

Book Reviews

Union-Management Relations in Canada

Edited by John Anderson & Morley Gunderson

Ontario: Addison-Wesley Publishers, 1982

This book has all you ever wanted to know about union-management relations in Canada — and probably more. Weighing in at a hefty three pounds, *Union-Management Relations in Canada* touches on the Canadian industrial relations system, collective bargaining legislation in Canada, the history of Canadian labor, union growth structure and internal dynamics, strikes and dispute resolution, and grievance resolution. It covers collective bargaining in the public sector, by professionals, in construction, in Quebec, and compares its operation in Europe and North America. In addition, it includes a treatment of wage price controls, employment and pay discrimination, and features two collective bargaining simulation games in an appendix. And much, much more. If it is not in this book, it probably has little to do with a description of union-management relations in Canada.

This is at once a compliment and a criticism, for *Union-Management Relations in Canada* is a thoroughgoing description of the Canadian industrial relations scene but, with one exception, is almost entirely lacking in economic analysis. Unfortunately, the minimal analysis material available is rather biased in a pro-union, anti-marketplace direction. Consider the following:

- Although John Anderson and Morley Gunderson deal with no fewer than fifty different explanations of strike activity in their chapter on "Strikes and Dispute Resolution," they never mention Canadian labor legislation as a possible cause. Perhaps this phenomenon is not as conducive to econometric techniques as many of the other variables they consider, but surely it is worth including in their almost exhaustive list. It would appear to be the most commonsensical explanation for the high rate of strike activity suffered by Canada, and their list is seriously flawed by its absence.

- Although concern for "social justice" and the plight of the poor and minority groups seems to be expressed throughout the book, one would never learn from the authors' treatment of the "scab" that such workers are usually poorer and more representative of minority group membership than the constituency of the average union. The "scab," a term of derision applied to those who would be deliriously happy to accept a wage package spurned by a striking union, is discussed without providing such information in Gunderson's chapter on "Union Impact on Wages, Fringe Benefits and Productivity."

- Without presenting any evidence whatsoever, Frank Reid, in "Wage and Price Controls in Canada," concludes that "there does not appear to have been significant misallocation of resources resulting from the direct government interference in setting relative wages and prices." However, as the preponderance of evidence on wage and price controls indicates — from Diocletian in 301 A.D. to the present — such legislation tends to encourage black and grey markets, to be evaded through diminished quality, service, and even size of the items in question. Reid concludes that Canada's Anti-Inflation Board was partially successful in reducing inflation; but when the quality of goods and services as diverse as matzo ball soup, candy bars, and service at gas stations has been eroded (and ignored in official

governmental statistics), this claim can only be dubious. This chapter is also marred by its failure to mention the role of monetary policy as it relates to inflation.

- After merely describing affirmative action programs (in brief but glowing terms), Harish C. Jain, in "Employment and Pay Discrimination in Canada: Theories, Evidence and Policies," concludes that they must be expanded and discusses how this might best be done. He completely ignores well-known critics of affirmative action, such as Thomas Sowell, Walter Williams, Lance Roberts, and Anne Wortham, and fails to consider their highly credible and challenging arguments. Nowhere do we learn, for example that the case for affirmative action is based on the unsupported and unsupportable notion that in the absence of discrimination, the income and wealth of the various races, nationalities, and sexes would be roughly equal. Nowhere are we told of the harm done to minority members who are covered by affirmative action (high pressure to succeed, feeling of "being in over one's head"), to those who are left out (rising resentment), and to those who attained credentials without or before such programs were put in place (devaluation of prestige, accomplishment).

A similar tack is taken with regard to equal pay legislation, whether equal pay for equal work or for work of equal value. The law is described, its terms defined, and its incidence discussed, but Jain ignores the economic impacts that might be detrimental: that, like the minimum wage law, this legislation may overprice minority labor and, therefore, lead to unemployment among these groups; and that wage rates have an allocative role to play in the economy, and that if not allowed to function, some other means of labor allocation (coercion) will have to be employed.

- In "The Contract of Employment at Common Law," Harry J. Glasbeek approvingly cites numerous cases where the contents of labor contracts, once considered sacrosanct by common law on the grounds of free consent between adults, have now been rent asunder by Canadian law. One of these is the minimum wage legislation, which sets aside any contract calling for wages below a certain threshold, even if willingly agreed to by both parties.

What is Glasbeek's economic "analysis" of such legislation? It consists solely of the following: "There are thus a great number of workers whose weak market position is so apparent that the legislature has seen fit to protect them from the rigorous implementation of sacrosanct contract principles." Based on this, it would appear that in the absence of legislation to the contrary, low wages are the result of a "weak market position," not low productivity, and that minimum wage legislation actually raises wages of low productivity workers, not just for a few weeks, but over the long term. The avoidance of the reams of economic evidence attesting to the diametric opposite of this contention is unfortunate.

- According to John H. Godard and Thomas A. Kochan in "Canadian Management Under Collective Bargaining: Policies, Processes, Structure and Effectiveness," conventional neoclassical economic views' management's primary, if not sole, aim as maximizing profit and competitiveness by lowering costs and increasing productivity. Unions frustrate these ends and are, therefore, to be opposed. Galbraith and several Marxists are wheeled in to blow away this straw man, but no more sophisticated neoclassical critic of Marx or Galbraith is allowed to enter the picture to present a less extreme and simplistic version of the view.

- In a more philosophical chapter, "The Future of Canadian Industrial Relations," John Crispo waxes eloquent about the moral stature and justification of the right to strike and labels as retrograde attempts at curtailment. This would be well and good if the "right to strike" entailed only an actual or threatened quit in an attempt to increase the wage

package offered by the employer. This would apply even if all employees quit, or threatened to quit, in unison.

Today, however, a strike coupled with labor legislation requiring employers to bargain "fairly," whether or not they desire to bargain with a striking union at all, entails far more than a concerted quit. It implies the right to prevent others from taking their places, such as minority groups and non-unionized labor, who would be delighted to accept the rejected package. Given this situation, the curtailment of the right to strike is by no means the unethical and unjust retrograde step Crispo supposes it to be.

I cannot leave a review of this book without mentioning the one chapter that is not lacking in economic analysis, nor does it suffer from any great bias. Morley Gunderson's "Union Impact on Wages, Fringe Benefits and Productivity," despite one or two minor drawbacks, more than competently addresses the subject and presents an insightful treatment of professional, occupational self-licensing, discrimination, minimum wage legislation, equal pay for equal work laws, and the effects of unions on the non-unionized sector. Would that some of these insights permeated the rest of the book. Despite the value of this chapter, I cannot say that it is worth the price of the entire volume.

I cannot agree with the editors' claim in the preface that this book is appropriate for students at various levels. Innocent students can too easily be misled. I do agree, however, that this book will be of interest to academics and practitioners, but only because of its wealth of descriptive material.

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The North Will Rise Again

by Jeremy Rifkin and Randy Barber
Boston: Beacon Press, 1978. 232 pp.

Rifkin and Barker recite a litany of gruesome facts, tales of human misery that are too familiar to readers of daily papers and weekly news magazines. The economies of the states in the Northeast and Midwest are in the midst of a severe depression. Tax rates and unionized wage rates are high relative to other parts of the nation, so corporations relocate. The rate of return on invested capital is too low relative to other areas of the country, so financial capital is leaving. What is left behind? The urban poor who live in decaying cities that are now facing bankruptcy. The unemployed have lost their jobs to imports and to non-unionized workers in other parts of the nation. State and local governments find themselves on a Catch-22 treadmill. As corporations relocate, the tax base shrinks and unemployment rises. To recoup lost revenue, state governments increase the tax rates causing more corporations to relocate and further reducing the tax base and increasing unemployment. The picture is further complicated because the Northeast and the Midwest pay more in taxes to the federal government than what the federal government spends in the area, reducing the real purchasing power of the area even further.

To turn the economic tide in favor of this region, Rifkin and Barber propose a novel plan for financing the area's reindustrialization. As with any capital investment project, there must be an ample amount of available financial capital. Plants must be refurbished

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