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The New Fordism in Canada: Capital's Offensive, Labour's Opportunity

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Abstract

The breakdown in the links of mass production and mass consumption poses problems throughout the advanced industrial world. In each nation-state the ensuing struggles will take different forms. In postwar Canada, the link between mass consumption and mass production did not lead to the same kind of trade union participation in decision-making as it did in much of Europe. Workers were unable to establish embedded rights of worker participation. What was known as the fordist model in Europe did not have deep roots in Canada. Canadian workers are now being attacked by employers whose bargaining powers were never seriously blunted, aided by a state which has never had to accord even a junior partnership role to organized labour. The arrival of the new technologies is not likely to lead to more enriching work or better pay conditions for much of the workforce given the logic of the imperatives of an export-led growth economy in which state planning takes the form of encouraging private ordering. This paper concludes by looking at some ways by which Canadian workers may be able to resist the downward pressure on wages and working conditions created by employers seeking to take advantage of their newfound power.

Keywords

Fordism; Industrial relations; Canada

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THE NEW FORDISM IN CANADA: CAPITAL'S OFFENSIVE, LABOUR'S OPPORTUNITY[©]

BY DANIEL DRACHE* AND HARRY GLASBECK**

The breakdown in the links of mass production and mass consumption poses problems throughout the advanced industrial world. In each nation-state the ensuing struggles will take different forms. In postwar Canada, the link between mass consumption and mass production did not lead to the same kind of trade union participation in decision-making as it did in much of Europe. Workers were unable to establish embedded rights of worker participation. What was known as the fordist model in Europe did not have deep roots in Canada. Canadian workers are now being attacked by employers whose bargaining powers were never seriously blunted, aided by a state which has never had to accord even a junior partnership role to organized labour. The arrival of the new technologies is not likely to lead to more enriching work or better pay conditions for much of the workforce given the logic of the imperatives of an export-led growth economy in which state planning takes the form of encouraging private ordering. This paper concludes by looking at some ways by which Canadian workers may be able to resist the downward pressure on wages and working conditions created by employers seeking to take advantage of their newfound power.

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I. INTRODUCTION

This is a period in which the internationalization of production, the potential of new technologies and the associated ability to move capital about, all show exponential growth. These quantum leaps denote that a qualitative change in capitalism is taking place. The global restructuring will lead to different adjustments in different settings. Thus, the changes which will take place in Canada will be constrained and shaped by the configuration of the Canadian economy and its institutions. In this essay we seek to describe the likely Canadian developments and the possibility of affecting them.

After World War II, social relations in advanced capitalist nations had been labelled *fordist* by some European writers. The idea

was that scientific management, or Taylorism, had enabled the development of mass production techniques by augmenting the amount of surplus value which could be extracted from employees doing repetitive work in a highly directed manner. Ford's assembly line provided the paradigm. But, scientific management merely created the potential for mass consumption; it did not necessarily lead to it. For mass production to become the norm, investors had to perceive the likelihood and continuance of mass consumption demands.

Since the end of the second World War, guarantees of this kind had been developed in Western Europe and North America. Institutional systems evolved which stabilized capital/labour relations by providing workers with contractual arrangements of indefinite duration and with high enough wage rates to enable them to sustain consumer demand at a level warranting mass production. Workers not engaged in key sectors were provided with a social wage which allowed them to participate in the resultant mass consumption economy. That is, the institutional networks provided a necessary link between mass production and mass consumption. This marriage of mass production to mass consumption led to very high growth in Europe and North America, lasting for a longer period than capitalism had ever before been able to sustain.¹

For a variety of reasons, the linkage between mass production and mass consumption has broken down as economic growth has slowed to a crawl. The consequence of this is that producers have sought to find new markets, and to get access to cheaper resources and cheaper labour. This push towards increased international competition has intensified as new technological means and increased capital mobility have made the internationalization of production much more feasible than it ever was. This changed set of circumstances will be referred to as the "new fordism," namely, the plethora of schemes designed to increase productivity under the impetus of the new economic pressures.

¹ See, for example, M. Aglietta, *A Theory of Capitalist Regulation* (London: New Left Books, 1979); B. Coriat, *L'Atelier et le Chronomètre: essai sur le taylorisme, le fordisme et la production de masse* (Paris: Christian Bourgeois, 1979); A. Liepietz, "Towards Global Fordism?" (1982) 132 *New Left Review* 33; R. Boyer, *La Théorie de la Régulation : une analyse critique* (Paris : La Découverte, 1986). These scholars are at the center of the school known as "régulation." For a review of this scholarship, see A. Noel, "Accumulation, régulation, and social change: an essay on French political economy" (1987) 41:2 *International Organization* at 303-33.

There are, as yet, no international arrangements to provide stability by linking mass production to mass consumption in the same way as national regimes were able to do from 1945 onwards to circa 1976. Yet, capital must respond to the increasing, and seemingly unavoidable, pressures of international competition. Employers will be impelled to avail themselves of the new production technologies in order to make themselves more profitable and will seek to have workers accept new work relations. They will demand new forms of organization in terms of more flexibility in respect to both the work process and understandings about tenure of employment and forms of payment.²

The reasons for having stable, long-lasting relationships during which high productivity was to be linked to relatively high wages, no longer exist. Nonetheless, the nation states' institutional frameworks posited on these precepts persist. In Canada, collective bargaining has been the primary institutional mechanism linking mass consumption and mass production. It has been principally centred in the resource and manufacturing sectors which have been relatively high wage sectors. They set the pattern for the rest of the economy and were meant to act as the motor for a mass consumption society. It is precisely in these sectors that the internationalization of production and unregulated international competition are having their greatest impact on Canadian employers, causing them to attack the existing labour/management relationships. Signs of the effects of these developments are already clearly visible. As the core of the Canadian collective bargaining system is being reshaped the effects will flow through to the rest of the economy.

The thrust of this paper is that the likely impact of the new fordist work arrangements in Canada is best assessed by particularizing the context in which the readjustments are taking place. We will look at employers' needs and their ability to demand that labour accept lower levels of pay while producing more, as well that labour lessens its claims to job security and to social benefits. Clearly, much will depend on (i) the strength that existing institutional arrangements give the antagonists;

² This analysis relies on the work of A. Lipietz. See, in particular, "The Globalization of the General Crisis of Fordism, 1967-84" in J. Holmes & C. Leys eds, *Frontyard, Backyard: The Americas in the Global Crisis* (Toronto: Between the Lines, 1987); see also M. Aglietta & A. Brender, *Les metamorphoses de la société salariale* (Paris: Calmann-Levy, 1984).

(ii) the availability of, and the willingness to use, innovative technology; and (iii) the potential of capital mobility. Because the Canadian institutional framework is well-suited to manipulation by employers, we believe that, on the whole, Canadian labour is poorly placed to combat the expected demands which will be placed on it. More particularly, we will emphasize that, as a result of the pressures of international competition on the core resource and manufacturing sectors, Canada is already employing more people in the service sectors than before and that this tendency will become more pronounced. It will be argued that this segment of the work force, given existing institutional mechanisms and attitudes, is likely to fare badly.

Canadian labour must develop responses to the new fordism by promoting a new set of institutional arrangements which will allow Canada to hold its own in the new world economy without sacrificing labour's hard-won gains. Some suggestions will be made to further thinking about the way labour ought to seek to influence the development of policy instruments of this kind.

II. ASPECTS OF THE NEW FORDISM IN CANADA

A. *Slimming the Work Force - Reverting to Harsher Times*

The bottom has fallen out of the market for most of Canada's resources. Lessened demand has always led to slimming of the work force. This is happening again. Since the 1970s, mining and forest industries have been shedding their work force wholesale. Overall, the forest industries have lost approximately 30,000 jobs and mining has seen its work force cut by 20 percent.³ For example, MacMillan Bloedel had approximately 21,000 employees in 1980; today it has just under 12,000. At the end of 1980, Inco, Canada's largest nickel operation, employed 18,000 employees at its Sudbury, Ontario and Thompson, Manitoba plants. It now has 11,000 employees. Imperial Oil, Canada's biggest oil and gas company, had 17,000 employees in 1981. It is

³ *The Toronto Star* (27 May 27 1986); for other specific examples see P. Lush, "Going, going, gone" (January, 1987) Report on Business Magazine 36.

anticipated that, when the current downsizing of its work force is completed, this company will employ fewer than 12,000 Canadians.⁴

In the economic sectors dominated by the multinational assemblers, smokestack industries and their satellites, it is the globalization of production and the increased levels of competition, rather than critically diminished demand, which create problems for Canadian labour. For instance, Canada's auto producers face a particularly difficult future as world-wide competition is spawned by the many new entrants in the field, most of which enjoy much lower costs of production than those which obtain for Canadian producers and which have, at least, as high a rate of productivity. Here we refer particularly to Japanese and South Korean producers.⁵ Rubber, chemical and electrical industries also face a bleak future due to the competition of imports from countries with labour costs which range from 40 percent to 60 percent lower than those which prevail in Canada.⁶

Another threat to Canadian employment in the multinational assembly industries comes from the availability of low wage areas in the immediate vicinity. Whereas there once was a capital cost when moving a long way away from domestic markets (such as to move production bases to Southeast Asia), it has become the fashion today for American industrialists to move from the north of the United States to the American sun-belt states with their favourable labour laws and

⁴ *Ibid.* Inevitably, union membership, (if not incidence of unionization), has dropped in these sectors. The kinds of unions affected include leaders and pattern-setters such as the United Steelworkers of America (and their Canadian challengers CAIMAW and CASAW), the International Woodworkers, Canadian Pulp and Paper, the fishing unions (on both coasts) etc. Overall, the percentage of the work force which is unionized is remaining fairly constant as more white collar workers than ever before are being unionized, but, as will be argued below, to little concrete effect, as in the public sector their bargaining rights are curtailed and in other areas they have little bargaining leverage. For the rates of unionization by industrial groups, see *Statistics Canada, Survey of Union Membership (As a Supplement to December 1984, Labour Survey)*.

⁵ See, K. Ohmae, *Triad Power: The Coming Shape of Global Competition* (New York: Mckinsey, 1986).

⁶ Canadian Autoworkers Union, "Can Canada Compete?" in D. Drache & D. Cameron eds, *The "Other" Macdonald Report* (Toronto: James Lorimer, 1986).

willingness to subsidize investment.⁷ Increasingly, the sun-belt states themselves are coming under pressure as nearby Mexico has made itself available for low cost investment on favourable terms. Thus, a large number of American firms are choosing to relocate on the Mexican side of the Texas border. By 1984, more than 400 large American firms had already set up operations there.⁸ In due course, this kind of movement will be devastating to Canada, as American branch plants in Canada may well be the ones chosen to be closed down and their work contracted-out to such cheap and readily available locations as Mexico, Puerto Rico, Guatemala, etcetera. Since American branch plants employ close to half the Canadian industrial work force, the results could be disastrous.

Not only American-owned capital may move out of Canada. Canadian capitalists may also seek to take advantage of cheaper foreign conditions as a way to penetrate foreign markets. The threat of such de-investment is a powerful bargaining tool and, indeed, actual dis-investment only needs to occur a few times to make the threat credible and effective. There has already been sufficient movement of capital out of the country by leading Canadian firms (such as Dominion Textile, Dylex, Northern Electric, Canadian Pacific, Noranda Mines) to make labour very anxious, even if it is hard to show that all such movement of capital has led to the loss of productive activity in Canada.⁹

Under the old fordism, the institutional arrangements and understandings did not countenance sudden, drastic reductions in the workforce, nor did they envisage the large scale re-arrangement of

⁷ For a more detailed account, see B. Bluestone & B. Harrison, *The De-industrialization of America: Plant closings, Community Abandonment and the Dismantling of Basic Industry* (New York: Basic Books, 1982). In addition, note that *The Wall Street Journal*, Oct. 7, 1986, reports that southern states have increased their share of foreign direct investment at the expense of the Great Lakes and mid-Atlantic regions. Between 1974-83, offshore investors in the United States have beaten a path to the sunbelt and the deep south as the preferred locations to open new businesses. Not surprisingly, Georgia, Texas and Arizona, states with restrictive labour legislation, had the fastest growth rates in attracting foreign companies.

⁸ See (1985) 6:16 *The Multinational Monitor*. Canadian employers are also reaching out for Mexico's favourable conditions. P. Lush, *supra*, note 3, reports that, in 1984, Allen Industries of Hamilton, Ont., "picked up its entire operation (except for the employees) and moved to a low wage area on the Mexican border."

⁹ A. J. Cordell, *The Multinational Firm, Foreign Direct Investment and Canadian Science Policy* (Ottawa: Science Council of Canada, Special Study, No.22, 1971); J. Niosi, *Canadian Multinationals* (Toronto: Between the Lines, 1985).

established work practices. The interest in institutional stability was too great. Now employers increasingly feel that there will be no return to the status quo ante once the down cycle has run its course. The employers do not perceive the need, as they used to, to keep their contractual relations with their workers on foot during a low demand period even if it costs them little money to do so if they hang on to their employees.¹⁰ On the contrary, employers have been responding to the threat of foreign competition by seeking to compete on wages.¹¹ There are many ways to do this. One way is the large scale dismissals of workers noted above, unprecedented in modern times. Note that the number of workers dismissed is not directly related to the lessened quantum of demand. One of the features of the abandonment of the understanding between capital and labour developed after World War II (at least in the collective bargaining sectors of the economy) is that there has been something of a return to a mentality more consonant with the brute capitalism of another era.

One of the effects of mass dismissals, particularly, in sectors where the layoffs are taking place, is to lower resistance to demands made by employers on the remaining workers they employ. This enables employers to extract more productive labour from each retained worker than they had been able to obtain when trade unions managed to mediate the more oppressive effects of scientific management. By way of example, note that Falconbridge began the reduction of its work

¹⁰ The idea that contract requires mutuality of obligations had been accepted at common law, leading to the doctrine that an employer suffering from an economic downturn could terminate employees by giving appropriate notice, but not refuse to provide them with work and have them standby until things got better. This meant that valuable, skilled employees were often kept on the payroll, even when the employer had no profit-making work for them to do; see *Devonald v. Rosser & Sons*, [1906] 2 K.B. 728 (C.A.). Under collective bargaining, employers can put employees on lay-off during downtimes and have them available when a recall would suit the employees, provided that the stability and maintenance of the relationship is demonstrably desired. This is proved by continuing the payments of benefits (for example, supplementary unemployment benefits, life and medical insurance and pension contributions) whilst there is no provision of work. These practices have been enshrined in legislation, e.g. Reg. 286, *The Employment Standards Act*, R.S.O. 1980, c. 137. The notion of the on-going nature of the relationship, always fragile, is now being abandoned.

¹¹ Lipietz, *supra*, note 2. We will indicate later on that to compete on wages is not the only possible response to the new world conditions. It is, however, the most inimical to labour.

force at its nickel mine in Sudbury in 1982. Today, according to Falconbridge's President Bill James, "2,250 are doing the job of 4,000."¹²

The work force reductions, in part, reflect the willingness on the part of some employers to coerce and intimidate. In part, however, achieving increased productivity with fewer people is also the result of a new realization by employers, pushed by foreign competition and lower domestic demand, that more efficient production methods are to be used. This new realization leads to appeals by employers and governments that employees be ready to accept the introduction of new work technologies.

B. *Working Smarter*

Computer-based work methods will permit shorter-run output and just-in-time production. This was next to impossible with the earlier mass production systems which had broken tasks into minute, discrete activities linked by machines and workers. The basic concept of this form of scientific management was the notion that benefits could be gained from economies of scale. It allowed for little or no flexibility. Work was hierarchically organized and workers were alienated. There was no commitment by employees to productive efficiency.¹³

In calling for new methods of work, employers, who had engineered and gained from the old methods, play on the regrettable state of affairs they had created. Employees are told that if they accept change, they will have much greater participation in the production processes, more discretion and acquire new skills. This will require an acceptance of the breaking down of job classification and seniority rights

¹² *The Toronto Star* (16 November 1986).

¹³ We are aware, of course, that the picture we present is a little overblown. The crudest stopwatch kinds of scientific management were abandoned long ago. But, despite the introduction of psychologically-based personnel management techniques, the introduction of administrative control systems – such as formalized grievance procedures etc., – we think that the description of the work process in the text is an accurate, if generalized, one. See, H. Braverman, *Labor and Monopoly Capital: The Degradation of Work in the Twentieth Century* (New York: Monthly Review Press, 1974); D. Noble, *America by Design : Science, Technology, and the Rise of Corporate Capitalism* (New York: Knopf, 1977); R. Edwards, *Contested Terrain: The Transformation of the Workplace in the Twentieth Century* (New York : Basic Books, 1979).

which trade unions had bargained for in the past. They are now seen as barriers to improved competitiveness.

What workers rightly fear is that the giving up of the protection of the benefits they had won may leave them, and future entrants into the work force, more vulnerable to employer exploitation. Trade unions worry that if they give up their traditional bargaining stances they will be marginalized and, in due course, that this will lead to a worsening of employment conditions. There is a widely shared perception among informed trade union officials that employers are using the climate of the need for change to attack organized labour's position.¹⁴ Quality of working life circles, work teams, small group activities, acceptance of just-in-time inventory practices are names given to proposals which are "aimed at harnessing and directing the day to day expertise of floor workers and of supervisors towards operations' management and refinement,"¹⁵ something which, in unionists' eyes, is not an obvious good. These perceptions are fortified by practices which, relying on the rubric of greater flexibility and efficiency, have sharply reduced union presence and bargaining power.

C. *Two-Tier Bargaining and Contracting-Out*

As noted earlier, some contracting-out out of the country of traditional union work has already had an effect on organized labour's position. Within Canada, as well, unionized employers have used similar mechanisms, both to reduce their wage bill and the trade union presence.

In the large multi-national assemblers and smokestack industry employment situations, unions have been asked to make concessions and/or to agree that, in order to maintain their own conditions at a particular level, similar terms will not have to be offered to new

¹⁴ For an argument to this effect, see Don Wells' well-documented study, *Soft Sell: Quality of Working Life Programmes and the Productivity Race* (Ottawa: CPPA, 1986).

¹⁵ Ontario Ministry of Industry and Trade, *The Technology Challenge: Ontario Faces the Future* (Toronto: Ontario Ministry of Industry and Trade, 1984) at 106. Canadian inspiration for adopting such new approaches to worker-management relations frequently comes from the U.S. See, for instance, "Auto workers, bosses study how to get along" *The [Toronto] Globe and Mail* (10 October 1986) B2, and "UAW Learns Innovative Labour Pacts Can Run into Rank-and-File Resistance" *Wall Street Journal* (5 September 1986).

employees by their employer. This form of collective bargaining, known as two-tiered bargaining, is reputedly pervasive in the U.S.A. with its dramatically fallen level of unionization, more so than it is in Canada. But modified forms of it are quite common here. Canada's major assemblers and manufacturers are serviced by many smaller plants. Increasingly, the larger plants are commissioning the smaller, formally independent, suppliers to do bargaining unit work. This creates a downward pressure on the conditions obtainable by those who have been known as the aristocrats of labour.

This is a clearly emerging pattern in the automobile parts' industry. Recently it was announced that some 1,200 unionized jobs were likely to be lost at Chrysler in Windsor, Ontario, because the work they did was to be contracted-out, at much more competitive rates, to Magna Corporation, a major Canadian non-unionized automotive and electrical parts' supplier. Magna's labour costs were about 5 dollars per hour below those paid to the outbid unionized Chrysler employees.¹⁶

D. Flexible Work Processes and the Need to Co-opt Workers: New Forms of Payment

One of the aspects of the introduction of new work methods is that it could give workers greater control over daily productive activities. The power which workers thereby gain, precisely because it is inimical to the interests of employers, will be sought to be contained by them.¹⁷ To illustrate that that power is real, note that workers are in a position to stop production because they are quite literally the operators of the switch which sets the assembly "line" in motion.

¹⁶ J. Daw, "Chrysler Said Sabotaging Windsor Jobs" *The Toronto Star* (23 September 1986) E1. Gerald Mitchell, an executive of Dana Corp., a U.S. auto-parts' maker, has singled out Magna as an example of how the two-tier wage structure is on the crest of the wave of the future. His own company, which was once unionized, is following the same route in the U.S. It has closed 30 of 60 unionized plants it had a year ago, so that it could undercut the unionized automobiles workers' wage structure and win business which had previously been done in-house by automobile manufacturers; *The Toronto Star* (27 January, 1987).

¹⁷ The policy of containment takes many forms. In the French car industry, management frequently uses the introduction of new technology as the occasion to drive a wedge between French workers and semi-skilled Moroccan, Tunisian and Algerian workers, by giving the technologically more demanding and enriching jobs to the former; see "Dix-huit mois de conflits à la chaîne," *Travail* (Special Issue, no.2-3, June 1983).

Contrast this with the older methods of fordism and taylorism under which the assembly line technologically controlled the workers' activities. This new worker control potential presents a danger to employers who want continuous production and ultimate control over it.¹⁸ One way to resolve the problem is to persuade workers that it is in their interest to be "responsible," something that the development of a congruence of identity of interests promotes. In this context, the enrichment of jobs by the new flexible production methods which may develop the workers' sense of pride in the product will play a crucial part. In addition, tying workers' earnings more directly to their personal efforts by way of incentive payments and bonus schemes will aid employers in their drive to get employee co-operation. To assist them in attaining this goal, the new pay schemes are instituted as part of quality of work circles or of work teams, modes of production tailored to the adoption of new technology and work methods. If these endeavours succeed they will help to persuade workers to identify their interests as being more closely allied with those of the employer than ever before.¹⁹ Adversariness will be seen as dysfunctional and self-disciplining as more natural, indeed necessary, as earnings and peer approval will diminish

¹⁸ The contradictory effects of the new technology is explored in B. Coriat, *La Robotique* (Paris: Editions La Découverte, 1983) at 74-113. He shows that the introduction of new technology *sometimes* heightens both productivity and worker satisfaction and bargaining power but, on balance, favours employers at the expense of worker control and job security.

¹⁹ For general accounts of how worker pride and co-operation are seen as an integral part of the economic restructuring, see W. Skinner, "The Productivity Paradox" [1986] *Harvard Business Rev.* 55, and R. Reich, *The Next American Frontier* (New York: New York Times Books, 1983). The use of these new kinds of work methods and payments have become attractive to employers, in particular because they appear to have succeeded in Japan in producing better quality products at reduced costs. For instance, the aforementioned Magna Corporation, which is proud of its productivity record, attributes its success to its modern attitude to work processes and philosophy, see *The Toronto Star* (13 September 1986). Magna has 91 plants with a work force of usually less than 100 employees per establishment. But something of the danger for workers which inheres in wage incentive schemes is revealed by Magna's own operations. Managers have been given an incentive to cut costs as Magna would like them to do because the profit-sharing plan devised for them is a very rich one. Employees are not as well treated. Only 10 percent of the pre-tax profits is extended to Magna's 10,000 plus employees as an incentive to work harder. Similarly, after American automobile workers made concessions and accepted incentive schemes they found that managers paid themselves multi-million dollar bonuses whereas their bonus was less than half of the expected return; see *The Toronto Star* (April 14, 1984). These developments support the stand taken by Canadian Automobile Workers' Union which, so far, has refused to agree to overturn extant payment schemes.

unless all the workers in a quality of work cycle or work team shape up.²⁰

E. *Trade Unionism's Dilemma*

Understandably, the trade unions' reactions to these burgeoning developments are mixed. They fear their own marginalization and the co-optation of the work force; yet they understand the allurements of the potential advances promised by the new schemes. In circumstances in which their memberships are decreasing and employers are using a variety of means to cut costs – such as contracting-out, new technology, flexible production schemes and two-tier bargaining – it will be difficult, if not impossible, for unions to develop a co-ordinated set of strategies and responses. Unions have good grounds to fear that the advantages which accrue to workers as a result of the introduction of such flexible production methods may be more than offset by the eventual losses. These potential losses include:

a. the inability to resist the logic of slimming the work force once workers acquiesce in the idea that their employer must have flexibility to remain internationally competitive;

b. when there are no profits, as is likely to be the case in many situations, workers' gains may not be as good as those which could have been obtained by traditional adversarial bargaining, that is, they may not be as good as when workers take no responsibility for the welfare of the employer's business or for that of the general population,²¹

²⁰ For example, Woodbridge Foam Co. Ltd., a major automobile parts' manufacturer in Ontario, plans to base part of its workers' wages not on individual output but on the level of production achieved by work teams. The company is relying on peer pressure to have workers meet and, hopefully, exceed its production quotas; (interview with Vice-President of Human Resources of Woodbridge Foam Co.).

²¹ How widely the workers' share may vary depending on the kind of bargaining approach taken is shown graphically in *The Ontario Task Force on Employment and New Technology, Technological Change, Productivity, and Employment: Studies of the Overall Economy*, Appendix 20, (Toronto: Ontario Task Force on Employment and New Technology, 1985). Ernest Mandel has shown how invidiously trade unions are placed to make judgments about the long-term welfare of an employer or that of the public at large because of their lack of any real control over investment decisions and because of their lack of access to the real profit-loss ledgers of both business and of the national economy; see E. Mandel, "The Debate on Workers' Control" in Hunnius, Garson & Case eds, *Workers' Control* (New York: Vintage

c. while one of the attractions of flexible work methods is the lessening of employer authoritarianism in relation to daily practices in the work place, the increased amount of control over productive practices given to workers does not alter the fact that the locus of power over the investment (its quantity, its quality, its permanence) remains with the employer.²²

In sum, what the unions fear is that the new work methods and forms of payment eventually will lessen collective workers' resistance because the need for trade unions will become less and less obvious to them. New work methods are likely to reduce the confrontations arising out of hierarchical relationships and, as a corollary, to lessen the need for mediation by trade unions. Not only will the workers have less need of a union on a daily basis, but also management's reliance on the trade union as a manager of discontent will be diminished. This will make management look less upon unions as a junior partner which is there to help them stabilize the work place when it comes to bargaining.²³ In the same vein, trade unions can expect less support from their members when militance is required.

The ability of trade unions to combat the new work methods — which they rightly view with suspicion — or to use their collective power to defend wages and job security, is particularly poor given that the outlook for increased employment opportunities in the resource, multi-national assembly and smokestack industries is very dim. Similarly, little or no employment growth is expected over the next decade in textile

Books, 1973).

²² See D. Wells, *supra*, note 14, for a discussion of the ways quality of working life systems actually augment management prerogative over the workforce and workplace; see also A. Goldsmith, "The Impact of Police Collective Bargaining upon Municipal Management in Ontario, 1973-84: A Socio-Legal Analysis" (J.S.D. Thesis, University of Toronto, 1986) [unpublished] and H. Glasbeek, "Voluntarism, Liberalism and Grievance Arbitration; Holy Grail, Romance and Real Life" in G. England, ed., *Essays in Labour Relations Law* (Toronto: CCH, 1986).

²³ The notion that, if employers and trade unions can be made to act in good faith and to process disputes responsibly, a stable industrial relations' climate will ensue, long has been the conventional wisdom of North American industrial relations' theory; see, for example, A. Cox, "The Duty to Bargain in Good Faith" (1958) 71 *Harvard Law Rev.* 1401. The new fordism de-emphasizes "responsible" *trade union* behaviour and demands "responsible" *worker* conduct as a means to develop shared ideology and enterprise. This is what underlies the trade union movement's intuitive antagonism to the new work methods and payment schemes.

and clothing, agriculture, fishing and trapping, and transportation.²⁴ The direct reasons for this stagnation vary from sector to sector, but, in the end, they are the results of the new economic pressures. Thus, in transportation, the state, eager to promote the ideal of increased competitiveness, has embarked on a programme of deregulation. As a consequence of the implementation of this policy in the U.S.A., over 100,000 trucking jobs disappeared between 1983-1985.²⁵ In Canada, deregulation is leading to the expected downward pressure on the price of road transportation. This is causing employers to attack labour costs, not only in trucking,²⁶ but also in the airline industry and rail transportation. In the case of railways, the outlook for labour is particularly poor. This segment of the economy has been undergoing long term decline as Canadian governments have favoured trucking over railways. In this setting, deregulation is the straw which may break the camel's back.²⁷ In airlines, the outlook is also disturbing. Imitation of American trends has taken its most overt form here. The upshot has been an unprecedented series of labour disruption in the last two years,²⁸ as airline operators have attacked the prevailing wage and job structure.²⁹ On another front, in construction, which is, in large part,

²⁴ The Ontario Task Force on Employment and New Technology, *supra*, note 21 at 149.

²⁵ Interview with Mr. Robichaud, Executive Assistant to Senator Lawson, Chairman of the Canadian Conference of the International Teamsters Union.

²⁶ For the effects in trucking, see F.P. Nix, "Ontario Owner-Operators" *Canadian Transportation Research Forum* (June 1987).

²⁷ Interview with Michael Lynk, Research Officer, Canadian Brotherhood of Railway and Transport Workers. See, also M. Lynk, "Transport Deregulation : An Idea Whose Time Has Gone" (1986) 9 *Canadian Labour* 12. Employers are making demands for great concessions by workers in respect of wages and particularly in respect of job security; see, (1986) *Canadian Transport*.

²⁸ The strikes took place at Air Canada, Canadian Pacific, Eastern Pacific Airlines and Pacific Western. The occupation of the employees involved was different in each, pilots, air stewards, clerical workers and machinists being involved in the various disruptions.

²⁹ For a discussion of the agreements made in the last two years by unions in this sector, see *The [Toronto] Globe & Mail* (2 December 1985). The airline operators' efforts mirrors those of the American airline employers who have had to operate under similar pressures for a longer time. There the intent has been to make workers who accept the new lower level entry rates to accept work practices which would allow them to be moved from job to job, thereby saving the employer from the need to hire specialized employees as they had in the past. In return for agreeing to these conditions for new employees, the bargaining union members have often been given long term job security. See the experience at Delta Airlines,

dependent on the business generated by resource-based industries, the prospect for any substantial increase in stable employment is poor, particularly as new technologies in design and engineering are perfected.³⁰

Trade unions are poorly situated to change these trends.³¹ But, as part of the economic restructuring, investment is switching increasingly from the goods and resource-producing side of the economy to the service sectors, creating employment at a rate which outdistances the loss of industrial jobs in the traditional sectors. Do trade unions and workers have a better outlook in these new sectors?

F. *Service Industries*

1. Growth

In the coming decade the majority of new jobs are expected to be in service related industries, such as community, business and entertainment services. This is typical of what is happening in all

Eastern, TransWorld and Pan American World Airways as discussed by A. Salpukas, "Cutting Airline Labour Costs: Job Shifts Aid Productivity" *New York Times* (25 January 1984).

³⁰ For a discussion of the possible impact of the new technologies on this sector, see M. Piore & C. Sobel, *The Second Industrial Divide: Possibilities for Prosperity* (New York: Basic Books, 1984).

³¹ One manifestation of these trends is that the real income of wage earners has declined in this new period. The national share of income going to workers in 1985 has returned roughly to the level it was in 1971. Between 1971 and 1982 the national share of income going to labour rose from 55.5% to 58.6% of the GNP. As a result of the onslaught it fell back to 55.9% by 1984; Canada Department of Finance, *Economic and Fiscal Overview* (Occasional Paper, 1985). The same report shows that wage earners obtained annual increases of 3.3% between 1966-1977 and suffered an average annual loss of 0.9% from 1977 to 1984. The figures for 1985 show that wages and salaries fell to 54.8% of the nation's income. Yet, until fairly recently, it was the conventional wisdom (one which accorded with a stable, high productivity/high wage entente) that wages were sticky, that is, not subject to downward pressures. Another manifestation of these trends is the persistent high unemployment rate. The official rate is just below 10% but, if discouraged workers who have given up looking for employment were included in the official figures, the official rate would be closer to 12% of the active work force; see L. Muczynski, "The Politics of Labour Market Policy" in B. Doern, ed., *The Politics of Economic Policy* Vol. 40 (Toronto: University of Toronto Press, 1986); "Unemployment in Toronto, Hidden and Real" in *Working Papers for Full Employment No.1* (Toronto: Social Planning Council of Metropolitan Toronto, 1980).

advanced industrial nations whose standing as industrial advanced nations has ironically depended on their dominant position in the resource and manufacturing industrial sectors.³² These figures become even more dramatic when related industries such as banking, finance and insurance are added.

**Employment and Employment Growth in the Community,
Business and Personal Services Industry-Sector in Ontario
1985-1995**

Industry-Sector Sub-Group	Employment Growth (000) 1985-1995	% of Total Growth
Services to Business Management	188	42
Accommodation and Food Services	138	31
Health and Welfare Services	52	12
Amusement and Recreation Services	51	11
Miscellaneous Services	9	2
Education and Related Services	4	1
Religious Organizations	2	1
Personal Services	1	0
Total	444	100

Source: Adapted from Ontario Task Force on Employment and New Technology, *supra*, note 21 at 147.

In Ontario, for instance, between 1971 and 1981, seventy percent of all new additional jobs were created in the following service sectors: business and personal services, trade, finance, insurance and real estate, areas in which female employees predominate. Clerical, service and sales' occupations together accounted for almost two-thirds of

³² A. Lipietz, "Towards a Global Fordism?" (1982) 132 *New Left Rev.* 33.

female employment growth; and clerical occupations alone accounted for 40 percent of new jobs taken by women.³³

2. The impact of new technologies on work and workers in the service sectors

The larger scale employers will seek to avail themselves of the advantages of the internationalization of production which is made possible by the new technologies. Potentially much of the labour intensive work can be shifted to off-shore production centres such as Jamaica or Barbados. Already American companies are creating "offshore offices" to enter keypunch data and perform other clerical and bookkeeping services. Thus far only low value-added American jobs have been shipped out. But, the rate of out-sourcing is expected to accelerate.³⁴ Some observers are predicting that clerical employees will make up the next generation of displaced workers.³⁵ There is yet another pessimistic note to sound.

³³ Ontario Task Force on Employment and New Technology, *supra*, note 21 at 60, 69 and 72. A study by Joanne Moloney for *Statistics Canada* (as cited in *The [Toronto] Globe and Mail*) shows that, in 1985, employment in the goods producing industries was 6.5% below 1981 levels, whereas in the service sectors (if part-time work was included, see n.31 above and n.40 below), it was 7.2% higher than it had been at the beginning of that recession year; see, *The [Toronto] Globe and Mail* (18 December 1986).

³⁴ See "The Hollow Corporation" (March 1986) *Business Week* 57. In the area of insurance, companies are examining the possibility of contracting office work out to home workers. It is estimated that 20% of office work can be done at home on a terminal. This possibility, which can be exploited locally or internationally, will further limit the effectiveness of unions to organize and to bargain. The scope of the potential for homework is large. In the past the difficulty for employers was that product had to be collected and that monitoring of worker time expended and quality of product was difficult. The new technologies do away with these difficulties. An explosion of contracting-out practices can be expected; see B. Berch, "The Resurrection of Out-Work" (1985) 37 *Monthly Review* 43, who notes the increasing use being made by data processors of prison inmates, who come very cheaply and work in clean environments (a matter of significance to the owners of delicate computers).

³⁵ A complicated scenario is emerging. While the service industries are, for the moment, the cutting edge of growth in employment, they may not continue to be so indefinitely. For instance, *Canadian Banking Association Statistics* (Toronto: CBA, 1985) reports that, between 1979-1983, 20,000 low paying jobs were lost in the banking industry. More automation may lead to the displacement of 10% of the existing work force in the banks. Eventually, the ability of the service sectors, as a whole, to absorb displaced workers from the industrial segments will be sharply reduced with the increased utilization of labour-saving technology; see W. Leontieff, "Technological Advance, Economic Growth and the Distribution of Income" (1983) 9:3 *Population and Development Review*.

Inasmuch as the expansion of these sectors and the flexibility of the employers is due to the introduction of new office computer-based technology, it gives employers an enormously enhanced supervisory power over their work forces. This is so because work can be monitored by stroke-counting and automatic error-checking mechanisms. Thus, while it is true that some increased skills will be required by workers in these sectors, once these skills have been learned the operators of these new machines will be given no discretion and will be subjugated to never-ending supervision.³⁶ This kind of "flexible" work process diminishes worker control. In contrast with some of the new quality of work circles/work team types of production systems in other segments of the economy, old-style taylorism will be reinvigorated in the service sectors. This will occur precisely in the only sectors where, in the immediate future, job opportunities will actually increase. The new work methods, then, amount to the establishment of the old fordism in segments of industry where this has not been the dominant work process method.

3. The potential for worker organization and resistance in the service sectors

These have been traditionally low skill and low pay sectors. On average, service industry jobs pay fifteen to twenty percent less than do industrial jobs.³⁷ As these sectors grow, it will be necessary, more than ever before, for workers to unionize. The incidence of unionization in this sector, however, has always been low. By 1981, in trade only 8.9 percent of the work force had been unionized, in finance 2.8 percent and in services 25.6 percent.³⁸ In recent times, there has been a sharp increase in organization.³⁹ While the gains made are encouraging, it is

³⁶ The new fordism work relationship in the service sectors is lucidly analysed by D. Wells, *The Soft Sell*, *supra*, note 14.

³⁷ See the special issue of *Business Week*, "The Hollow Corporation," *supra*, note 34.

³⁸ Canada, Royal Commission on Equality in Employment, *Equality in Employment* (Ottawa: Queen's Printer, 1984) at 76 (Table 12).

³⁹ Trade unionism had moved to 9.8% in trade; had dropped to 2.7% in finance; and had increased to 32.9% in services industries by 1984; see, *Corporations and Labour Unions Reporting Act, Annual Report* (Ottawa: Statistics Canada, 1984).

likely that the difficulties for further organization will prove to be formidable in the dominant corporate sectors of the service industries, such as banking, insurance and large financial undertakings. Consider the following:

a. The work force in these sectors is disproportionately female and *part-time*.⁴⁰ In Ontario, women's share of full-time employment has been declining every year since 1975, while their share of part-time work has been increasing. By 1983, fully 26 percent of all women in Ontario in the work force worked on a part-time basis.⁴¹

b. In the past, unionization has failed, in part at least, because of the lack of interest by male-dominated resource and industrial-based American unions in organizing female, low skill workers in other segments.⁴² This may be attributed, in part, no doubt, to the cultural backwardness of established unionism, but also in part to the concrete difficulties inhibiting organization when it is to be conducted on a plant-by-plant basis. This imposes high administrative costs. The American-based unions which operate in Canada cost out their operations by balancing the dues they collect from each unit — in respect of which they have to bargain and whose agreements they must administer separately — against the expenditures incurred in acting as a bargaining agent for that very unit. But as trade unions are losing ground in the traditional sectors, these calculations may well be having different

⁴⁰ See The Ontario Task Force on Employment and New Technology, *Final Report*, *supra*, note 21. Statistics Canada reported that, as of December, 1986, there were a total of 1.84 million part-time workers, of whom more than 500,000 were involuntary part-time workers. Most of these people were women and young people; as summarized in *The Toronto Star* (22 January 1987). This explains another phenomenon: despite our description of "bad times for labour," since the deep recession of 1981-82 Canada has had an apparently strong growth in employment, but, now we see that at least one third of that growth has been due to self-employment and part-time work; P. Kumar, *The Economy: Summary Outline* in Wood & Kumar eds, *The Current Industrial Relations Scene in Canada, 1985* (Kingston, Ont.: Industrial Relations Centre, Queen's University, 1985).

⁴¹ See Appendix 1, "Labour Market Trends in Ontario 1950-1980" by the Ontario Task Force on Employment and New Technology, *supra*, note 21.

⁴² As a result, the differential in wage rates between male and female in the non-unionized sector is strikingly higher than in the unionized sector. Low wages paid to women in the largely unorganized retail and financial sectors account for much of the wage inequality. In 1981 men were paid \$9.57 per hour in non-unionized jobs compared to \$7.04 for women; see Commission on Equality in Employment, *Equality in Employment: A Royal Commission Report*, *supra*, note 38.

outcomes today which, in part, may be reflected in the increasing incidence of unionization in the female segments of the workforce.⁴³

c. Labour relations boards have made it more difficult for those trade unions formed spontaneously by the rank and file to gain certification than they have for established trade unions to do so. Spontaneously formed trade unions must prove to cautious labour relations boards that they conform with stringent legislative requirements. This is very difficult for workers who often must organize in secret because of employer resistance. This has made it practical for workers in the service sectors to depend on the leadership of established unions which until recently had been loath to provide it. It may be that the unions' need for growth and the increased importance of the service industries may lessen the significance of this barrier to organization.

d. While union diffidence towards service sector organization has been diminishing, employer recalcitrance has not. Large employers, in particular, have been helped in justifying their opposition to unionization, (which is reflected by their manipulation of labour relations' practices), by the strident ideological anti-unionism of small business in the service industries. The latter's loudly trumpeted tenets of rugged entrepreneurialism have aided in creating and maintaining a pervasively held view that a low-skilled, part-time, largely female work force does not deserve any better treatment than it has been given.⁴⁴ Large employers have been aided in their anti-union campaigns by the fact that the high rates of unemployment and lowering wages have forced more and more of precisely these kinds of employees into the

⁴³ Note that small business represented the largest single source of growth in the retail, financial and business sectors of the economy; Minister of State, Small Business and Tourism, *Statistical Profile for Small Business in Canada 1983* (Toronto: Ministry of State for Small Business and Tourism, 1983) at 39. Whereas once these business unionism-type arguments might have been used to rationalize the instinctive reluctance of some of the more conservative trade union elements to organize women, both new social awareness and the need for members may be changing this.

⁴⁴ At a time when the maturing feminist movement is pressing for pay equity legislation (first promised by Canada as a High Contracting Party to the Treaty of Versailles in 1919) small business leads the charge to retard what electorally responsible politicians have accepted as an irresistible claim; see the recent pay equity struggle in Ontario which has led the provincial government to offer legislation which will delay pay equity implementation for up to 6 years and which eventually might cover less than 50% of the female work force in the private sector: *An Act to Provide for Pay Equity*, S.O. 1987, c. 34.

labour market.⁴⁵ This is well illustrated by the recent attempts to unionize the banks.

Initially, when banks were faced with organization drives they were able to argue, successfully, that a majority of workers at all their branches had to be in favour of joining a designated union before certification could be granted by a labour relations board. Given the multiplicity of branches of nationally chartered banks this was an impossible hurdle for unions to clear. Ironically, therefore, it was the workers who had to make, and win, the argument that plant-by-plant organization — that is, the kind of organization envisioned by the model of collective bargaining based on the notion of a multitude of atomized employment situations — should be sufficient. After a brave fight, a small group of British Columbian female bank workers won this argument.⁴⁶ Now bank workers have to launch bids for certification at the hundreds of branches each of the banks have throughout the country. The banks, intransigent as always, do not hesitate to menace, intimidate and deceive at the branch level.⁴⁷ Unions have made no real inroads. After 10 years of immense effort less than 5000 bank workers have been organized out of a work force approaching 200,000.⁴⁸ Unionization has failed precisely because large and financially integrated operations, such as those of a bank, are treated as if they constituted a series of discrete small employment situations. This permits banks to act like primitive, small employers, that is, as the worst of backward

⁴⁵ As male income earners have suffered reductions in income this has had to be offset by women entering the work force. In 1986, the national average increment in wages was 2.3%, while the inflation rate was 4%; *The Financial Post* (14 June 1986). With real incomes flat or falling since 1981, it has become obligatory for a working class family to have a second income.

⁴⁶ See P.C. Weiler, *Reconcilable Differences: New Directions in Canadian Labour Law* (Toronto: Carswell, 1980).

⁴⁷ The Canadian Imperial Bank of Commerce (C.I.B.C.) has almost been a caricature of a red-neck employer; see *Union of Bank Employees, Local 2104 v. C.I.B.C.* (1980), 80 C.L.L.C. 16,002, and *Union of Bank Employees, Local 2104 v. C.I.B.C.* (1985), 85 C.L.L.C. 16,021. The intransigence of this bank led the union movement as a whole to support some of the bank's striking VISA credit card workers to the extent of paying them more strike pay than they earned as employees of the bank. Eventually this forced the hand of the labour relations board and a contract was imposed after the bank had to apologize publicly for some of its stand-over tactics, see *Union of Bank Employees, Local 2104 v. C.I.B.C.* (1986), 86 C.L.L.C. 16,023.

⁴⁸ *The [Toronto] Globe & Mail* (18 March 1986).

ideologues who are not embarrassed to brow-beat and intimidate their largely female work forces.

III. THE CANADIAN STATE AND NEW FORDISM

In a liberal democracy it is the assumption that the state and its agencies can affect economic and political developments. The question is whether the Canadian state is likely to promote, inhibit or modify the trends in economic restructuring which we have described.

The Canadian state has always understood its task to be to use both its significant market position⁴⁹ and its political legitimacy (which, in part, stems from its public service face) to further the interests of leading capital interests in the resource and related manufacturing sectors.⁵⁰ This has meant direct and indirect subsidies for, and labour market management strategies aimed at supporting, investor needs in these sectors. Traditional export-oriented industries, such as mining and forestry, received the largest share of government assistance in the form of tax credits and reductions in the seventies and eighties. By contrast, small, innovative firms who are chronically and desperately short of funds were cut out or ignored by government programmes.⁵¹ Ottawa's

⁴⁹ By way of indication, note that federal state institutions involved in productive activities employ a great number of people. In the early 1980s, Canada's 40 Crown Corporations and 130 subsidiaries accounted for \$40 billion in assets and employed more than 200,000 people; J.K. Laux & M. Appel Malot, *State Capitalism: Comparative Perspective on Public Enterprise in Canada* (New York: Cornell University Press, 1987); see also R.M. Bird, *Financing Canadian Government: A Quantitative Overview* (Toronto: Canadian Tax Foundation, 1979).

⁵⁰ The major Canadian State policy is one of a commitment to export-led growth. The idea is that the sale of unprocessed (or largely unprocessed) staples will lead to an inflow of capital which will be invested in the manufacturing sector to supply domestic demand. The accuracy of this characterization of the role of the Canadian State has been well established by Harold Innis' pioneering studies; see, H.A. Innis, *Essays in Canadian Economic History*, ed. by M.Q. Innis (Toronto: University of Toronto Press, 1956). For more recent work, see K. Levitt, *Silent Surrender* (Toronto: MacMillan, 1970); Secretariat for the Planning and Priorities Committee of Cabinet, *Report on Natural Resources Policy in Manitoba*, by E.W. Kierans (Winnipeg, Man.: Planning and Priorities Committee of Cabinet, Queen's Printer, 1973).

⁵¹ P.Faucher & R. Young, "Le déclin manufacturière et la politique industrielle au Canada" in D. Bellemare & C. Saint-Pierre eds, *Les stratégies de reprise* (Ste-Hubert, Quebec: Editions Saint-Martin, 1984).

largesse in subsidizing the private sector directly and indirectly is enormous in dollar terms. The Right Honourable James Kelleher, the federal Secretary of State for Finance, has recently tabled papers in Parliament which show that subsidies via tax expenditures, such as direct exemptions, specific credits, deferrals, specific diminished tax rates and other such measures, cost the government a staggering 28 billion dollars annually.⁵²

Both the Canadian state and the leading employers in the industrial sectors seem bent on a continuation of the export-led growth mechanisms. This means, of course, that the state, as we shall show, sees it as its role to help employers cut wage costs in order to compete, particularly in the North American market. The state has misunderstood the implications of the new fordism. Canada as a nation can no longer afford to be at the mercy of internationally-generated and controlled demand and production. For the economy as a whole to be competitive adjustments must be made which make the most of Canada's special advantages and the new technologies. This requires state intervention on a massive scale in respect of upgrading and modernizing specifically chosen segments of the economy. Although state officials frequently talk about the need for investment in high technology and the development of special niches for Canadian industries, this is not state policy. As has already been noted, the dominant policies of export-led growth remain embedded in state activities.

The difficulty is that the state finds it harder to obtain revenues needed for the subsidization of export-led growth precisely because of the economic upheaval. This is so, in part, because by indirectly subsidizing capital, the state has gradually collected less revenue from the corporate sector. In 1985, approximately 11 percent of government revenues came from corporate income tax compared with over 36 percent from personal taxes. In 1950, the government collected 21 percent of its revenues from employers while individual income earners

⁵² See also D. Wolfe, "The Politics of the Deficit" in G.B. Doern, ed., *The Politics of Economic Policy* (Toronto: University of Toronto Press, 1985) Vol. 40; *Services and Subsidies to Business: Giving With Both Hands, A Study Team Report to the Task Force on Program Review* (Ottawa: Minister of Supply and Services, 1986), which identifies 57 subsidy programmes that cost Ottawa a total of between \$4.5 billion and \$7.7 billion in foregone federal revenues.

contributed 19.6 percent of government revenue.⁵³ In part, the increased need for welfare, combined with a low (and lowering) income base of the general working population as a result of the economic crisis, has squeezed the state's ability to deliver subsidies to capital.

In response, the state has sought to reduce spending on the provision of welfare, despite the fact that Canada's spending on welfare, at a rate of 20.2 percent of its gross domestic product, is the lowest of the Group of Seven countries.⁵⁴ But the state response has other prongs as well. In particular, the state has also sought to reduce its expenditures by attacking the organizational rights of public servants. This has a valuable side effect: it provides ideological support for the private sector's attacks on its workers. All of this requires some elaboration.

A. Reshaping the Labour Market – The Case of Unemployment⁵⁵

The state has taken an active role in reshaping the labour market by promoting a particular ideological thrust and by concretely weakening segments of the work force. The increasing number of unemployed, paradoxically, has caused a launching of an invigorated attack on them. Both the level and the availability of unemployment insurance benefits have come under fire. To bolster the legitimacy of the attack (which had come under challenge) the federal government set

⁵³ See J. Calvert, "The Attack on the Public Sector" (1982) 4 *The Facts* 24.

⁵⁴ These countries are the United States, Japan, West Germany, France, Britain, Italy and Canada; see *The Toronto Star* (30 September 1986).

⁵⁵ The attack on the unemployed as "undeserving" people has long been part and parcel of state tactics. R.A. Hasson, in a seminal article, has shown that it becomes increasingly virulent as unemployment increases, in line with the argument in the text that the state has an agenda when it employs such tactics; see R.A. Hasson "Discipline and Punishment in the Law of Unemployment Insurance – A Critical View of Disqualifications and Disentitlement" (1987) 25 *Osgoode Hall L.J.* 615. Unemployment is not the only kind of entitlement attacked. It is being used as a major illustration. Note that, in 1985, the federal government sought to de-index public pension benefits as part of its attack on individual entitlements. It was forced to back down in the face of an unprecedented co-ordinated challenge by senior citizens. This illustrates both the point made in the text and also the fact that, in a liberal democratic capitalist nation, the state is always somewhat curtailed by the fact that, to be in a position to enhance capital accumulation, it must be seen as a legitimate guardian of the general welfare.

up a Commission of Inquiry, (the Forget Commission), which was given the task of finding a way to "rationalize" the unemployment insurance scheme. This Commission has now reported⁵⁶ and it seems as if its recommendations are unlikely to be given effect. This is largely because they would lead to a serious undermining of entitlements and would put provincial governments in a position where they would have to increase their welfare expenditures, an unpalatable policy for the federal government to advocate.⁵⁷ Nonetheless, the mere fact of setting up the Commission and the publicity surrounding its deliberations and report have reinforced the popular view that the unemployment insurance regime is overly generous and maladministered, in the sense that it is exploited by manipulative, work-shy people. Moreover, the report bolsters another major ideological plank of the state's attack on labour. That is, that the inevitable and necessary economic restructuring makes job dislocation not an evil but, rather, a logical, even a useful, development and one for which no social blame is to be attached to governments. The lessons are given augmented suasive force by the simultaneous trotting out of arguments that there is a "natural" rate of unemployment in Canada which ranges between 5 and 8 percent of the work force. Therefore, the official unemployment rate of circa ten percent leads to a net "real" unemployment rate of between 5 and 2 percent, which is a rather tolerable rate and one not requiring energetic

⁵⁶ *Commission of Inquiry on Unemployment Insurance* (Ottawa: Supply and Services Canada, 1986), (Commissioner: Claude E. Forget).

⁵⁷ In addition, the Forget Commission had already lost its prestige before it reported. It was \$2 million over budget, repeatedly missed deadlines and was torn by internal wrangling between the chairman and the two labour representatives. The latter publicly proclaimed that they were dissociating themselves from the neo-conservative views of the chairman before the report was published. As well, former Ford Motor Co. chairman Roy Bennett, a business representative on the Commission, had opposed some of the Forget recommendations which would cut unemployment insurance benefits. There was also much public discussion of (and disgust at) the fact that the members of the Commission were paid handsome per diems (\$750 per day for Forget) and that these emoluments were paid out of Unemployment Insurance Corporation funds. The six members of the commission were paid \$441,337 in salaries (of which Forget got \$175,000) and \$177,201 in expenses. Eventually, the scandal forced the government to announce that these payments were to come out of general revenue, not unemployment insurance money; P. Poirier, "U.I. Coffers Won't Have to Bear the Cost of \$6-million Forget Commission" *The [Toronto] Globe & Mail* (21 February 1987) A5.

state support for special labour market and industrial strategies.⁵⁸ It hardly needs to be said that the fact that the so called "real" rate of unemployment is said to be circa three percent does not alter the *fact* that there are more than ten percent of the labour force unemployed, flesh and blood human beings who are less and less well looked after by the state. This increases both the size *and* the need of the reserve army of unemployed, to the immense benefit of employers generally and to the particular advantage of those employers in the new growth sectors who actively seek out a labour force with low skills, employable at low pay.⁵⁹

B. *Attacking Organizational Rights of State Employees*

One simple way to reduce state expenditures is to cut the state's wages' bill. This can be, and is, done in a variety of ways. The state can simply resist wage demands; it is easy to do so. In Canada, public sector employees have been permitted to unionize. This is a far cry from saying that they have the same legal collective bargaining rights as their private sector counterparts.⁶⁰ The right to strike is frequently not granted (as in Ontario) or limited to certain kinds of disputes (as in the federal sector) and, where it exists, it may suddenly be taken away by specific legislation, often referred to as *ad hoc* back-to-work legislation.

⁵⁸ The ideological message which enhances the state's ability to attack individual entitlements as part of the onslaught on labour comes from many sources simultaneously. The Royal Commission on Economic Union and Development Prospects for Canada (The MacDonald Commission) called for an overhaul of Canada's unemployment insurance scheme in order to make it more responsive to a market-driven economy. This was a principal recommendation of that Commission. Other social welfare mechanisms were also thought to be dispensable by The MacDonald Commission. For a critique of the Commission's political and economic framework, see "The Right Stuff, A Critique of the MacDonald Commission Report" (1986) 3:1 Atkinson Rev. of Canadian Studies (Special Issue).

⁵⁹ The classic statement of the utility of a reserve army of labour for capital is still that of M. Kalecki, "Political Aspects of Full Employment" (14 January 1943) *Political Quarterly* 322. Even after forty years his analysis has lost none of its importance and remains highly germane to understanding state policy.

⁶⁰ For a mainstream view of the differences between private and public sector bargaining, see A. Ponak, "Public-Sector Collective Bargaining" in J. Anderson & M. Gunderson eds, *Union-Management Relations in Canada* (Toronto: Addison-Wesley, 1982); M. Thompson & G. Swimmer eds, *Conflict or Compromise; The Future of Public Sector Industrial Relations* (Montreal: Institute for Research on Public Policy, 1984).

This latter method has been increasingly used over the last few years. Between 1950 and 1965, six statutes were passed forcing workers back to work; between 1966 and 1984, there were sixty-one such interventions of which thirty-eight took place in the years 1979-84. The trend is clear.⁶¹ In addition, where the right to strike does exist, the state always retains the option to designate some employees as essential workers, that is, as workers who will not be permitted to strike, so that the rendering of essential services (as defined by the state) will be uninterrupted, regardless of the legitimacy of any on-going strike. The incidence and scope of such designations have shown a remarkable increase with the onset of the recent crisis.⁶²

All of this is justified on the basis that the model of private sector collective bargaining, adapted for public sector purposes, has economic gain as its *raison d'être*. It is an institution enhancing sectoral private interests and, as the liberal state has the task (duty) of looking after the general welfare of the public, it is appropriate for it to deny narrow sectoral/economic demands when its political judgment so dictates.

This line of reasoning has legitimated the use of an even more draconian weapon with which to attack state workers. This is the passage of income restraint legislation aimed at public employees. Since 1982, every jurisdiction has passed such legislation, effectively denying

⁶¹ L. Panitch & D. Swartz, *From Consent to Coercion: The Assault on Trade Union Freedoms* (Toronto: Garamond Press, 1985) at 32.

⁶² *Ibid.* at 42. An extreme example of repression includes the case of Newfoundland where the legislature removed the right to strike of public servants should it designate more than 50% of any bargaining unit as essential. This left the government free to designate up to 50% of its work force, making the strike weapon practically useless while leaving it *legally* intact. This attack on the right to strike was upheld by the court, see *Newfoundland Association of Public Employees v. The Queen in Right in Newfoundland* (1985), 85 C.L.L.C. 14,020 (Nfld. S.C.). In a similar way, the federal government's right to designate, unilaterally, all members of any of its bargaining units was upheld by the Supreme Court of Canada in *Canadian Air Traffic Control Association v. R.* (1982), 82 C.L.L.C. 14,191, a case in which all of Canada's air traffic controllers were designated and denied the right to strike. Note how the courts, as a supposedly autonomous organ of the state, "neutrally" reinforce the state's concrete and ideological attack. The federal Treasury Board has recently proposed to extend the number of public sector employees designated as essential and, therefore, not empowered to strike. It is also proposing to have arbitrators, who are to determine wage disputes when there is no right to a strike, take into account government fiscal policies; see *The [Toronto] Globe & Mail* (14 January 1987). For a more detailed account see H. Glasbeek, "Labour Relations Policy and Law as Mechanisms of Adjustment" (1987) 25 *Osgoode Hall L. J.* 179.

collective bargaining rights to Canadian public servants.⁶³ While statutes restraining public service unions have the direct advantage of reducing state expenditures, their most telling effect is that of demonstrating to private sector employers the propriety and legitimacy of attacking the rights and conditions of their workers. Thus, when the Public Service Alliance of Canada argued in court that anti-strike legislation removed its fundamental freedom of association without justification, the government's formal response was that there was justification because, while there was no evidence that public servant wages were the vanguard of unacceptable inflationary trends, wage rates in the private sector *needed to be restrained*. The public employees' restraint was meant to be a symbolic demonstration of the need to be tough on wages.⁶⁴

C. *Attack by the State on its Employees – Slimming the Work Force*

The state sector is labour intensive. In recent times, different levels of government have announced that they are planning to reduce the number of their employees drastically.⁶⁵ While the state cannot move its operations, as the newly mobile capitalists are able to do, it can privatize by selling profitable crown corporations (and it has – DeHavilland, Canadair, Urban Transit Development Corporation), and by permitting state services to be delivered by non-profit voluntary organizations or private sector contractors.⁶⁶ This has a dual effect.

⁶³ L. Panitch & D. Swartz, *supra*, note 61, Appendix 1A. This led the director of the International Labour Organization, Francis Blanchard, to recommend, after a fact-finding tour by a committee of the agency, that the provinces of Ontario, Newfoundland, Alberta and British Columbia withdraw their restraining statutes as they infringed the norms of international conventions; *The Toronto Star* (19 March 1986).

⁶⁴ See factum of the Respondents (the federal government) submitted to the Supreme Court of Canada in *Public Servant Alliance of Canada v. The Queen in Right of Canada as Represented by Treasury Board and the A.G. of Canada* (1987), 87 C.L.L.C. 14,022 (S.C.C.).

⁶⁵ For instance, after it was re-elected in 1987, the Saskatchewan government announced that it would cut its public services, such as the Human Rights Commission and the like, to the bone.

⁶⁶ An overview of this aspect of the state attack on social welfare programmes is found in J. Calvert, *supra*, note 53. In addition, hospitals, schools, libraries, and municipalities facing budget constraints are "welcoming unprecedented numbers" of people who are jobless and who

First, the state's work force will be reduced. Second, a pool of needy, experienced workers will become available to private service contractors who will pick up the slack created by the reduction of state services. If hired, these people will now work in lower-paying, lower-security situations than they did before.

IV. CANADIAN LABOUR'S RESPONSE TO THE NEW FORDISM

Our characterization of what has been happening emphasizes that both capital and the Canadian state seem bent on responding to the pressures of unregulated competition with a view to retaining high profit yields by reducing labour's share and standing. Inasmuch as new technology is used to enter into this competition, the work force will become simply the arms and legs of the new computer-based production technologies, despite much talk to the contrary. It is unlikely that there will be an attempt to upgrade the qualifications of workers so that, generally-speaking, workers become the controllers of the work process rather than the other way around.⁶⁷ As a consequence, high profits may be returned to those employers who succeed and some high wages may be earned by some well-placed workers. But, there will be no creation of the basis needed for the resumption of mass consumer demand which could avoid the consequences of new fordism in Canada which we have catalogued, namely that, overall we would expect,

- (i) greater and increasing inequality between workers,
- (ii) continued long-term unemployment,

want to do something socially useful as volunteer workers. This presents public sector unions with a delicate political problem as it is difficult to attack "do-gooders;" see "Volunteers Stealing Jobs Union Says" *The Toronto Star* (11 January 1985) A8.

⁶⁷ Although in the text we have noted that some workers will gain control over the work process by being requalified, it is our reading of the Canadian situation (as a result of interviews with the likes of Woodbridge Foam Company, *supra*, note 20, and being persuaded by Don Wells' description of the new work processes, *supra*, note 14) that for most sectors of the the economy an overall diminution of worker discretion rather than an augmentation of it will be the norm. This fits in with Alain Lipietz's observations about developments in North America and much of Europe, as opposed to Japan and Sweden where the new production techniques do lead to a generally more skilled and in-control workforce; see, "Globalization of the General Crisis of Fordism, 1967-84" *supra*, note 2.

- (iii) lack of job security for the employed, as well as new oppressive work processes together with,
- (iv) a reduction in social entitlements engineered by a state responsive to employers' needs.⁶⁸

Thus far, employers and the state have been able to follow a route which leads Canada in the directions described above without meeting all that much opposition from labour. This is primarily due to the institutionally embedded fragmentation of organized labour.

A. *The Inherent Weaknesses of Canadian Labour*

The scheme of collective bargaining in Canada is one which is based on notions which presume a truly competitive market economy. The central idea is that the workers in one enterprise are permitted to collectivize and use their economic power vis-à-vis that particular employer. That is, organized economic bargaining is severely limited in scope. The collectivization which has taken place has kept employer-labour relations as closely wedded to the pure market model, (that is, one which envisages a multitude of atomized employment settings), as it is possible to do while allowing unionization something of a legitimate role.⁶⁹

While the ideological framework of North American collective bargaining is based on the ideal of a non-oligopolistic, non-monopolistic market economy, the introduction of the now prevailing scheme coincided with the advent of Keynesian policies within what was to be a regulated capitalist economy, one in which unbridled, uncontrolled competition was not to be left alone to do its "thing." Simply put, the U.S. *Wagner Act* was part of the Keynesian package known as the New Deal. When Canada accepted a modern form of legitimated collective

⁶⁸ Note here that conditions which are a real crisis for the working classes do not necessarily denote that there is a crisis for capitalism. The contemporary period, from capitalism's point of view, can be seen as a restructuring one leading to a maintenance of capitalism and, perhaps, its invigorated perpetuation. For capitalism's ability to adapt, see R.L. Heilbroner, *The Nature and Logic of Capitalism* (New York: Norton, 1985).

⁶⁹ H. Glasbeek, "Labour Relations Policy and Law as a Mechanism of Adjustment" *supra*, note 62; D. Drache, "The Instrumental Role of Labour in a Staples Economy" [unpublished, 1987], (available from author on request).

bargaining, it was the U.S. institutional framework which was adopted. Not unnaturally it was perceived as a Keynesian instrument. For some time the falsity of this was not apparent.

The concrete economic situation in which bargaining took place after World War II was largely a non-competitive one. The bulk of private sector unionization was, and is, to be found in the monopolistic and oligopolistic segments of the economy. That is, collective bargaining had been taking place in what were then the faster growing sectors of the economy which, by and large, were capital intensive, e.g., some of the resource industries, and the automobile, steel, and chemical industries. Gains were made because of these employers' need to retain stability in productivity while there was great demand for their goods and products. They had the ability to pass on the cost of obtaining relatively stable conditions.⁷⁰ In these (post-war to circa 1976) buoyant times for well-placed unions, it was possible to make wage gains which spilled over into other sectors. Thus, collective bargaining of the *Wagner Act*-type had all the appearance of being a system capable of bringing home the bacon.⁷¹

But there was always the flip side to this coin. Hidden from view was the fact that the tenets of free enterprise as carried on in an atomized market had always been retained as the ideological sub-structure of North America-style collective bargaining.⁷² There had always been an unconflicted, but inherent, problem: how would the scheme respond if real competition ever raised its ugly head? This would be the collective bargaining regime's real testing time. That testing time is now.

As argued in the introduction, as competition becomes fiercer internationally, pressed Canadian employers will take advantage of the embedded logic of the intensely fragmented kind of collective bargaining. They will confront their workers, more often than before, on a local-

⁷⁰ The size and scope of labour's advances in these sectors are documented by U. Zohar, *Canadian Manufacturing: A Study in Productivity and Technological Change* (Toronto: James Lorimer, 1982).

⁷¹ S. Jamieson, *Industrial Conflict in Canada, 1966-75* (Ottawa: Economic Council of Canada, 1979); for a business view, see B. Goldman & J. Maxwell, "Wage Developments in Canada: The Pressure to Catch Up" (Montreal: C.D. Howe Research Institute, March, 1975).

⁷² See *The Report of the Task Force on Labour Relations (The Woods' Commission) Final Report*, (Ottawa: Privy Council, 1968) at paras. 22-37.

by-local basis, with implicit or explicit threats of de-investment and/or the introduction of work-displacing new technologies. Trade unions, organized on a basis which legally obliges them to stay within the framework of plant-by-plant bargaining, increasingly will be faced with tougher situations. There are already signs that employers will be able to insist that guarantees of collective powers, of the kind the *Wagner Act*-type legislation was thought to provide, be diluted. In particular, over recent times we have seen labour's (already) limited power to impose secondary boycotts further curtailed; national bargaining patterns which have existed for a long time and which had operated to permit a maintenance of parity in industries (as in the meat packing sectors) have increasingly been broken-up; some employers have been permitted to escape the successor rights of unions which had, in the immediate past, enabled unions to ensure that gains could be maintained once they had been won, even if the ownership of an enterprise changed; where employers had been faced by region-wide or industry-wide union co-ordinated activities which had enabled the union, once it had obtained wage benefits at the expense of one or more competitive employers, to have them apply throughout the industry, employers now have been permitted to form a united front (as in the lumber industry in British Columbia and the construction one in Ontario) to help them lessen the leverage that such unionization gave workers. The state has aided capital in obtaining these advantages by direct statutory interventions and by employer-favouring decision-making by regulatory labour relations boards.⁷³

The undermining of workers' rights has been easy to justify because the newly emerging arrangements do not depart from the ideology of the competitive model on which the original collective bargaining framework was built, an ideology which has gained a new respectability.⁷⁴ What is happening, however, is that Canada is, *in fact*,

⁷³ For fuller detailing, see, H. Glasbeek, *supra*, note 62.

⁷⁴ As noted earlier, The MacDonald Commission has played a key role in legitimating the neo-conservative business agenda; see text of note 58. Right wing business institutes, such as the Fraser Institute of Vancouver B.C., publish a constant stream of academic studies which blame Canada's high unemployment levels on either supposedly overly generous unemployment insurance benefits or high wage levels in industry, or both. This is the thrust of a new report, released with much fanfare, written by two economists, H. Grubel & J. Bonnici, *Why is Canada's Unemployment Rate So High?* (Vancouver: Fraser Institute, 1986).

keeping only some of the institutional collective bargaining arrangements which had existed previously. The surviving ones will look the same, that is, there will be a *form* of collective bargaining, but what people will be bargaining for will be different because employers no longer have the need to promote institutional arrangements geared toward promoting a high wage/high productivity economy.⁷⁵ But some of the Keynesian aspects of former times will still be attractive to the employers. In particular, the institutional make-up of capitalism will still require the participation of trade unions. It is to be remembered that trade unions have proven to be very efficient labour-market organizers for large scale capital, especially between 1940 and 1976, and that they are very important for the enhancement of productivity growth by promoting stability in the relations between labour and capital wherever mass production takes place. This will remain true even when the ability of trade unions to bring large gains to employees has been reduced. Further, the perception that it is trade unions who are to act on behalf of workers will be promoted by organized labour.⁷⁶ The system will impose the same structural roles and ideological obligations upon unions as it always has, but now the unions will be less capable of delivering the "goods" to workers than before.⁷⁷

⁷⁵ See works referred to in note 1.

⁷⁶ That labour will make this argument is evident. Shirley Carr, the president of the Canadian Labour Congress recently told business leaders that the labour movement is willing to work hand-in-hand with the business community if it is treated with respect. As reported in *The [Toronto] Globe and Mail* (18 November 1986), she is willing to sit down and talk to "corporate Canada" despite the fact that there might be rank-and-file opposition from union members to this course of action. The real danger is that organized labour will accept a corporatist kind of solution instead of combatting the dualization of society and of the economy. For an important critique of the changing role of unions in the economy, see A. Gorz, "The Socialism of Tomorrow" (1986) 67 *Telos* at 199-206.

⁷⁷ American commentators link the sharp increases in the growth in social inequality and the skewing of income distribution to the rout of American unions; see "U.S. Rich and Poor Increase in Numbers; Middle Loses Ground" *The Wall Street Journal* (18 September 1986). For Canada, growing social inequality is linked to the cutbacks in social welfare programs. Consult chaps. 1, 5, and 6 in *The "Other" MacDonald Report*, *supra*, note 6. This is confirmed by a study commissioned by the IMF in which it was reported that Canada is one of the lowest spender on social programmes among the West's biggest industrial countries; *The Toronto Star* (30 September 1986).

B. *Canadian Labour's Response So Far*

Labour has been seeking ways to overcome its difficulties. In particular, there has been a notable tendency towards nationalistic self-assertion by labour.

In this part of the world the most dramatic effect of the new international economic order is the decline of the U.S.'s hegemony.⁷⁸ Neither American capital nor the state is accepting this diminution in influence and power with grace. Their resistance has put tremendous pressure on American organized labour. However, for it, a renewed Keynesian compromise does not seem a realistic goal. Certainly, Canadian labour does not see this as a likely outcome of the U.S. restructuring.

Until fairly recently, the major Canadian resource and manufacturing unions were branches of American unions, more often than not accepting their American brethren's economic and political world views. National unionism was considered quaint and futile. This is no longer so. Indeed, two of Canadian unionisms' responses to new fordism are, in part, attributable to its changed attitude towards U.S. economic and political policies and towards American unionism.

The first is that Canadian unions, not wanting to be integrated into American-style restructuring, have formed a cohesive and aggressive front to fight against the Canadian state's attempt to reach a comprehensive free trade deal with the U.S. Such coalescence is unusual, given on the one hand, the highly fragmented nature of Canadian unionism and, on the other, the pervasive influence of American unions. The second development has been the increased movement towards a separation of Canadian trade unions from their American parent bodies. The most significant divorces in recent times have been the splits in the automobile workers', the woodworkers' and the Newfoundland fishermen's unions (the latter were members of the American Food and Commercial Workers Union).⁷⁹

⁷⁸ R. Edwards, P. Garonna & F. Todtling eds, *Unions in Crisis and Beyond: Perspectives from Six Countries* (Dover, Mass.: Auburn House, 1986).

⁷⁹ We acknowledge that there were many reasons for these disaffiliations, but whatever other factors were operative, it is unlikely that they would have been sufficient in themselves to lead to these significant splits. The understanding of what it might mean to be hitched

While the attacks on the private sector have led unions to form new coalitions and to restructure themselves, the attempts to dismantle the welfare state also have become a flash point for workers' militancy and opposition. Thus, in British Columbia, Quebec, and Newfoundland, public sector unions have spearheaded mass campaigns and have been part of popular sector coalitions which have sought to mobilize the public at large against repressive labour legislation and cutbacks in social spending. While it is true that the successes have been minimal, the potential is not totally unpromising.⁸⁰

The invigorated nationalist sentiment amongst unions, the opposition to free trade and the growing consciousness of the possibilities of large-scale mobilization by allying unions with the popular sectors all indicate that, in Canada, in contrast with the situation in the U.S.A., neither organized labour nor populist sentiment can be taken for granted by business or government. Co-ordinated activity calling for a new set of political and social ententes, therefore, may have a fertile field in which to plow. What is needed to help realize this potential is a politics of consciousness which seeks to make the most of the opportunities offered by organizing around the concrete issues and difficulties presented by the new economic circumstance. The rest of this paper will try to spell out what the elements of such organization might entail. The focus will be on devising stratagems suggested by the scenarios set out in this paper. The purpose is not to ask people to do things which their circumstances make difficult or illogical, a failing endemic to most calls for a new politics of the working classes. We accept the fact that, given our political economy's institutional arrangements, the first concern of all groups of workers must be to defend their own (rather narrow) interests. All that we seek to do is to identify the likely nature of their predicaments and how, in resolving them, they can contribute to the general good of the working classes.

onto a falling economic star has been *the* catalyst.

⁸⁰ The role of the popular sector in shaping public debate is described in D. Drache & D.Cameron, *supra*, note 6; see particularly the Introduction.

1. The general proposition

Two of the chief ingredients of the new fordism are the increased mobility of capital and the employers' need to make the most use of it. In Canada, employers, seeking to compete with low wage nations, use their control over capital (and technology) as a way to attack labour.⁸¹ In this setting, the state is more than ever the captive of business and responds positively to its demands. In order for labour to get more control over capital investment in Canada (a prerequisite to counter the attack on labour) it will be necessary to put the state in the position where it *wants* to control capital and be willing to use its legitimacy to do so. This will require a breakthrough that cannot be achieved through simple reliance on electoral politics.⁸² What has to be created is a set of political attitudes which are so pervasive that they will permit the development of new ideological structures which will make the control of the Canadian economy by Canadians an acceptable goal. It is only when such control is gained that the Canadian state can sensibly address the potential of responding to the new economic order by deploying technology to improve both production and work conditions while maintaining working class welfare. This will require policies which do not seek to respond to the new international competition by competing on the wages' front, but rather, will rely on industrial strategies which make the most of Canada's natural resource and manpower advantages. This, of course, does not mean that shocks or displacements can be avoided in Canada. Rather, their incidence can be lessened and their effects ameliorated. In a context in which the response to new fordism is not to make labour bear the bulk of the costs of restructuring, it will be possible to conceive of a more productive workforce producing the same or more general welfare. For instance, it will become realistic to implement policies which allow for the shortening of the work week without cutting wages and/or which provide more social welfare for those who must be displaced. If this is

⁸¹ E. Kierans, *Globalism and the Nation-State*, C.B.C. Massey Lecture Series, (Toronto: C.B.C. Enterprises, 1984).

⁸² For a fine exposition of the kind of democracy that must be reached for, see F. Cunningham, "Participation, Parties and Parliaments" (1986) 7 *Socialist Studies Bulletin* at 9-34.

utopian, it sounds so because there is no way to conceive of such a world from within a framework which sees capital's right to look after itself as necessary and unchallengeable. New macro-economic policies will only evolve if this framework is abandoned. To create the new kind of politics it must be understood by unions and workers that in each struggle, *when choices are available*, the tactic chosen should be the one most likely to further the case of a coherent policy aimed at wresting control from capital. To this end we offer the following strategies.

2. Using the employers' pleas for more flexibility to give workers control

As noted, workers will be faced with demands to accept new forms of wage payments and more flexible production work techniques. The very logic of these employer demands have in them, however, the seeds which will allow workers to make compatible, but potentially radical, counterproposals. In particular, as employers argue that new technologies and quality of working life circles and work teams will lead to increased productivity and, hence, better wages, workers will be in a position to say that, if one of the purposes is to improve the quality of the product by increasing the amount of control that workers are to exercise over both quantitative and qualitative aspects of production, it makes sense to allow workers to participate, directly, in the planning of production and in respect of the introduction of new technologies. These worker demands are made plausible precisely because employers claim that they are not interested in browbeating workers but rather in making the enterprise more competitive for, *inter alia*, the benefit of their valued work force.

In this context, it does not seem politically naive to suggest that, should unions consciously resolve to make demands for increased worker participation in the investment and planning processes a central concern in all bargaining they undertake, it will yield positive results in several ways. If organized workers can put such demands for increased control on bargaining agendas *as a matter of routine*, both employers and workers will come to see that it is natural that the way new work methods and payments might affect work conditions should be central bargaining issues. Workers will be able to argue, with new-found plausibility, that, as their control, dignity and job satisfaction are meant

to be increased, (as productivity is enhanced), the new work methods and technologies should be tailored, for instance, to relieve stress and to diminish health and safety dangers. As some workers will be given more control over production lines because the new technology requires this, employers will have to empower them to stop production when the machinery fails. Building on this, workers should be able to claim that, because the new methods are supposed to improve their daily lot, they should be permitted to stop production not only when profits are at risk, but also when their safety is endangered. For workers themselves this would be a breakthrough, as they do not yet believe that they have a right to control work to that extent. Once they cross that threshold, it may not seem as far-fetched to them, as it does now, to launch claims that they have the right to learn new skills to make them more truly mobile in a changing economic environment which clearly will provide less job security than the earlier Keynesian economy did.

The argument, then, is that, in bargaining, unions faced with the imposition of new work methods should take the arguments urging them to accept the new reality and use the logic embedded in them to educate their members. While one cannot be sanguine about the number of concrete successes which can be won by such tactics, the idea is to find a way to use the new circumstances to give workers a fresh vision of what non-hierarchically organized work could be like and how raw capitalism hinders the attainment of such a different kind of work environment. This could encourage workers to question what is, in Canada, the largely untrammelled prerogative of management.

3. Finding a counterweight to capital mobility and power — workers controlling workers' capital

At the same time as these difficult, fragmented struggles go on, it will be necessary to advocate a stratagem which goes directly towards limiting the power employers gain from capital mobility. Obtaining control over private pension plans is this stratagem.

Again, the argument can be made from within the confines of the current industrial relations' climate. The point is simple: pension funds are accumulations of invested workers' wages (whether the employer pays the contribution which he could have paid directly as wages or the employees contribute directly to the funds). There is no

conventional legal, economic or political argument (although there are many so-called "practical" ones) which suggest that workers should not control their own wages' funds.⁸³ Indeed, the contrary is true. Yet, the demand would be a controversial one. This would be so because pension funds represent a considerable percentage of the capital funds available for investment in Canada.⁸⁴ Workers' control over such funds, with the specific intent to enhance job security, equality of treatment and social welfare, would present a serious threat to the power of employers gained from the existence of the almost unfettered mobility of capital. Of course, to be effective as a counterweight to capital, wages' funds should be pooled.⁸⁵

4. Public sector employees as leaders

The dismantling of the welfare state has stimulated segments of the population adversely affected by de-regulation into forming popular coalitions. Potentially these groups represent a large number of people. The attacks on their rights help to underscore their perception that there is a need to form linkages between the protection of their particular interests and those of the rest of the population. For instance, it ought to become much more apparent to women's groups

⁸³ Indeed, just now it is politically easy to make such an argument because some particularly greedy employers have exploited a loophole in Canadian pension legislation to appropriate so-called surpluses in pension plans to their own use. The "surpluses" have arisen as a result of a combination of high interest rates, booms on the stock market and declining payrolls; the funds have more money in them than is actuarially needed to pay the benefits likely to have to be paid to the existing work force. Canadian companies withdrew \$290 million from employees' pension funds in 1985 alone. This has squarely raised the issue, in a very public way, as to who owns the money in the pension funds. See *The Financial Post* (30 August 1986), *The Toronto Star* (30 August 1986), and *The [Toronto] Globe and Mail* (12 January 1987). The Ontario government has imposed a moratorium on the employer practice of snatching surpluses, pending the report of a commission of inquiry into the issue.

⁸⁴ Trusteed pension assets totalled circa \$85 billion in 1983 and total related pension assets reached an estimated \$196 billion or the equivalent of one-third of Canada's G.N.P.; see M. MacDonald & J. Perry, *Pension Funds and Venture Capital: the Critical Links between Savings, Investment, Technology and Jobs* (Ottawa: Science Council of Canada, 1985).

⁸⁵ Even if the movement towards workers' control over pension funds fails, it would nonetheless have an important educational value provided it was the result of a co-ordinated series of demands. It creates the spectre of capital having to accommodate labour in both the private bargaining and the political spheres.

that their ability to attain equality in treatment will be severely inhibited by attacks on unionization in precisely those sectors where women are likely to be employed in large numbers. Similarly, attacks on unemployment insurance and welfare, leading to a larger army of immiserated people, will undermine the bargaining power of those people who are employed. It becomes easier for those groups which represent the under-classes to see that attacks on the organized sectors of the work force may well take the shape of attacks on the poor and the unorganized. The need to form coalitions should become clearer to them. As a corollary, the pressures created by the internationalization of production and liberalization of trade will force the production workers in the private sector to confront the dangers of the availability of a large army of unemployed and poorly paid people. The need for coalitions with these under-classes should become increasingly manifest to them as well. A question remains: how can those incipient needs for coalescence be translated into effective, co-ordinated action?

One of the central points of this paper has been that the state has been leading the way in finding a way to help capital to satisfy its aims in the new economic order. In order to do so it has sought to cut state expenditures to the detriment of non-propertied people. In addition, it has attacked its own employees with a vengeance. This puts its own employees in the forefront of the struggle. Both for their own protection and for the good of all workers, it seems logical to urge that public sector workers seek to identify their interests with those of the state's clientèles. In ideological terms this will help reveal the artificiality of the supposed clear and natural demarcation between the public and the private spheres, a demarcation which helps perpetuate the status quo. More directly, it will help the public employees themselves in their immediate fights with their employer, as well as supporting the preservation of the social entitlements of non-propertied workers. This requires some elaboration.

First, the state's clientèles will be helped by public sector workers making arguments for greater state expenditures. Note that for public sector workers to act in this way will be deemed extraordinary in Canada. But such agitation can be presented as perfectly legitimate in the light of theories of liberal democracy to which the Canadian state pays lip service. The state's clientèles are comprised by a number of small constituencies which do not have easy access to information and

which have very little political-lobbying power. For state workers to help them by providing them with the necessary information and publicity for their claims would enhance their political power vis-à-vis the bulk of the taxpayers who are to foot the bill for any state largesse to particular groups. For public sector workers to ally themselves with such uninfluential groups, then, can be characterized as the necessary creation of countervailing political power, the essence of the kind of liberal pluralistic politics which the Canadian state claims to espouse.

The second benefit obtained by public sector employees engaging in political action on behalf of the general public is that they will reap direct economic advantages from such conduct. This is easily illustrated. When teachers bargain with their employers they should make it clear that their struggle is one for better education, as well as for better pay. They should ask public sector workers everywhere to support their demands because this helps the public sector employees involved retain employment, as well as enhancing educational facilities for all non-propertied people in society. To underscore their sincerity, teachers ought to oppose all proposals for cutbacks in education, even if their own wages or security are not directly threatened. Again, if the issue is one of restraint of health care programmes, cutbacks in unemployment insurance, publicly funded pensions or day-care programmes, similar arguments can be made. The logic is straightforward: the retention, or better the expansion, of the state's services enhances public servants' job security. But there is another beneficial aspect to such public employees' support for state services.

Public sector employees will be seen to be defending all workers' rights when they defend education, and health services, day-care and pensions. This would be an important signal to private sector workers who, in the past, have accepted as a given that all such benefits stem from their efforts as private bargainers which, in due course, have pressured the state to make privately-won benefits universally available. This has made for a cool relationship between private and public sector workers. It would be easier for private sector workers to perceive the common interest of all working class groupings (whether they are in the paid work force or not), if public sector workers could be seen to be militant allies of the state's welfare clientèles and determined to promote the interest of all workers. This would be a very long ideological step forward. It would aid in developing the understanding that inequalities and insecurities can best be countered by gaining control over state

mechanisms and the development of national industrial strategies rather than through private bargaining in an *ad hoc*, fragmented way.

VI. FINAL WORD

The new fordism presents labour with contradictory messages and implications. It has been made to appear necessary and inevitable. It will bring some benefits to some segments of the work force. But, overall, it is a means by which capitalism, harshly and brutally, seeks to maintain and perpetuate itself in a meaner, leaner way.

By identifying the various scenarios with which differing sectors of the working class will have to deal, it becomes clearer that fragmented bargaining, on the basis of institutional frameworks which reflect the tenets of free-market ideology, will enhance capital/state efforts to create the kind of environment in which workers' rights and benefits can be, and will be, seriously diluted. Any form of resistance, therefore, must have as its central aim an overcoming of the fragmentation which has been the basis of Canada's Capital-State-Labour relationships. The fragmentation exists not only between the unionized and the non-unionized, but also between unionized and other unionized workers, between public and private sector workers, and arises out of the general acceptance of the artificial separation of the economic and the political spheres. This paper's emphasis is that, on a daily basis, workers will have to respond to the new fordism strategies from within these multi-fragmented settings. Yet, while this puts them at a tremendous disadvantage, it may also help the working classes and popular sectors to find a new resonance for what is needed: an ideological coalescence, an understanding that workers should not continue to seek benefits at each other's expense. They may be aided in this by the fact that fighting battles in the traditional institutional frameworks, that is, in isolated settings, will largely fail. Increasingly, this may disabuse large numbers of the working classes and the popular sectors of the idea that they should adhere to the existing political/economic forms and practices. It is in this spirit that the analyses and proposals made in this paper are offered. We believe that there will be an instinctive search for new ways. To be successful, strategies must be based on proper understandings and consciousness. It is only a linking of the interests of the people at the point of

production with those of people in other sectors which can lead to any kind of successful resistance, a resistance which eventually might lead to *radical* change. The proposals made herein are merely examples of the kinds of stratagems that must be considered by activists. What will actually be done will, no doubt, depend on people's understanding, needs, power and consciousness. But, as something will be done, because it must be done, it ought to be done purposefully. The idea is to win.