

# Section 10: Current Issues, Challenges, and the Future

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## Overview

In this section, you will:

- analyze recent trends in union membership in Canada and the world
- evaluate how Canadians feel about unions
- identify how demographic change is affecting unions in Canada
- analyze the reaction of Canada's labour movement to the challenges of globalization
- assess the impact on unions of the changing nature of work
- analyze the nature and results of an adversarial labour-management relationship
- learn the meaning of the following term: tripartite model

## Is the organized labour movement healthy or in decline?

The International Labour Organization (<http://www.ilo.org>) reports that trade union membership plummeted in the past decade to less than 20 per cent of workers in 48 out of 92 countries surveyed. The 1997–1998 *World Labour Report* found that in 1995 roughly 164 million workers belonged to trade unions. In only 14 of the 92 countries surveyed did the union membership rate exceed 50 per cent of the national workforce. In all but about 20 countries, membership levels declined during the last decade.

Union membership in the United States had declined by 1995 to 14.2 per cent of all wage and salary earners, giving the U.S. one of the lowest levels of unionization among industrialized countries. In other countries, such as the United Kingdom, Australia, and New Zealand, declines in union membership (of 25, 30, and 55 per cent respectively) resulted partly from the weakening of legislation protecting unions.

But what of Canada? Has organized labour faced the same fate?



## Activity 10.1

A *National Reading at the Turn of the New Century*, an opinion survey commissioned by The Work Research Foundation in March 1997 and again in May 1999, gives you an opportunity to compare your views to a representative sample of Canadians. Answer the four questions, then check Figures 10.1, 10.2, and 10.3 to see how your answers compared with those of the survey respondents and to find out the correct answers.

1. What percentage of Canadian workers do you think are members of a labour union?
2. What percentage of Canadians approved of labour unions in 1999?
3. Has the approval for unions increased or decreased over the last 40 years?
4. Where was the approval of unions the strongest and weakest:
  - (a) by province or region?
  - (b) among men or women?
  - (c) by age group (18–34; 35–54; 55+)?
  - (d) by education (university, some post-secondary, high school, less than high school)?
  - (e) by income (\$60,000+; \$30,000 – \$59,000; under \$30,000)?

Check your answers with the following data.

**Figure 10.1: Estimates of labour union membership**

***“What percentage of Canadian workers do you think are members of a labour union?”***

50 or more	51%
40–49	14
30–39	16
under 30	13
Don’t know	6

Source: *Canadians and Unions: A National Survey of Current Attitudes*.  
Mississauga: The Work Research Foundation, March 1997.  
(<http://www.wrf.ca>)

**Figure 10.2: Approval of union: 1961–1999**

	Approve	Disapprove	No Opinion
1999	58%	38%	4%
1997	57	39	4
1970	54	30	16
1961	66	23	11

Source: *Canadians and Unions: A National Reading at the Turn of the New Century*. Mississauga: The Work Research Foundation, May 1999.  
<http://www.wrf.ca>

**Figure 10.3: Approval of unions by select characteristics**

	% Approving of Unions
Nationally	58%
British Columbia	61
Prairies	53
Ontario	53
Quebec	63
Atlantic	66
Men	55
Women	61
18–34	64
35–54	58
55+	50
University	61
Some post-secondary	58
High School	59
Less than High School	43
\$60,000 and over	54
\$30,000–\$59,000	66
under \$30,000	56

Source: *Canadians and Unions: A National Reading at the Turn of the New Century*. Mississauga: The Work Research Foundation, May 1999.  
<http://www.wrf.ca>

5. Using the data in Figure 10.4, explain:

- (a) the changes in union membership in Canada over the 30-year period.
- (b) how the change in membership in unions in Canada from 1987 to 1997 compares with levels in the United States and other countries as noted in the *World Labour Report* referred to earlier. [Note: Union density refers to the percentage of that part of the labour force that is a member of a union.]

Figure 10.4: Union membership and density by sex						
	Union membership			Union density*		
	Both sexes	Men	Women	Both sexes	Men	Women
		'000			%	
1967	2,056	1,654	402	33.2	40.9	15.9
1977	2,785	2,003	781	31.2	37.4	22.6
1987	3,614	2,261	1,353	32.0	36.0	27.0
1997**	3,547	1,949	1,598	31.1	32.4	29.6

Sources: CALURA (1967 to 1992); Labour Force Survey (1997)  
 \* Union density is the ratio of the number of employees who belong to a union to the number of paid employees.  
 \*\* Average for the January-to-September 1997 period.  
 Source: Adapted from Statistics Canada. *Perspectives*. Catalogue No. 75-001, Vol. 09, No. 04, Winter 1997, p. 46.

But the data may be misleading. As reported to the Canadian Labour Congress in May 1998, a study by York University's Centre for Research on Work and Society\* warned:

Between 1992 and 1997, which includes the post-1994 period of "economic recovery," Canadian union membership declined by 255,000, from a total of 3,803,000 unionized Canadians down to 3,548,000 unionized Canadians. This is a loss of 7% of total union membership in Canada over five years. . . 81,000 new members must be organized each year between 1998 and 2005 in order to maintain union density levels of 31% Canada-wide.

The report went on to emphasize the growing importance of young workers and to explain why so many of them were being excluded from the labour movement:

- at the end of 1997, there were 1,875,400 young workers
- they represent 17% of the work force, but only 5.7% of the union movement (young workers are between the ages of 15 and 24)
- the young are over-represented among part-time workers
- more than one-third of part-timers are between the ages of 15 and 24, although the young account for only 17% of the labour force
- almost 50% of all young workers are employed in the sectors of trade, and food services and accommodation
- in accommodation and food services, young workers represent 44% of all workers

\*Source: Lipsig-Mummé, Carla and Kate Laxer. *Organising and Union Membership: A Canadian Profile in 1997*. Centre for Research on Work and Society, York University, Toronto: 1998. (<http://www.yorku.ca/crws>)

- in wholesale and retail trade, young workers are 28% of the work force, almost double their presence in the labour force as a whole
- these sectors – trade, food services and accommodation – are among the fastest growing and numerically most important in the economy; they are less than 10% unionized

The study draws these conclusions. The young labour force is, therefore, more service-based than are older workers, and more private-sector-based as well. This means that the young are clustered in the lowest paying, least secure, least-unionized sectors. They have gone to where the jobs are but where union protection is weak. There is an “organizing gap” that divides young workers from the rest of the labour force. If you were a young worker between the ages of 15 and 24 in 1997, you had only a one-in-ten chance of belonging to a union. On the other hand, one in three workers between the ages of 25 and 54 belonged to a union.

In the final analysis, the success of the labour movement will depend upon what unions can do for the worker in a rapidly changing workplace. In its May 1999 survey, the Work Research Foundation found that the three main reasons people gave for wanting to join a union were: to improve pay and working conditions; to get support for problems at work; and to increase their training opportunities. The success of organized labour in the future will depend on how well it performs these three tasks as it faces the challenges of globalization and the changing workplace.

## How has globalization affected organized labour?

Globalization was the most powerful of all changes to affect us during the last 20 years of the twentieth century. Globalization began as a movement toward the free trade in goods and services between countries of the world. It has led to the internationalization of production and a deregulation of global finance. Tariff and non-tariff barriers were struck down or subject to the approval of newly formed and powerful international institutions like the World Trade Organization. The idea was that free trade would encourage specialization and the efficient use of resources. Countries would export those goods and services that they could produce best and import what they could not produce. Freer trade meant more output, more wealth, and more needs satisfied.

Organized labour was never a strong supporter of free trade. In Canada, the labour movement unsuccessfully opposed both the Free Trade Agreement with the United States, which became law in 1988, and The

North American Free Trade Agreement (NAFTA) of 1992, which added Mexico to the trading block. It helped delay the Multinational Agreement on Investment (MAI) that would have done for the flow of investment money what had already been done for goods.



## Activity 10.2

Canadian labour groups and their allies have written and demonstrated widely about the negative impacts of Canada's free trade agreements. On April 30, 1999, the Canadian Labour Congress (CLC) summarized labour's concerns in a submission to the federal government. The issue was a possible mega trade agreement that would create the Free Trade Area of the Americas (FTAA), which would include countries in South, Central, and North America. These excerpts from the submission describe, in labour's own words, how the labour movement has been affected by free trade.

Read each excerpt and summarize labour's concerns.

**Excerpt 1:** "The CLC has argued, in earlier briefs, against NAFTA and MAI type agreements which go radically beyond the tariff reduction and trade liberalization measures of successive post-war GATT rounds because they "constitutionalize" (lock in) a radical 'free market' ... economic agenda, limiting and confining the role of democratic government. NAFTA and MAI type agreements protect corporations against public policy ... so they are free to shift production, investment, profits and jobs largely as they see fit ... , subject only to the logic of business profitability."

**Excerpt 2:** ... "Increasing trade and investment is about more than gross measurement and "transshipments" of goods and services across borders and through customs procedures. Trade policies must also take into account how the goods are produced or the services performed, that is, the labour conditions of the workers involved, the impact of production on the local environment, and the ability of citizens to share equitably in the benefits of economic growth derived from increased economic activity. Canada's trade relationships have consistently overshadowed concerns about human security and human rights with regards to Canada's trading "partners", especially Mexico, Indonesia and China."

**Excerpt 3:** "NAFTA's investment rules and other mechanisms have a built-in bias in favour of the private over the public sector, ... severely reducing the sovereign power of governments to regulate in the public good, fearful of any policy or regulation that might be perceived as an infringement on investor rights. ...

Governments must not be forced to treat foreign investors in all sectors equally to local or national companies, ... Governments must be encouraged to regulate financial flows so that they are not thrown into financial chaos by huge sudden outflows of capital as has recently taken place in East Asia, Russia and Brazil."

**Excerpt 4:** “After five years of NAFTA, Canadian unemployment rates are only now approaching pre 1990’s levels. In Canada and the US, the quality of the jobs created is poor, most of them in the self-employed category, part-time, or temporary, with salaries lower than the ones earned in the jobs that have been lost. Downward pressure on wages and reduced bargaining power of unions is directly related to NAFTA. Employers in US or Canadian jurisdictions commonly enter collective bargaining with threats of relocation to Mexico or Chile with the intention of suppressing wage demands and discouraging unionization. Cornell University School of Industrial Relations researcher, Kate Bronfenbrenner, found that the percentage of US companies following through on threats to shut down in response to union drives tripled under NAFTA.”

Source: *Submission by the Canadian Labour Congress to the Sub-Committee on Trade and Trade Disputes of the Standing Committee on Foreign Affairs and International Trade regarding the Free Trade Area of the Americas (FTAA)*. Ottawa: Canadian Labour Congress, April 30, 1999.

The labour movement had warned the NAFTA negotiators of its potential negative impacts on workers. The governments of Canada, the United States, and Mexico did sign what was called the North American Agreement on Labor Cooperation on September 13, 1993. It is referred to as a NAFTA “side agreement.” Annex 1 of the agreement outlines the “labor principles” that would form the basis of their co-operation. They included:

1. Freedom of association and protection of the right to organize
2. The right to bargain collectively
3. The right to strike
4. Prohibition of forced labour (except for types of compulsory work generally considered acceptable by the Parties, such as compulsory military service, certain civic obligations, prison labor not for private purposes and work exacted in cases of emergency)
5. Labor protections for children and young persons (the establishment of restrictions on the employment of children and young persons that may vary taking into consideration relevant factors likely to jeopardize the full physical, mental and moral development of young persons, including schooling and safety requirements)
6. Minimum employment standards (such as minimum wages and overtime pay, for wage earners, including those not covered by collective agreements)
7. Elimination of employment discrimination (on such grounds as race, religion, age, sex or other grounds)
8. Equal pay for women and men (equal pay for equal work in the same establishment)
9. Prevention of occupational injuries and illnesses
10. Compensation in cases of occupational injuries and illnesses
11. Protection of migrant workers

Source: *North American Agreement on Labor Cooperation between the Government of the United States of America, the Government of Canada and the Government of the United Mexican States*. Annex 1: Labor Principles. Washington: Commission for Labor Cooperation, September 13, 1993. (<http://www.naalc.org/english/infocentre/NAALC/NAALC9.htm>)

One would think that such an agreement would have protected workers.



## Activity 10.3

Why did such a comprehensive agreement do little to benefit the workers? Read the preamble below, which introduced the 11 principles, and answer the question.

“The following are guiding principles that the Parties are committed to promote, subject to each Party's domestic law, but do not establish common minimum standards for their domestic law. They indicate broad areas of concern where the Parties have developed, each in its own way, laws, regulations, procedures and practices that protect the rights and interests of their respective workforces.”

Source: *North American Agreement on Labor Cooperation between the Government of the United States of America, the Government of Canada and the Government of the United Mexican States*. Annex 1: Labor Principles. Washington: Commission for Labor Cooperation, September 13, 1993. (<http://www.naalc.org/english/infocentre/NAALC/NAALC9.htm>)

A recent report from the International Labour Organization summed up the challenges of globalization from labour's perspective. It foresaw an era of a reduced government role in economies, greater freedom for enterprises, and increased competition for jobs and investment. It said that coping with the potentially negative social consequences of these trends would be a continuing major challenge for governments, employers, and workers alike.

## How is the changing nature of work affecting organized labour?

As the power of national governments gives way to the power of international economic markets, employers face new challenges because of reduced government intervention and increased competition. Enterprises have responded by transforming how they organize work and production.

The most immediate casualties of efforts to promote flexibility and *lean production* have been managers, whose numbers have been dramatically reduced. In the United States, for example, 18.6 per cent of all positions phased out since 1988 came from middle management. Workers have had to become more self-managing as new methods of organization like *cross-functional teams* and *multi-tasking* replaced the traditional system built on *standardized wages, working time, and homogeneous skills*

and highly segmented jobs and rigid job descriptions established by union contract.

Globalization is leading to the decline of traditional industries, the rise of smaller workplaces, the growth of the *service sector*, and an increasing trend toward *privatization*. The composition of the workforce is changing, and this has implications for trade unions that have traditionally represented full-time male workers with secure jobs. The "normal employment pattern" established in the 1950s of full-time jobs and stable careers regulated by law and collective bargaining has been seriously challenged. Now the number of men and women workers is more evenly balanced; part-time employment is becoming common; temporary contracts are more widespread; and there is greater use of migrant labour. Part of the challenge is the growth of *contingent workers* who work on a part-time work, temporary, subcontracting, and/or independent basis and who are not union members.

Large manufacturing enterprises in industrialized countries, which historically employed blue-collar workers in the mass-production of standardized goods, have been *re-engineering* their production units. The new trend is to establish small and medium-sized enterprises, with greater reliance on skilled and professional workers. Labour-intensive manufacturing jobs are *outsourced* to new units within or across national borders. It's harder to organize many small, scattered, production workers than a large factory of them.

Recent research has detailed how these international forces have affected the Canadian economy and organized labour.

- First, the average firm's size is declining. Small firms are more economically unstable, employ workers for a shorter average length of time, and are less likely to be unionized.
- Second, a growing number of small firms are being integrated into transnational corporations that provincial and federal governments find difficult to control.
- Third, computer technology has transformed production in all sectors of the economy. This has created a revolution in working hours, encourages *contracting out* and *home working*, allows for a *polarization of hours*, and contributes to the breakdown of secure employment. The use of technology to isolate workers from each other is a powerful threat to union organizing and traditional sources of union solidarity.
- Fourth, the Canadian service economy is becoming an economy of private sector services. More than 50 per cent of all Canadian jobs are now in private sector services, whereas public sector (that is, government) employment is declining due to efforts to cut deficits

and the economic role of government. Manufacturing and the public sector have been the foundation of past union strength, whereas the private services are the most under-unionized sector of the economy. They have also been pioneers in *precarious employment*, which has changed the aspiration of youth in terms of their employment status, and in militant anti-unionism.



## Activity 10.4

The changing nature of work has its own vocabulary to describe it. The italicized words in the above paragraphs are part of that vocabulary. They are reproduced in List A below in the order in which they appeared. Definitions or explanations for all the terms appear in scrambled order in List B. Match each term in List A with its meaning in List B.

List A:

- (1) lean production
- (2) cross-functional teams
- (3) multi-tasking
- (4) standardized wages, working time, and homogeneous skills
- (5) service sector
- (6) privatization
- (7) contingent workers
- (8) re-engineering
- (9) outsourced
- (10) contracting out
- (11) home working
- (12) polarization of hours
- (13) precarious employment

List B:

- (a) Term used to describe, in general, the process of changing the ways in which production is organized and jobs are done.
- (b) Part of the trend to decentralize where work is done to cut costs. Changes in communication technology have made it possible.
- (c) Training and organizing workers so that they have many skills and are able to do several parts of the production process as required with minimal direction. It increases business flexibility while reducing management costs.
- (d) Refers to short-term, part-time work that is usually poorly paid.
- (e) The process by which a good or service that was provided by government is now produced for profit by privately owned companies.

- (f) When one employer signs an agreement to have another company do work for it rather than having its own employees do it. It is most often used as a way of cutting costs by getting work done by non-union employees.
- (g) When more and more workers are working either more or less than a standard workweek. Salaried workers typically work longer, often without additional pay, whereas hourly workers are worked until the overtime premium must be paid or are only offered part-time work without any benefits. Whatever forms it takes, it is done to reduce labour costs.
- (h) A general strategy that attempts to achieve efficient production by cutting costs (often labour) to the minimum.
- (i) The characteristics of work in the industrial age and the basis on which union contracts were established by collective bargaining. The new work order of the information age challenges its continued existence.
- (j) A type of work organization that is replacing the old industrial model of highly specialized labour doing one part of the production process often at the pre-determined speed of the assembly line.
- (k) Any good or service that one producer purchases from another rather than paying his/her own employees to produce it because it reduces costs.
- (l) The part of the Canadian economy that is growing the fastest and producing the most new jobs.
- (m) Workers who no longer work at full-time, regularly scheduled jobs.

## How is the labour-management relationship changing?

For most of the twentieth century, it has been assumed that management was to do the thinking, make the decisions, and divvy up the work into small, simple jobs that could be easily learned. Workers were to show up, shut up, and speed up. Too much thinking messed up the process. Assembly lines are not the place for innovation. Adversarial labour relations are almost a natural by-product of this arrangement. Some workplaces are still run this way, but the pressures of global competition, new technology, and new kinds of workers are changing old relationships.

The growing pressures of globalization and technological change forced many producers to re-examine and change their methods of management. Total Quality Management (TQM) became popular. Its management principles were based in part on the Japanese practice of involving workers in, and making workers responsible for, management

decisions as a way of improving quality and cutting costs. Its North American adaptation was not entirely successful.

Union resistance to TQM was a natural reaction, given the long history of adversarial relationships. Many workers saw voluntary participation in a management initiative as sharing information with the enemy and doing management's job for them.

A 1994 survey of union leaders by The Angus Reid Group found that the vast majority of them (89 per cent) viewed TQM as a bad thing. It was seen as just another ploy used by management to weaken the union. Many noted that while management advocated openness and consultation, it limited any real influence the worker had to bring change to the workplace. Some pointed out that co-operation was not uncommon in hard economic times when the employer was seeking to reduce costs and needed the backing of employees. This collegial relationship ended, however, when business picked up and the employer no longer needed the union's help.

Over the last decade of the twentieth century, new trends emerged. New human resource management initiatives included quality circles, teamwork, productivity-linked wages, profit sharing, and performance-based rewards. Many companies adopted these techniques to raise productivity and to help employees identify more closely with the enterprise through "direct participation." However, employers may see such techniques as a way of weakening union influence rather than as good practice to be implemented in consultation with the unions.

Survey data from the United States government show that the most productive workplaces are those where unions have adapted to these methods. It also notes that productivity is lower in non-unionized workplaces where such techniques have been tried and in unionized firms where industrial relations are adversarial. At a national level, both in the United States and in Canada, trade unions seem to consider human resource management initiatives as anti-union, but at a local level some instances of co-operation are reported to be successful.

Some believe worker representation is required to facilitate worker input but suggest that this can happen without unions, through workplace committees or employee associations. Advocates of this model frequently point to Europe and its works councils as an argument for effective workplace representation structures at the company level. What they fail to acknowledge is that with the European works council also comes worker representation on company boards and sectoral negotiations with unions, which set industry standards for labour that all competing firms abide by.

What remains a certainty is that labour and capital need each other to be productive. Management makes decisions about improving

productivity through the application of new technology, training workers, and spending more on research and development. Workers can encourage and facilitate these decisions in ways that produce the best benefits for workers, or they may oppose change.



## Activity 10.5

In May 1999, Canadians were asked the following question on a Gallup survey conducted for the Work Research Foundation:

Historically unions and employers have often had a confrontational approach to each other. Do you think such a style is still necessary?

Figure 10.5 on page 10-14 contains the results. [Note that DK means Don't Know.] It illustrates that most respondents believed confrontation was no longer necessary.

Compare the characteristics of those who were most strongly opposed to confrontation with those who felt most strongly it was still needed.



### **Hockey Star Wars** **Episode 7: Hockey "Night" in Canada**

It was a hot day for hockey but then not unusually so for June 28, 1999. The "Summit Meeting" of representatives of those groups that had a stake in the future of hockey had been called together by John Manley, Canada's Minister of Industry. Some of the members of the federation of owners known as the National Hockey League were concerned for their future.

Rod Bryden, President of the Ottawa Senators, reflected the concern of the owners of the six Canadian teams in the League. He announced that, unless things changed, he would be forced to follow the path of the Winnipeg Jets (now the Phoenix Coyotes) and the Quebec Nordiques (now the Colorado Avalanche) and move his team south to the United States.

Other Canadian owners announced they were in a similar position. The lights in NHL offices and arenas across Canada would go out and give new meaning to "hockey night in Canada." The sole exception might be the Toronto Maple Leafs. Leaf President Ken Dryden warned that the Leafs, even if they continued to exist, might not be able to compete with the superpowers like New York, Chicago, Los Angeles, and other American mega cities.

<b>Figure 10.5: Confrontation Still Needed</b>			
	<b>No</b>	<b>Yes</b>	<b>DK</b>
Nationally	64%	31	5
BC	72	23	5
Prairies	65	29	6
Ontario	64	29	7
Quebec	61	36	3
Atlantic	58	36	6
Education			
University	69	27	4
Some post-secondary	67	30	3
High school	60	34	6
Less than High school	51	35	14
Currently a Union Member	58	39	3
18-34	58	40	2
35 and Older	58	38	4
Men	59	38	3
Women	56	40	4
Previously a union member	67	31	2
Have never been a member	64	28	8
18-34	65	30	5
35-54	68	28	4
55+	61	23	16
Men	68	27	5
Women	62	29	9

Source: *Canadians and Unions: A National Reading at the Turn of the New Century*. Mississauga: The Work Research Foundation, May 1999. (<http://www.wrf.ca>)

What so threatened Canadian teams? In part, it was the power of the global marketplace. Hockey had become so successful that it was no longer just Canada's game. It had become part of the international entertainment business. Some teams were even owned by

multinational corporations like Disney and went by names like the Mighty Ducks. The country that was the leading producer of the sport's most important resource — the players — found it hard to compete in the game. Its teams could no longer afford to pay the salaries of the best players, which appeared to many to have risen through the stratosphere. Canada was suffering what might be called a "brawn" drain. The astonishing salaries simply reflected the reality of the global entertainment business in which a Canadian actor, Jim Carrey, could command a salary of \$20 million (U.S.) per picture.

There had been a constant net outflow of profits and interest payments to those around the world that had invested in Canadian businesses or lent Canadians money. It had devalued Canadian currency in the global marketplace. By the millennium, Canadian teams had to earn \$3 Canadian dollars to pay for every \$2 dollars of salary that was most often negotiated in American currency.

Canadian taxes didn't help the teams either. Ottawa Senators owner Rod Bryden opened the books to prove that his team's tax bill for 1998 was \$41 million dollars. This was more than the total taxes paid by all the 21 U.S.-based teams that received all kinds of subsidies from state and local governments. The North American Free Trade Agreement has declared such subsidies illegal and disallowed them in many goods-producing industries. Such provisions do not extend to entertainment services like hockey. So Canadian teams are definitely not playing on a level skating rink with their U.S. competitors

President Gary Bettman represented the 27 teams in the NHL. He pointed out how much the League was already doing for Canadian teams. He noted, in particular, the \$16 million foreign exchange fund Canadian teams could draw from to compensate them for the different values in their currencies. He also noted the League could do little more until 2004. Its collective agreement with the National Hockey League Players' Association prevented further change until that time.

Bob Goodenow, executive director of the NHLPA, represented the players. Under his leadership, the players had negotiated collective agreements that allowed the average NHL player to earn a million dollars every year. He listened but offered few suggestions.

Neither the owners nor players talked of opening up the contract to change its provisions. There would be no greater sharing of revenue between teams. There would be no salary cap. Both looked to Canadian governments to cut their taxes or subsidize the teams from government-run lotteries or general taxation. It would be Canadian taxpayers, only some of whom were hockey fans, who would pay. If their taxes didn't increase, then government-provided services like healthcare and education would suffer. Canadians value these public services, and there was little sympathy in Canada for government action.

And so ... what of the future? If things remain as they are, the market will decide the matter. Markets distribute goods and services according to the strength of the demand for

them. Every city in Canada might want an NHL team, but only those who can outbid their rivals will get one. In a market, big money drives out small competitors. If this happens in hockey, there will be winners and losers. The winners will be the large American arenas that offer the team owners the best competitive advantage (deal). Canadian-born hockey players will also benefit from any expansion in the total number of teams, though very little from the simple relocation of a Canadian team to the United States. That does nothing to raise the demand for hockey players. Canadian owners like Mr. Bryden will benefit if they choose to sell a franchise because the increase in its capital value will more than offset any operating deficits from the past. More American fans will be able to enjoy watching live hockey so the big loser will be Canadian fans who will no longer be able to watch a local favourite. Some point out that escalating costs have pushed ticket prices so high that most Canadians seldom see a live game anyway unless they have corporate connections.

The bottom line would appear to be that the Toronto Maple Leafs may have to be recognized as "Canada's team" simply because they will be Canada's *only* team by 2004.

The NHLPA may seem to have little in common with most other unions. The average salary of its members is over a million dollars a year. It does not fight, as does the Union of Needletrades, Industrial and Textile Employees, to try to gain a minimum wage for Canadian workers who work in sweatshop conditions. In fact, it has no social agenda beyond improving employment conditions for the players it represents. Its members, though bound by a common work agreement, are free to individually negotiate whatever better deal they can with their employer.

But in other ways, the story of its function and growth illustrates the history and experience of many other unions. Exploitation spawned the NHLPA. The owners engaged in a long and often vicious battle to prevent certification. It successfully gained a larger share of the wealth they produced for the players and improved their conditions of work. Like all unions it fought for better health and safety conditions, medical care, and pensions. Like some unions, for a time it gave control to an autocratic leader who ran it as much for his own benefit as for the benefit (and sometimes at the expense) of its members.

From labour's point of view, the history of the NHLPA also illustrates what is needed to be successful in today's global marketplace. Canadian workers, like Canadian hockey players, need to have the qualities and experience that make them world-class at producing something for which there is a world-class demand. Canada exports about 40 per cent of all it produces. Few countries in the world rely so much on foreign sales to generate jobs and wealth. Those jobs and that wealth depend to an increasingly large extent on the qualities of the workforce rather than on the country's natural resources. Markets will reward the

individual all-stars, but the journeyman players – the workers who make up the bulk of the labour force – must be organized if they are to receive their fair share.

The agreement between the NHLPA and the NHL is a model of one of the new alternatives in labour bargaining called the sectoral agreement. Rather than a separate agreement with each employer (or team), the union negotiates one comprehensive agreement covering all workers in the industry in the countries in which it operates. Such an agreement is beneficial to labour because it creates enforceable minimum standards of pay and working conditions for all workers. If such an agreement were signed by all autoworkers in Canada, the United States, and Mexico, one of the weaknesses of the NAFTA would be overcome. Canadian workers would no longer have to compete against the Mexican worker earning \$3 per hour, and the Mexican workers would receive a wage that was more in keeping with the value they added to the production process.

The current concern about the future of hockey in Canada also reflects the reality of today's global marketplace. Small-market businesses, like small-market hockey teams, are at a disadvantage. Canadian banks claimed this was true in their case when they tried to merge so they could compete for international business.

Canadian unions also understand the nature of the competition in international markets. They understand that Canadian employees and their firms must be as productive and efficient as their competition or they will make nothing but economic history. This is leading to a new era in labour relations in some countries. Labour law and the direct intervention of government can encourage more co-operation in the adversarial relationship. But Canada has had little success with the **tripartite model** of collaboration, which involves direct negotiation of agreements between labour, business, and government. The representatives of both government, the NHL owners, and the players did attend the June 28 meeting. Nothing was accomplished, for which the union must accept some responsibility. It may have succeeded in making some Canadians millionaires but, perhaps, at the expense of hockey in Canada.

One should not expect the relationship between labour and management to become too close anytime too soon. Globalization has freed money capital as well as goods and services to flow easily in search of the best risk/return ratio. In the case of capital, it flows at the almost instantaneous speed of the electronic transfer of money. This puts management, the caretaker of capital, under immense pressure to produce good profit returns even if they are just short term. This increases the pressure to keep labour costs low.

Both good profits and good wages are a reward for a job well done. But

the wider purpose of economic activity is to satisfy needs. Canada's "mixed" economy relies on both a private sector (with its system of markets and prices) and on a public sector (with its system of government and law) to satisfy needs by achieving economic goals. An efficient economy will help its scarce resources find their most productive use. An equitable economy will distribute the benefits of efficiency fairly.

A labour force organized under, and protected by, progressive labour laws is a good way to help ensure that the owners of both capital resources and labour are rewarded according to the contributions they have made. The connection with economic equity is obvious. Less obvious, but just as certain, is that resources will only be put to their most efficient use when their reward is based on their contribution.

So unions can help the economy achieve its goals – in this case, of efficiency and equity simultaneously – and help us satisfy our economic needs. Any institution that does so is worthy of protection and support.

## Glossary

**Tripartite model:** A model of labour management relationships that includes negotiations between three parties (labour, employers, and government) to establish wage rates, benefits, and conditions of work. Very successful in parts of Asia (for example, Singapore) and Europe (for example, Ireland) but not in North America.