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Partisanship, Globalization, and Canadian Labour Market Policy: Four Provinces in Comparative Perspective

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Partisanship, Globalization, and Canadian Labour Market Policy: Four Provinces in Comparative Perspective. By Rodney Haddow and Thomas Klassen. Toronto: University of Toronto Press, 2006. x, 390 pp. ISBN 0-80209090-7, \$70.00 (cloth).

The 1990s were not particularly good times for Canada. The global recession in the early part of that decade hurt many small open economies that, like Canada's, depend heavily on exports of primary goods and natural resources. Prices for resource-based products such as pulp and paper and oil and gas from Western Canada were at historic postwar lows. Coupled with this global downturn were the adverse consequences of Canada's initial engagement with the broader forces of globalization. This happened by way of Canada's entry into a free trade agreement (FTA) with the United States, which later (in 1993) was widened to include Mexico under the North American Free Trade Agreement (NAFTA). Ross Perot's prediction in his 1992 presidential campaign that NAFTA would subject the United States to the "giant sucking sound" of jobs rushing south of the border might have been more aptly applied to the industrial heartland of central Canada, encompassing Quebec and Ontario, Canada's two most populous provinces.

The economic dislocation brought about by hemispheric manufacturing consolidation and persistently low commodity prices meant that for the first time since the Great Depression, the entire country was affected by an economic downturn. In the more recent past, one region's misfortunes (such as high energy prices hurting Ontario's auto manufacturing sector) would normally be counterbalanced by another region's corresponding benefit (Alberta with its vast petroleum resources enjoying one of its periodic booms). Add to this the draconian zero inflation targets of the Bank of Canada and the suspension of the Atlantic cod fisheries, and Canada's economic situation in the early part of the 1990s looked pretty dire.

In many quarters, the proposed solution to this economic malaise had three main elements: a strong dose of even tighter monetary policy or even "dollarization" with the United States; budget cutting; and a move away from the social welfare and Keynesian economic policy prescriptions that had seemingly served Canada so well in the past. The provincial elections of economically neo-conservative Tory governments in Alberta

and Ontario—a phenomenon not seen in Canada until the 1990s, but clearly prefigured by the elections of Margaret Thatcher in Britain and Ronald Reagan in the United States more than a decade earlier—were viewed by many observers and commentators on both the left and the right as fairly inevitable outcomes. The times, it seemed, demanded such a sea change in economic policy. And indeed the perception that governments had, in any event, little room for policy discretion was reinforced by the fact that parties of all stripes seemed intent on cutting deficits and enacting similar market-enhancing reforms. The New Democratic (NDP) government of Ontario was actually one of the first to signal the change with its controversial social contract legislation in 1993, in which collective agreements with public sector unions were abrogated before their time had expired and an attempt to rein in public spending was made the keystone of the "new left's" rhetorical re-election platform.

Rodney Haddow and Thomas Klassen's main purpose in *Partisanship, Globalization, and Canadian Labour Market Policy* is to identify labor market policy changes whose tendencies were either market-enhancing or market-curtailling in Canada's most populous provinces during the 1990s, and then to determine to what extent the differences were due to (a) globalization pressures and/or (b) political party partisanship. The volume is split into three parts (not including the valuable appendix): "Context"; "Case Studies," examining Canada's four largest provinces during the period 1990–2003; and "Reflection," consisting of a single chapter by a third author, Steffen Schneider, on labor policy in Germany. Although Schneider's chapter is somewhat haphazardly grafted onto the other material, it makes for fine reading.

I fear that the authors' careful use of the term *partisanship*, distinguishing it from other political motives for policy change, will not forestall criticism of the prominence it is given in their argument. It has become such a loaded term in recent years that some readers are apt to see it as an over-simplification. Whereas many actions of public officials that appear to be instances of obeisance to a political ideology may also include a healthy dose of political expediency, "partisanship" acknowledges only the former motivation.

The labor market policies considered by Haddow and Klassen include the list of usual suspects: *industrial relations policies*, encompassing collective bargaining laws; *active labor market policies*, encompassing skills formation and training; *employment standards*, including minimum wage laws; *workers' compensation*; *occupational health and safety*; and,

finally, what the authors term *social assistance for employable persons*—(un)employment insurance by any other name.

Each of these areas of labor market policy is subjected to a three-level test. Using methodology borrowed from Peter Hall to measure degrees of policy retrenchment, Haddow and Klassen distinguish among three orders of policy change. The third (highest) order of change pertains to “overarching goals” that guide policy; the second order (the meso level) pertains to “techniques or policy instruments” used to attain those goals; and the first (lowest) order relates to “precise setting” of these instruments, including such things as benefit levels. Three broad qualitative scores are then assigned to labor market policy changes in each of the areas above. The highest score, called “displacement,” indicates that all levels of policy change have been replaced by new (normally market-enhancing) reforms. This is followed by “contesting” changes, which take account of older policies that remain in place and that still challenge the new reforms. Finally, any reforms that remain subordinate to old ones are scored the lowest as “adjustments.”

If all of this strikes the potential reader as a somewhat Byzantine and quite complex argument, you are not alone. The authors acknowledge as much by sequestering these messy methodological details in the Appendix, where their presentation can be clearly followed by readers with an interest in them. In the main text, the methodology is kept in the background, even though its active use is clearly in evidence—as, for example, in Part 2’s case studies of Quebec, Ontario, Alberta, and British Columbia.

The book’s major weakness lies not, however, in its methodology, but rather in the now somewhat anachronistic concerns reflected by its focus and design. Recent books have begun to herald “the end of globalization”; the Canadian free-market right has lost much of its political power since the early 2000s (even today’s re-branded federal Conservatives speak very little about downsizing the public sector); and most importantly of all, perhaps, Canada’s economic growth over the past six years has been positively buoyant. These and other developments make *Partisanship, Globalization, and Canadian Labour Market Policy* appear slightly out of step with the times. For some readers, that impression may be strengthened by acquaintance with past volumes on the very similar theme of whether governments, despite globalization pressures, have true leeway in policy-setting—for example, George Hoberg’s *Capacity for Choice: Canada in a New North America* (University of Toronto Press, 2002) and Richard Block,

Karen Roberts, and the late Oliver Clarke’s *Labour Standards in the United States and Canada* (Upjohn, 2003). Some of those earlier books dealt much more squarely than do Haddow and Klassen not only with the difficulties of attempting to measure labor market policies in general, but also with the even larger challenges involved in trying to assess labor policy change based on causes as nebulous as “globalization” or “political partisanship.” That said, what is true is that these problems are inherent in the nature of the phenomenon being analyzed by the authors. Their attempt to show that there is ample scope for policy maneuver and that jurisdictions can still fashion independent policies remains a valuable exercise.

Haddow and Klassen, along with a number of what can best be labeled “revisionist” scholars of globalization, may be right—and I think they are—in believing that policy “variety” and “situated choice” are indeed possible even in a highly interdependent and economically integrated world economy. But for this argument to be truly convincing, we need a better account of why very important policies such as employment insurance have converged to a seemingly unique equilibrium, and why it is that we should not entertain the possibility that any vestige of variety in the policy realm today is merely a speed bump on the road to convergence tomorrow.

And in keeping with Haddow and Klassen’s ambitions, we also need a fuller account of why “partisanship” takes the form it does at a particular moment in history. Is this truly accidental or institutionally idiosyncratic, as the authors conclude, or should we dig deeper into the socioeconomic bedrock to find the answer?

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Economic and Social Security and Substandard Working Conditions

Aging Gracefully: Ideas to Improve Retirement Security in America. Edited by Peter R. Orszag, J. Mark Iwry, and William Gale. Washington, D.C.: Century Foundation, 2006. xii, 148 pp. ISBN 0-87078-499-4, \$15.95 (paper).

The past three decades have seen a fundamental shift in company-provided retirement plans.