative area, the union and employees can exert influence in areas that management cannot. Sometimes, the union can influence public opinion in ways that the Company cannot.

Another benefit of this approach is that it reduces the overall level of confrontation in our operations. We have, for example, reduced grievance loads. That does not mean grievances or issues are ignored, it means they are resolved on the floor by discussion between the parties. If we learn to work together and solve problems directly and in a good, sound fashion, the benefit to the company is apparent, and I think the benefit to the employee is apparent as well. Instead of there being confrontation through the whole negotiation process, we only have confrontation at the margin, on certain issues. It makes for a much, much better process.

For those who have to worry about a bottom line, there are also some tangible benefits. Take, for example, working together on ergonomics. If the union and management can work together on the design of jobs, and thereby reduce injuries, medical visits, workers' compensation costs and absenteeism, there is a real impact on the bottom line. This process also benefits the employee, and I believe it benefits the union. The union is seen as stronger, more involved, and working harder for the people.

Working together can also result in improved quality, improved productivity, and better facility and equipment utilization. In Oshawa, we recently had a schedule cutback. We had to take a shift off in one of our car assembly plants. Oshawa is an 18,000 person complex. It has two car assembly plants, a truck assembly plant, a metal stamping plant, a metal fabrication plant and a battery plant. We have recently

made large investments in training and new technology for our truck plant and our car plants as part of our Autoplex strategy. Because of the relationship we have developed and our ability to solve problems with the local union, we were able to sit down and work out an arrangement when we had to take a shift off. Rather than have permanent layoffs and bump people throughout the complex, we created rotating shifts, with people laid-off for two weeks and back for two weeks. While this method is more expensive in terms of the actual layoff costs, there are huge savings to the company in the areas of training, quality and productivity, because a significant disruption of the workforce was avoided. In this case, the problem-solving approach provided significant benefits to both the company, the union, and the employees.

What are some of the key factors in developing a problem-solving approach? How does one get into it? First of all, management has to genuinely accept the premise that they are going to do this problem-solving with the union and work together on a *bona fide* basis. It cannot be a sham or pretense. If you want to develop a problem-solving approach, you cannot say you are going to have cooperation and jointness, and then go to the union with decisions already made and just inform them of the decisions. That is not the way to develop a problem-solving approach. You need to accept input, and then you need to act on the input. It takes a lot of flexibility and openness on the part of management.

Management and the union have to agree to disagree. The parties have to accept the fact that there are some areas where they are just not going to be able to work together, at least at a given point in time.

Management has to be willing to communicate and share information. The union can only act rationally when they have good information. Management has to be consistent, and that can be difficult. Despite the best intentions of the company, some members of management will still want to go off in a direction that is the exact opposite of cooperation and jointness.

The right people have to be involved. It has to be a policy of your company that this is the way you are going to approach the bargaining relationship, and if the right people do not act consistently with this approach, you may have to replace them. Even the plant manager may have to be replaced, if he or she cannot operate in this mode.

You have to accept that there will be different rates of success as you move into a more cooperative relationship. Some members of management and some union representatives will take longer than others to learn and accept this new way of doing business. Failures will occur and confrontation may reappear. You have to remain committed and keep trying.

I believe that if you are going to change a traditionally confrontational bargaining relationship, it takes a major commitment on the part of your management to show that they are sincere. You have to do a lot of training if you want to do things in a problem-solving mode, especially if you have a 20-year history of confrontational union-management relations. The first time you go into a meeting to handle negotiations on a problem-solving basis, you may not have an idea how to do it. Therefore training is essential.

You can start by selecting areas where you have some mutual objectives. It is not easy to change a mode of bargaining that you have practiced for 20 years or more. You need to sit down and spend time with your counterparts, face to face. You have to be able to tolerate failure, because you may fail in some instances. You need to monitor and have feedback. While I am committed to the problem-solving

approach, it is not always wonderful, there are some down sides too. Once you have approached your relationship with a union this way, then you are stuck with it. You cannot flip-flop from confrontation to problem-solving, or you will lose credibility with both approaches. You have to recognize that you will experience some growing pains as you go along. The union and management may confuse cooperation with softness. The union may try to hold this relationship hostage. The supervisory employees may feel left out as you increase the scope of responsibility of the union stewards. From the union point of view, as I see it anyway, the biggest problem occurs in local union politics. The local union may be seen, if they try to work cooperatively with management, as having sold out to the establishment, and of course that is not a good situation.

However, despite the hard work required and the potential problems, the idea of union and management working together, doing problem-solving, doing things jointly around a good share of the bargaining relationship, makes a lot of sense and has a lot of benefits for the Company, the union, and the employees. It is absolutely the most significant and beneficial change in the last 50 years of the GM-CAW collective bargaining relationship.

Union Approaches and Responses in the 1980s

Sam Gindin

Mr. Sam Gindin is the Director of Research and assistant to the President, Bob White, of the Canadian Auto Workers. A graduate of the University of Manitoba and the University of Wisconsin, he has prepared major policy papers for his union, and has authored numerous briefs for submission to various levels of government on a wide range of topics, including the United States-Canada Auto Trade Pact. He has also worked as a research officer for the New Democratic Party in Manitoba, and taught at the University of Prince Edward Island.

I am going to be a little bit more general, and as you will see I am a little bit more uneasy about where labour relations are going in terms of stability, in the longer term, than Frederick Curd. I would like to start with a North American perspective, where the 1980s have been and where they are going on this continent. I think the main issues of the 1980s have been management's response to the deep economic crisis we had in the early 1980s, more generally management's response to the general problem of the loss of the United States' relative economic power; and the intensification of competition. Management has responded, I think, along two dimensions. One has been to secure flexibility and greater control over both pay systems and the workplace; the other has been to emphasize the need to tap into and make greater use of workers' potentials. In some ways these two can work hand in hand, but in a lot of ways they also have certain potential conflicts. Traditionally, in the 1970s and before, we used to see labour unions going to collective bargaining with their demands. Labour unions basically saw collective bargaining as a place to make progress. In Canada there was really a clear shift throughout the early and mid-1980s in the sense that collective bargaining became very much a matter of management demands, of management rather than the union coming to the table with demands. The second development is the whole emphasis on the importance of worker-union cooperation.

In many ways, none of this is really new. The issue of management putting demands on the table to get flexibility and greater control over the workplace is really something that, in a lot of ways, is a return to non-union days, to a nonunion environment. The kind of demands that spread throughout the private sector, and in some cases the public sector, were demands for making pay conditional on the performance of the organization, through profit-sharing or performance bonuses for example, rather than through working so many hours and getting so much pay for it. A lot of things that management defines as labour rigidities are in fact things that are very important to workers and fundamental to what they see as work life.

The other development is the question of workers' importance in production, and their potential. Workers respond to this with an ironic smile, saying "well, that is very interesting, somebody just discovered that we are important." Workers have been trying to argue, forever I think, since unions were formed, that they could contribute to production, that they did have something to say. This is tied to the whole question of worker dignity and why unions exist.

I think the reason for the change on management's part, on this question, is related to a number of things. One is that product quality is becoming a more important dimension of competition, and when you focus on quality rather than quantity, it means you have to be more sensitive to worker attitudes. Another is an

organizational change in terms of the amount of just-in-time production. In order to be more competitive, management has to get rid of a lot of its overhead, streamlining the production flow into and out of plants. What that means is that they are more vulnerable to disruptions, and they have to get more cooperation from workers because of that vulnerability. A third factor is the technology itself. A lot of people talked about technology replacing workers, or reducing the role of workers, but I think what management began to find pretty quickly was that in order to really make the technology effective, in order to get the payoff from the technology, they really had to invest in the workers. They had to get workers who could take advantage of the technology. They had to think of the technology not just in terms of new machinery, but dynamically, because the technology is constantly changing. Under this changing technology the importance of workers has increased because only they can work out the bugs, adapt to change, introduce new changes and modify the equipment. I think that is what is happening in North America generally, and I think the interesting question from the perspective of Canadian industrial relations is, "how do the unions respond to this management initiative?"

The Canadian labour movement's response has been different from the response of the labour movement in the United States. I think the significance of the contrast between the two labour movements is two-fold; first, because we had always been so institutionally linked to the labour movement in the United States, it was a major break for us to actually say we would do things differently. The break was important both psychologically, and in terms of having the confidence to do it. In the case of CAW, the break actually meant an institutional split, because of the different directions the two unions were taking that could not be accommodated within the structure of the international. Second, the actual content of what we were saying was different. I think what happened in the United States during the pressure for concessions, for restraint in wages, and for rollbacks was that the union leadership in that country actually endorsed the concessions as the direction the union had to take. This was an important change, because it meant the beginning of sacrificing a lot of the independence of the unions. There are people who saw this change in union direction as a new consensus in the American labour movement, a new consensus on the need for restraints and concessions to save the jobs of workers. I personally do not think it was a consensus, I think it was a very significant defeat for the labour movement. Doug Fraser, the UAW president in the late 1970s, referred to the beginnings of this period as a one-sided class war. He said that management was certainly being aggressive in taking initiative, the problem was that workers were not responding. This is a very important point, because once workers say yes, we have to take concessions, and it is essential for us to do so, the whole role of the union is put into question. The whole *raison d'être* of unions is to protect worker interests. If unions are not representing their members — if they are not fighting back — this has implications for the whole structure of the union movement, and unions' relationship to their membership. There are all kinds of objective reasons put forward about why United States' unions accepted concessions and we in Canada did not. These relate to the fact that we were not as isolated politically — labour in Canada was linked to a social democratic party whereas in the United States the move was to the right. Also we have the advantage in terms of exchange rates, and in terms of a higher level of union organization. In the United States, the labour movement was not saying that we can't do better today, that we may suffer some defeats and we'll express it as defeats, rather the leadership actually tried to articulate concessions as a new direction, a victory in terms of things like job security or profit-sharing. This backfired on them in the future. I think the longer term impact of a concessionary policy of the American labour movement was to weaken it further. Its level of organization has stagnated. I think the degree of alienation amongst the rank-and-file in the United States is very high. The kind of

social role that the American labour movement plays has really been minimized. In Canada, there were objective conditions, and I do want to emphasize it, that made it easier for us to articulate a different direction. One of the things, however, that we really tried to do that was different from the United States was to retain the independence of the unions, to emphasize the independence of the unions as a structure. Workers in Canada really needed unions to articulate their demands, to make the argument that concessions were not going to solve the economic problems we faced, that when you compare them to things like exchange rates or all kinds of other "advantages" we have, concessions were simply not going to solve the problem. The result of all this was that in the Canadian labour movement there was an incredible degree of combativeness in the 1980s. You do not see it by looking at overall strike statistics, but you do see it if you take a look at the specific strikes and the kind of strikes all across the country. For example there was the VISA strike to organize bank workers. There was the Eaton's strike to organize Eaton's workers. There was the Gainers' strike in Alberta. There was the public sector strike in Newfoundland, where the leaders were jailed. There was the strike of telephone workers in Newfoundland, the strike of woodworkers in British Columbia, and the strike of letter carriers, a group that had been seen as a relatively moderate group. In all these strikes, the issues were basic, old issues about union security, about restoring something that workers thought was theirs, about not being second-class citizens in their own country, about some job security. If you look at the results of this combative response of Canadian labour, I do not think you will find it in what happened to wages or benefits. Although we did better than the Americans in terms of wages, you will find that real wages generally declined over this period. In some cases we also did better in the area of benefits, at least within CAW we did make some gains in benefits in terms of legal services and pension indexing. I think where you see the results more is in organizing, the fact that the Canadian labour movement has organized very significantly. We in CAW have organized, for example, more than a hundred units in the last two and a half years, and that is not an exception. The steelworkers have also done a lot of organizing, and so have many other unions. In certain provinces, this is not true across the board, we have been able to make significant legislative gains, at a time when most jurisdictions in Europe and the United States have in fact been moving in the opposite direction. We have made gains legislatively, for example, in areas of health and safety, affirmative action and others. You also see the results in the fact that the labour movement has been able to play a very important social role. The free trade issue is a good example. The labour movement is not marginalizing that but is, in fact, playing a very important role in educating public opinion on the social and economic costs of free trade with the United States. Therefore, the results of the different approach of unions in the two countries can be seen in a Canadian labour movement that is healthier and more confident in itself, despite the fact that we still have not been able to organize the retail sector, the banks, the insurance industry, and in a lot of places workers in Canada are still getting kicked around. I think there is a sense that the Canadian labour movement is a general democratic movement, trying in difficult times to represent and speak for its members, an institution where workers have to speak for themselves and where there is a feeling of health and confidence.

I've been emphasizing all the defensive issues. Let me start addressing some of the issues that Rick Curd has raised, because I do not want to say that things have not changed. There have been some important areas of cooperation and there have been significant changes in the workplace. A lot of these changes have been relatively informal, they have not been resolved through major collective bargaining, but rather locally, with people working things out. In a number of cases the nature of the workplace and work rules have changed simply because of the new technology which means that work is organized differently.

There are changes happening in job classifications, work rules and training, including union education. We have cooperated with the industry on issues like developing an industrial strategy in the auto industry, an employment adjustment policy, both in auto and in steel. In Canada this has often been described as an incremental change, different than what has happened in the United States. It is not just a question of whether we are going slower or a little bit faster. I think the difference is whether labour has to accept management's terms for these changes — that we have to make these changes because competitiveness is the bottom line-or whether we say "yes, we have to sit down and negotiate changes," but these changes are really always a balance. Canadian unions have taken the position that we are not going to forget that we represent workers who face certain working conditions, and we are going to keep trying to improve them, and this may come in conflict with the principle of competitiveness some times, but other times they may be in line. I think we have really tried to maintain the independence to have that balance. When I look at what has been happening in labour relations that is positive, and the kind of things that Rick has raised, then I do not think anything he said was inaccurate in describing what is going on. However, I see this change as fragile, as being in a very transitional phase. In my opinion, these are still generally experiments. There are going to be a lot of questions asked as this jointness that Rick describes, develops in our plants. There will be questions about rising worker expectations and if, and how they are to be met. For example, workers see all this new technology coming in, and think that they are going to get the benefits from it. They are going to ask that if, for example, productivity is rising at 5 1/2 percent a year in the auto industry, why is our standard of living not rising? If management is talking about the quality of worklife all the time, is the quality of their worklife improving? Is the improvement temporary or permanent? Is it improving only when management is introducing new technology, because they need workers to put it in place properly, or is it going to stay that way even after the technology has actually been put in place? If workers' expectations are frustrated, I think you are going to have a very negative reaction. Things may get worse than they were before. If we move into another recession, and the question of concessions comes up again, can we build cooperation in the context of concessions? How far will investing in workers go? Will the training just teach workers how to adapt to new technology, or will it give them more autonomy and control? Is management really trying to find some way of socializing the workers, by actually giving them more control over the workplace? Is management actually committed to sharing power on the shop floor, and how will that hold up when stress occurs? I don't have answers to these questions. I think that some of these questions go beyond management and labour responses. For example, when the recession hits, how deep it is, whether we have free trade, and what happens internationally are going to be fundamental to all those questions.

I would conclude with two points that I think we should keep in mind. One is that to think that conflict is fading away is naïve. I think there are different constituencies with different degrees of power, and different interests, therefore conflict is going to remain. Also the conflict will not just be about monetary issues, wages and pensions, but it will also remain about what happens in the workplace, like what happens when you introduce a team concept. It is naïve to plan while thinking that conflict will disappear. The question is — can you manage it in some kind of constructive way?

The second point is that I think reduced work time will have to emerge as an important issue in collective bargaining, and I think there's going to be a lot of conflict about that issue in the workplace. It is always important to remember that if unions cannot do the job in collective bargaining, they really do not have the credibility with their members to do anything else. I do think we are going to see more and more a

shift towards discussions about the environment in which collective bargaining takes place. For example, legislative standards around issues like overtime, health and safety, the issue of job creation, and free trade, because the environment is increasingly more important. In the 1950s and 1960s one could assume that growth was going to continue forever, and therefore we just went into collective bargaining and tried to get our piece of the action, and from a Canadian perspective maybe we just tied onto the United States and things were fine. Now the world has changed dramatically. Most of the things that affect us, including our collective bargaining strength, have to do with national policy issues, constitutional questions, trade questions. Therefore I think you will see a lot more shift to unions working together to play a role at that level.

Flexibility: The Critical Issue in Industrial Relations

Harold Giles

Mr Harold Giles is the Vice President, Corporate Human Resources at General Electric Canada. Mr Giles, a graduate of York University, has held both employee relations and operating general manager positions over his 20 years of service with GE Canada and GE Europe.

I would like to first comment on the quality of the work of the Industrial Relations Centre and The School of Industrial Relations of Queen's University. Whereas in the far past, industrial relations was primarily associated with conflict resolution, the field is currently at the very centre of those economic changes which affect our future well-being. This change in the role of industrial relations practices has occurred, in no small part, because of the resources of universities such as Queen's and the dedication and leadership of Dr Don Wood.

My comments on the current industrial relations scene involve two issues which I think will dominate the field for the next decade. The first is that the creation of new wealth is creating jobs to replace those being eliminated by the economic shift from infrastructure to service technologies. The second is the need to adapt to more volatile market changes and the development of new trading relationships. These issues are still in their formative stages and, therefore, there is a window of opportunity to shape the direction of both industrial and government policy changes.

Both job creation and adapting to volatile market changes are affected by: 1 our ability to have flexibility in our labour markets and, 2 flexibility in our approaches to the resolution of consequent industrial relations issues. Therefore, we have to have policies and programs which are shaped to encourage the flow of people and resources from old work which is being eliminated, to new work which is being created. In this regard, flexibility can be a Canadian competitive asset if we take this opportunity to influence our policies and to design appropriate programs. In addition, we must learn to do this within a framework that recognizes both *equity goals* and *efficiency*. The single most important element within this framework is forthright and responsible leadership from all sectors.

In industrial relations, *flexible compensation plans*, *portable benefits*, *adaptive retraining* and *employee participation* all enhance the ability of companies, government and individuals to respond to shifts in economic conditions. The issue *is not* how we maintain an industrial status quo in a marketplace which will not accept the product or service, but rather how we reduce our cycle time in shifting to new and more productive endeavours.

While we are beginning to deal with the issue of flexibility, the following are some of the critical issues to be resolved.

1. To what extent do we need to re-focus the issue of flexibility in education? This affects both the *content* and *culture* of the public education system and the vast array of business and union education programs. To use a cliché to make a point, we have to develop a "learning for life" culture with market-driven adaptive programs. I do not think we have achieved this yet.

2. A second critical issue is: What does flexibility mean for the quality of new jobs and the kind of job security these jobs offer? Jobs which more effectively utilize the full range of an individual's skill and abilities will offer the highest quality — the challenge remains as to whether we can deliver this. Clearly, we will not achieve this without full participation in this process by all employees. Job security and duration of life cycles of new jobs must come from having larger markets, and large markets can only be achieved through more effective trading relationships, particularly with the United States.
3. Thirdly, what type of trade-offs should business, labour and governments consider so as to remove barriers to flexibility while maintaining cost effectiveness? Trade-offs have to be achieved, for instance, in the relative values of pensions and benefits to compensation changes, to ensure cost-competitive transitions. Here again, responsible leadership is essential to achieve results, particularly when solutions have to be achieved within relatively shorter time periods.
4. And finally, can we design programs where people who are shifting from one sector to another, one skill level to another, or one region to another, do not have to fear significant economic loss. This fear is the largest inhibitor of change.

In summary, the shift from *directed* to *flexible* labour market strategies will be the dominant industrial relations challenge for the remainder of the 1980s and into the 1990s. I think we can use our ability to be flexible as a competitive asset in the changing marketplace. Industrial relations practitioners have a unique opportunity to influence our future. We are, in fact, accountable to find solutions to these issues.

Breakdown of Public Sector Collective Bargaining

John Fryer

Mr John Fryer has been the National President of the National Union of Provincial Government Employees (NUPGE) since 1980. A graduate of the London School of Economics and of Pittsburgh University, he has been associated with the labour movement in both Canada and the United States for over 25 years. Prior to becoming the National President of NUPGE, he was the general secretary and chief negotiator for the British Columbia Government Employees' Union, Director of Research for the Canadian Labour Congress, and a member of the staff of the AFLCIO in Washington, and the United Packinghouse Food and Allied Workers in Chicago.

I am very happy to be here participating in this 50th Anniversary Symposium at Queen's. I go back halfway in the 50 years of industrial relations at Queen's — I attended my first industrial relations seminar here in 1962, and it was on that occasion that I first met Don Wood. Therefore I am very happy to be here to pay tribute to him for his tremendous contribution to the field of industrial relations in Canada.

I want to talk about the public sector because whether or not, in the future, the majority of workers do or do not belong to unions, I can assure you that for the foreseeable future, at least the majority of public sector workers will be represented by trade unions in this country. Within the trade union movement, the public sector, which grew rapidly in the '50s and the '60s and also partly in the '70s, represents about half of our organized workforce. The first thing I want to discuss is what is happening in public sector industrial labour relations, and then I want to speak briefly about what is likely to happen to them. In short I want to look at the issues, the most important as I see it. Very much unlike what we are hearing from the private sector, in the public sector the whole system of collective bargaining is breaking down, and I want to look at the implications of that breakdown, because I think if we do not get it fixed pretty soon, there is going to be a very unpleasant explosion.

First let me set the scene. In the past three or four years, the Canadian economy has been coming out of the deep recession of the 1980s, and while the recovery has been uneven both regionally and sectorally, the private sector industrial relations have nevertheless begun to return to some degree of pre-recession normalcy. Private sector employers, with a few notable exceptions, are no longer on the concession bargaining, wage roll-back rampage. Once again, employers and unions in the private sector are sitting down at the bargaining table to address issues of concern and to try and resolve problems. Such a return to normalcy is not happening in the public sector. This is especially so at the provincial level, but I think it is also so, to some extent, at the federal level. I am sure my friends in the postal workers' unions, and the machinists at Air Canada would probably say "count us in" as part of this situation.

Since the recession began to take its toll in the early 1980s, things have been quite different in the public sector. The juxtaposition of the economic downturn and the political shift to the right gave rise to an attack on the public sector industrial relations system that continues to be driven to this day by both financial and ideological imperatives. It began with PATCO in the United States, and there is no end in sight. Egged on by the polls that are generally hostile to public sector employees, politicians at both the federal and the provincial level have been unable or unwilling to resist the temptation to engage in public sector bashing. Responding to the false premise that extending collective bargaining rights to public sector workers in the late 1960s and early 1970s was somehow a grotesque mistake, they have been busy trying

to turn the clock back; in effect, marching backwards to the "good old days" when the government was the unchallengeable boss, and when the employees in their weak associations were entitled not to collective bargaining, but to collective begging.

Many of you will no doubt think I am exaggerating. We had better look at some of the facts. In the federal and the provincial public sectors — and I want to emphasize that only in those two sectors of labour relations — the government is the direct employer, the boss. At the same time, the government also has both the responsibility and the power to lay down the rules of the labour relations environment, the rules of the game, the rules that govern both the employers and the unions alike, the rules that are supposed to be fair and even-handed to both sides.

It is my contention that during the 1980s, governments at both the federal and provincial level have abused their power as legislators to stack the balance at the bargaining table totally in their favour as employers. They have done this basically by using two methods: one is by changing the legislation using their legislative majorities; and the second is by executive policy fiat.

Fact number one: Legislation has been used to cancel collective agreement clauses that the government was unable to negotiate out of collective agreements. They do not have to go to the bargaining table and ask for roll-backs, they do not have to go to the bargaining table and ask for concessions, they just change the law, and cancel clauses that have been negotiated into and paid for in collective agreements. I cite Bill 3 in British Columbia. Mr. Bennett in 1983, because he could not negotiate away the job security clauses in the collective agreements that we had negotiated over the years, passed a law saying the job security clauses of the collective agreements were no longer in place. They are now illegal and gone.

Fact number two: Legislation has been used to deny the union the right to negotiate matters of critical importance to the membership that in *the* private sector are taken for granted as belonging on the bargaining table. In the public sector we cannot negotiate job classifications. We cannot negotiate seniority. We cannot negotiate job security. We cannot negotiate pensions. It is inconceivable that in 1987, in a mature economy, these items are specifically precluded from the bargaining agenda by legislation. How on earth do we address the matters that are of concern to our membership when the governments have said, by law, you cannot even discuss them across the table. For example, pension indexing is the most important bargaining issue in private sector negotiations today. However, we had to mount an illegal strike in British Columbia in 1981 to hang on to pension indexing because the Bennett government declared that in the future there would be no pension indexing. The government just changed the superannuation act and abolished pension indexing. They did not discuss it with us, they did not negotiate with us, they just passed a bill and said it is gone. And then when we walked out, we were law-breakers.

Fact number three: Legislation has been used to so expand and control essential service designations that our dispute settlement mechanism has disappeared. What good is the right to strike when the employer has the right to designate up to 100 percent of the members of the bargaining unit that might go on strike, as being essential, making it illegal for them to go on strike. The legislation has been used to so abuse the designation process, that we do not have the right to strike in most jurisdictions any more, even though on paper we are supposed to.

Some of you might say there is another method of settling disputes and that is arbitration. But look at arbitration. Even in this area the governments have passed legislation to make sure we cannot negotiate any increases and that arbitrators cannot give us any increases. We have had wage controls setting the wage increase ceiling at zero. I even hate the language, wage increases being zero. This happened in Saskatchewan, British Columbia, Newfoundland, and in Alberta, where the government legislated that *the wage norm is zero*. Then we said, "Well, what about arbitration? We would like to take it to an impartial person and see whether or not we can make a case." In response, the governments changed the legislation, which said to the arbitrators that they must be guided by what the norms are, and that they may not make an award which deviates from those norms. In other words, governments have turned arbitrators into the tools of treasury boards. When we complained about that legislation and took it to the International Labour Organization (ILO), and when the ILO found provincial governments in Canada guilty of violating international conventions this country had signed, the provincial governments just said, "run along, it is of no interest to us," and just thumbed their noses at the international bodies who had made those rulings. These are some examples of how legislation has been used to tip the balance in favour of the employer, the government.

Let's look at the executive policy, the fiat. There has been a conscious decision made in many jurisdictions to dismantle the public service. The ideological catch-all is that the private sector does everything better than the public sector. Therefore, the trend is to give away or get rid of work performed in the public sector to the private sector. The governments have a lot of fancy words to describe it: privatize, contract out, downsize. If we dare to complain, and dare to exercise the rights we thought we had under the law, then they make it an official government policy to use scabs in Crown labour disputes. In effect, the government policy appears to be that if you cannot break the union at the bargaining table, you then give authorization at the highest level — you make it official government policy to use scabs to break the union on the picket line.

These are some of the things that are happening in public sector labour relations. The unions are under attack. The inevitable results of such an attack, I would suggest to you, are very predictable. The real wages of our members have been declining consistently during the 1980s. There is not a government employee today, in Canada, who is not worse off in real terms than they were when the decade started. The public perception has been that if public service workers did not get very high wages, they had job security. Government employees today, however, have no job security. It is a thing of the past.

I would argue that in much of the public sector, and especially in the provincial public sector, the industrial relations system in the last five or six years, has been deliberately, consciously broken down. It has become almost impossible to deal with the issues of concern to the employees, issues such as job security, pensions, the changing workforce, part-time work, job-sharing, work-at-home; issues like pay equity, affirmative action, childcare, the issue of technological change and its introduction, the issue of political rights for civil servants; the issues of personal privacy, electronic surveillance, drug testing, police surveillance. As I see it, the key industrial relations issue facing all of us today is the question — will we see the restoration of collective bargaining in the public sector in what is left of the 1980s, and what can we do to make it happen?

If we fail, the implications are crystal clear. The tensions are growing in the public sector. Every independent study that has been done of the morale of the public employees of this country shows that morale has never been lower, and obviously that has a dramatic impact on the quality and the level of service that they deliver. The pressures are mounting, and I do not see how we can possibly see anything on the horizon other than explosions. If we are going to avoid those explosions, I think the time policy-makers started to act is long overdue. We must act to review the present industrial relations system in the public sector, to overhaul it where necessary, and we must act to put in place in the public sector the same type of mature industrial relations model that is in place in the private sector.

We, as representatives of public sector workers, want to be involved in these problem-solving discussions. We want joint discussions on matters of concern to our membership, issues like what happens to the billions of dollars of their money that is in government pension plans, about which we have absolutely no say whatsoever. We want to be able to discuss the question of indexing of pension plans, and a whole host of other issues. These issues have to be on the bargaining table.

I am quite pessimistic about what I see in the future. Times are changing, the economy is changing, attitudes are changing, the workforce is changing, and yet we have in the public sector an institution of collective bargaining that is coming apart at the seams because of ideological attacks that it has faced, in my judgement, from unscrupulous politicians. We in the public sector do not accept that there is very much difference between a person that drives a snowplow on the highway, and a person who drives a truck for the Steel Company of Canada. We do not see that those people are so fundamentally different that there should be one set of rules for one of them, and a totally different and restrictive set of rules for the other one. We do not accept that there is a fundamental difference between a worker that goes and works in the bush in Northern Ontario for a private company, and his neighbour, who goes into the bush and works for the Ministry of Natural Resources. We do not see them as two distinctly different human beings, one of whom is allowed to have a collective bargaining system to resolve his concerns at the workplace, and the other one who has a system which pays only lip service to problem-solving at the workplace.

Industrial Relations in the 1980s: A Mix of Adversarialism and Cooperation

John T. Dunlop

Professor John T. Dunlop, the first Don Wood Visiting Lecturer at Queen's, is the Lamont University Professor at Harvard University. A graduate of the University of California at Berkeley and Cambridge University, he holds honorary degrees from a number of United States universities. He has been President of the International Industrial Relations Association and the Industrial Relations Research Association, and is currently the chairman of the United States Labor Management Group, which has a mandate "to develop a new spirit of mutual trust and cooperation in labour-management relations." Professor Dunlop is widely-known for his work Industrial Relations Systems, which has inspired a large volume of research and has had a formative influence in shaping industrial relations as an academic discipline.

I came to Queen's a couple of days ago to learn about what was going on in Canada. I had been led to believe that this was, in labour relations today, the Garden of Eden, and that seemed to me to be working out until I heard John Fryer. I have a few simple points that I would like to make.

The first point is that all labour-management relations I know of anywhere, are always in part adversarial, and in part cooperative. The real issue, therefore, is the mix and the circumstances. To debate the issue of whether industrial relations are adversarial or cooperative seems to me unproductive.

To underscore the point, let me recite the Statement of Objectives of the Labor Management Group in the United States, that has existed since 1973 and for which I have the honour of being coordinator. In 1981, this group declared that we (*ie*, labour and management) recognize the legitimate adversarial roles which we hold in American society, but we commit ourselves to try to solve problems, to recognize the points of view across the table, and more importantly, that we commit ourselves to listen to the other people and try to understand their point of view, even when we profoundly disagree with them. These views represent the kind of practicality that exists in industrial relations.

The second point is that there are very important ways in which the economic and political climate of the United States, in the last decade, has affected industrial relations — quite differently than what has been happening in Canada. I have in mind the importance of the different political systems, parliamentary government and political presidency; the enormous expansion of defense expenditures in the United States and its impact on macro-economic policy; the great impact of that, in turn, on exchange rates with Japan and Europe; the almost ideological de-regulation of wages, prices and entry conditions in airlines and trucking and the like; and the very marked differences that exist in labour laws. For example, the legislation in many provinces in Canada that requires everybody to pay union dues, of arbitration for the first contracts when they are in dispute, compared to 20 states in the US where public employees do not have any mechanism to organize. Those contrasts, I think, are real and they do make a difference.

The third point I want to make is that over the past decade, labour relations in Canada and the United States have shown a divergence in a way that was not true in the previous generation. Whether this divergence is permanent, or whether the free trade arrangements may change that divergence, is not a

matter for me to decide. But it is obviously a matter that is crucial to Canada's future, and about which, it seems to me, it is important for Canadians to reflect. In order to find something to boast about from south of the border, I would have to say that I do not think our public sector, at least in the states and municipalities that have collective bargaining, is as poor as has been described in Canada. I do not attribute that to any intrinsic polity, but I do think that while we, in the United States, maintain a sovereign view that public employees in most jurisdictions should not strike, the parties have become increasingly more sophisticated in their bargaining. I have chaired a committee that has handled all the firefighter and police labour disputes in Massachusetts for the past decade, and we have not had a single bit of trouble — every contract has been mediated when it could not be solved directly by the parties themselves. But I share the concern of the public sector.

One final comment — I do think the discussion points to the need, or the perceived need, for flexibility in workplace and labour market developments in Canada as compared to other places. I use the word "flexibility" to mean that sometimes it is the change in the contract language that is important, and many times it is attitudes and spirit and informal adjustments that need to change. One should not be deceived by simply looking at formal contract language in these matters. It is the capacity to adjust. I do think that, south of the border, one of the things that has come to permeate large numbers of collective bargaining relationships is a view, right or wrong, that there is a need for much greater flexibility than has existed in the past.



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