



# WORK NETWORK

## RESEARCH HIGHLIGHTS

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### IN THIS ISSUE

Human Resources in  
Government

- The 1990s:  
A Turbulent Decade  
for Labour Relations  
in the Public Service
- Political Ideology  
Influences the  
Approach to  
Labour Relations
- The Role of Deficit  
and Debt Levels
- The Role of the  
Dispute Resolution  
Process
- Success in  
Balancing the Books
- The Future of  
Public Service  
Labour Relations

## THE 1990s: A TURBULENT DECADE FOR LABOUR RELATIONS IN THE PUBLIC SERVICE

*Public Service Labour Relations in an Era of Restraint and Restructuring*, edited by Gene Swimmer, is to be published in early 2000 by the Canadian Policy Research Networks and Oxford University Press as part of the Human Resources in Government Series. It presents in-depth case studies of public service labour relations in Canada (“public service” refers here to core government civil servants, excluding workers in the municipal, education, health and social services sectors). The analysis focuses on five sponsoring jurisdictions (Nova Scotia, Ontario, Manitoba, Alberta and the federal government), as well as British Columbia. A concluding chapter casts Canadian developments in an international light.

The 1990s likely will go down as the most turbulent decade for public service labour relations since collective bargaining was introduced for government employees in the 1960s. The

decade was marked by large employment declines and wage rollbacks. More importantly, these outcomes were achieved through major changes in governments’ approach to labour relations.

Boxes 1 and 2 outline the range of *labour relations* and *restraint* tools available to governments. In the 1990s, most governments relied on only three strategies in achieving changes to the face of the public service workforce: legislation, wage concessions, and employment reductions.

Eleven out of 15 governments (some jurisdictions had two different governments due to elections) across the country achieved restraint by imposing unilateral legislated changes on the terms and conditions of government employment (Table 1, Column 5). This departure from collective bargaining occurred despite the fact that bargaining is considered to be the cornerstone of Canadian public sector labour relations, and is enshrined in



**Table 1**  
**Public Service Labour Relations in the 1990s: The Canadian Landscape**

Jurisdiction	Context			Tools			Outcomes	
	Party (Column 2)	Debt <sup>1</sup> (Column 3)	Deficit <sup>1</sup> (Column 4)	Process (Column 5)	Dispute method (Column 6)	Employment reductions (Column 7)	Salary concessions (Column 8)	
<b>British Columbia</b>	NDP	Below average	Below average	Cooperative	Strike <sup>2</sup>	Low	Low	
<b>Alberta</b>	Conservative	Below average	Above average (1993) Below average (1994)	Adversarial bargaining	Arbitration	High	High	
<b>Saskatchewan</b>	NDP	Average to above average	Above average Below average	Adversarial bargaining and cooperative	Strike <sup>2</sup>	Low	Low	
<b>Manitoba</b>	Conservative	Average	Average or below average	Legislative and adversarial bargaining	Arbitration	Low	High	
<b>Ontario</b>	NDP	Below average	Below average (1992) Above average (1993)	Cooperative then legislative	Limited strike	High	High	
<b>Quebec</b>	Conservative	Below average to average	Above average	Legislative and adversarial bargaining	Limited strike	High	Medium	
	Liberal	Average	Average or above average	Legislative	Strike	Low	Medium	
	PQ	Average Above average (1996)	Above average	Cooperative and adversarial bargaining	Strike	Medium	Low	
<b>New Brunswick</b>	Liberal	Above average Average (1994)	Below average	Legislative and adversarial Bargaining	Limited strike	High	Low	
<b>Nova Scotia</b>	Conservative	Average	Above average	Legislative	Arbitration	High	Medium	
	Liberal	Above average	Above average	Legislative	Arbitration	Low	High	





**Table 1 (cont'd)**

Jurisdiction	Context			Tools			Outcomes	
	Party	Debt <sup>1</sup>	Deficit <sup>1</sup>	Process	Dispute method	Employment reductions	Salary concessions	
(Column 1)	(Column 2)	(Column 3)	(Column 4)	(Column 5)	(Column 6)	(Column 7)	(Column 8)	
<b>Prince Edward Island</b>	Liberal	Average	Below average (1991) Above average (1994) Below average (1995)	Legislative and adversarial bargaining	Arbitration	Low	High	
<b>Newfoundland</b>	Liberal	Above average	Above average (1991) Below average (1994)	Legislative and adversarial bargaining	Arbitration	High	High	
<b>Federal</b>	Conservative	Not comparable to provinces	Not comparable to provinces	Legislative and adversarial bargaining	Choice of arbitration or limited strike	High	Low	
	Liberal	Not comparable to provinces	Not comparable to provinces	Legislative and adversarial bargaining	Choice of arbitration or limited strike	Medium	Medium	

1 Based on deficits and debt as a percentage of provincial GDP (as presented in Gene Swimmer's forthcoming study), provinces were classified on an annual basis into below average, average or above average. Below average was defined as more than 20% below the annual unweighted provincial average for deficit or debt, average was between 20% below and 20% above the mean, and above average was more than 20% above the mean.

2 There is general labour legislation that may require essential services to be continued during a strike.  
Source: Fryer (1995), Swimmer (1996), National Union of Public and General Employees (1997, 1998).

### Box 1

#### Labour Relations Strategies: Options a Government Has in the Labour Relations Process

1. Collective bargaining (employer and unions negotiate):
  - ◆ Cooperative approach (joint employer-union problem solving);
  - ◆ Adversarial bargaining (employer demands concessions from union).
2. Legislation (unique public sector employer option to bypass collective bargaining).

United Nations and International Labour Organization conventions. Legislation is a tool unique to public sector labour relations because government employers, unlike those in the private sector, have the power to impose the parameters around employment by creating new laws.

Swimmer and his colleagues examine the influence of contextual factors such as party ideology and the severity of debt and deficits on governments' choice of strategies. They identify a range of trade-offs that governments encounter when using particular labour relations and restraint instruments, and consider the implications for the future of Canadian public service labour relations.

## POLITICAL IDEOLOGY INFLUENCES THE APPROACH TO LABOUR RELATIONS

The case study findings reinforce those from the international comparative literature, which have found that parties on the right of the political spectrum have been harder on public service employees than parties of the left. Table 1 (Columns 2 and 5) reveals that most left-of-centre governments (the NDP in several provinces and the PQ in Quebec) relied on the collective bargaining process, while various Liberal and Conservative governments threatened or actually

### Box 2

#### Restraint Strategies: Options a Government Has to Reduce Debt and Deficit

1. Reduce expenditures:
  - ◆ Reduce expenditures on non-union personnel (management, contracting out);
  - ◆ Reduce expenditures on unionized personnel: wage and/or employment reductions;
  - ◆ Gain efficiencies through re-organization, introduction of new technologies and other workplace innovations.
2. Increase revenues: raise taxes.

passed legislation to restrain public service employment costs.

Although all governments made use of wage concessions and employment cuts to achieve cost reductions, political ideology influenced how these instruments were applied (Table 2). Three of four left-of-centre governments took a “soft” approach to restraint by applying low or low-to-medium reductions in employment and salaries. Three of five Conservative governments took a “hard” approach by applying high or medium-to-high employment and salary reductions. Liberal governments staked out a middle ground, in that four of six took neither the “soft” nor the “hard” route, approaching restraint through an apparent *trade-off* between reducing either wages *or* employment, or by applying only medium reductions to both (this is represented by the shaded area along the diagonal of Table 2).

## THE ROLE OF DEFICIT AND DEBT LEVELS

Relative deficit and debt levels had less influence than political ideology on the choice of strategies used in the labour relations process. As might be expected, governments with above-average deficits and debt were more likely to select the relatively more secure route of legislation to achieve their restructuring objectives. However, there are important exceptions. Three governments



**Table 2**  
**Trade-offs Between Civil Service Employment Reductions and Salary Concessions**

Employment reductions	Salary concessions		
	Low	Medium	High
<b>Low</b>	British Columbia – NDP (1991-97) Saskatchewan – NDP (1992-97)	Quebec – Liberal (91-94)	Nova Scotia – Liberal (1993-97) Prince Edward Island – Liberal (1991-97) Manitoba – Conservative (1991-97)
<b>Medium</b>	Quebec – PQ (1994-97)	Federal – Liberal (1993-97)	
<b>High</b>	New Brunswick – Liberal (1991-97) Federal – Conservative (1991-93)	Nova Scotia – Conservative (1991-93) Ontario – Conservative (1995-97)	Newfoundland – Liberal (1991-97) Alberta – Conservative (1991-97) Ontario – NDP (1991-95)

Note: “High” “medium” and “low” employment reductions indicate whether the relative reduction in employment during the government’s reign was less than 20% below the unweighted average reduction for all jurisdictions, within 20% of the average, or greater than 20% above the average. Wage concessions were classified according to whether employees received salary increases during the relevant period (low), salaries were frozen (medium), or salaries fell (high).

with above-average deficits continued to rely on bargaining, and six governments with below-average debt or deficits opted for legislation (Table 1, Columns 3, 4 and 5).

Deficit levels were indicative of the extent of restraint measures undertaken. All five governments with high or medium-to-high wage and employment reductions had above-average deficits at the start of the restraint initiatives (Table 1, Columns 4, 7 and 8). Relative debt level did not have a clear impact on the extent of wage and employment reductions, likely because of governments’ need to address deficits before tackling debts (Table 1, Columns 3, 7 and 8).

## THE ROLE OF THE DISPUTE RESOLUTION PROCESS

The presence of arbitration in the dispute resolution process was associated with a government choosing the path of legislation (four of the five jurisdictions with arbitration used

legislation). This is probably because arbitration tends to replicate the status quo, which in the context of the 1990s would have worked against governments’ change agendas (Table 1, Columns 5 and 6).

## SUCCESS IN BALANCING THE BOOKS

Government employers that respected their employees’ collective bargaining rights were just as effective in achieving their fiscal goals as were governments that removed these rights. By 1997, the majority of governments had balanced their budgets regardless of the public service labour relations strategies they had used (Table 3). Two of the three jurisdictions that had not balanced their budgets were represented by governments that used legislation and a medium-to-hard approach on either or both employment and wage reductions. The jurisdiction with the highest relative surplus, Saskatchewan, was represented by a government that respected the collective bargaining process and used a soft approach to cost reduction.



**Table 3**  
**Government Deficits (-) or Surpluses (+) as a Percentage of Gross Domestic Product**

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
Newfoundland	-2.31	-1.62	-0.93	-2.51	-2.96	-3.28	-1.36	-0.03	0.69	0.34
Prince Edward Island	-1.10	-0.40	-0.31	-0.65	-2.49	-3.42	-3.25	-0.52	0.74	0.31
Nova Scotia	-1.56	-1.78	-4.19	-1.76	-2.95	-4.64	-3.34	-1.23	-0.38	0.12
New Brunswick	-2.08	-0.26	0.11	-1.19	-2.42	-2.29	-1.71	-0.35	-0.41	0.76
Quebec	-1.35	-1.62	-1.59	-2.43	-3.32	-3.88	-3.72	-3.95	-2.45	-2.33
Ontario	-0.69	-0.30	0.39	-0.84	-3.82	-4.20	-3.48	-2.78	-1.90	-1.56
Manitoba	-0.73	0.12	-0.93	-1.17	-1.85	-2.87	-2.29	0.24	0.50	0.25
Saskatchewan	-2.90	-2.55	-3.57	-1.55	-8.00	-1.66	-3.08	1.76	0.14	1.13
Alberta	-1.62	-2.97	-3.48	-1.60	-2.95	-4.96	-1.22	0.84	0.82	0.32
British Columbia	0.26	1.36	0.84	-0.29	-2.24	-1.80	-0.61	-0.10	-0.01	0.40
Federal	-4.52	-4.09	-4.13	-4.66	-5.44	-5.41	-5.43	-4.62	-3.89	-1.58
Provincial average <sup>1</sup>	-1.41	-1.00	-1.37	-1.40	-3.30	-3.30	-2.41	-0.61	-0.14	-0.03

<sup>1</sup> Unweighted average of the 10 provinces.

Source: Data from CANSIM; Matrices 00155, 2780, 2782-2791, 2612-2619, 6949, 6547.

While legislated change in the employment conditions of core government employees working in the federal and provincial civil service did not prove to be a central factor associated with helping to improve the issue of deficits, Swimmer notes that it may even have had costs that have not been fully calculated. These include losses in morale and productivity among public service employees, upon whom Canadians depend to provide efficient, effective delivery of high quality services.

Of course there are many other factors beyond the realm of public service labour relations in the 1990s that affect a government's ability to balance the books. For instance, reductions to the compensation packages of civil servants were often part of a larger strategy that included the broader public sector, where the impact on the

bottom line would have been more significant. The contribution of this study is to focus attention on how core government labour relations and associated restraint strategies factor into this complex equation.

## THE FUTURE OF PUBLIC SERVICE LABOUR RELATIONS

Debates about the future of public service labour relations in Canada have presented two competing scenarios. One views the extensive use of legislation in the 1990s as marking the end of over 30 years of free public sector collective



bargaining. The other views the 1990s as a blip in the traditional collective bargaining landscape, due to unusual fiscal pressures.

This study adds another scenario, suggesting that the future of labour relations in Canadian public administration is not pre-determined. The diversity of labour relations options documented in this study reveals that given similar cost-reduction and restructuring goals, choices can be made among both the strategies used in the labour relations process and among the approaches with which cost reduction instruments are applied.

While this study focuses on labour relations, other studies from the full array commissioned by CPRN on Human Resources in Government (HRG) consider how changes in work organization, technology and human resource management practices contribute to the goals of improved public services. When this broad range of workplace factors is considered, it becomes clear that governments have (and use) multiple options in achieving restraint and restructuring.

The use of legislated change to expedite restructuring goals in the 1990s set a precedent that will act as a tempting option for future governments. However, the studies emerging from the HRG Series document a range of strategies that can be as or more effective in improving the

efficiency and quality of public services while at the same time preserving employee rights and quality of work life. These are options that the authors argue are worth consideration as governments strive to shape the renewed public service that will serve Canadians in the new millennium.

#### **For additional information:**

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Or visit our web page at:  
<http://www.cprn.org>

#### **Related CPRN Readings:**

*An Era of Change: Government Employment Trends in the 1980s and 1990s.* Joseph Peters. CPRN Study No. W|03. Human Resources in Government Series. 1999.

“Government Compensation: Issues and Options.” Morley Gunderson. Human Resources in Government Project. Discussion Paper No. W|03. July 1998.

“Restructuring Government: Human Resource Issues at the Workplace Level.” Kathryn McMullen. Background paper. Human Resources in Government Series. June 1998.

## REFERENCES

Fryer, John (1995), “Provincial Public Service Labour Relations,” in Gene Swimmer and Mark Thompson (eds), *Public Sector Collective Bargaining in Canada: Beginning of the End or End of the Beginning?*, Kingston: IRC Press, p. 341-367.

National Union of Provincial and General Employees Union (1998), “Update: Collective Bargaining in the Provincial Public Sector,” unpublished report, <http://www.nupge.ca/Update1.html>, December.

\_\_\_\_ (1997), “Collective Bargaining and Restructuring in the Provincial Public Sector,” unpublished report, December.

Swimmer, Gene (1996), “Provincial Policies Concerning Collective Bargaining,” in Christopher Dunn (ed.), *Provinces: Canadian Provincial Politics*, Peterborough: Broadview, p. 351-378.



## HUMAN RESOURCES IN GOVERNMENT PROJECT

Governments in Canada have undergone a period of unprecedented change throughout the 1990s. External pressures and the need for fiscal restraint have led them to re-evaluate their services to the public, to restructure, and to make substantial workforce reductions. Each of these has significant human resource implications for governments, for public sector unions, and for employees.

The overriding goal of the Human Resources in Government Project is to generate new applied knowledge that will help the federal and provincial governments to redefine the strategies, policies, and procedures needed to transform the public service. A fundamental tenet is that this transformation must include the development of both efficient and innovative workplaces and a healthy, motivated, and skilled workforce.

The research is organized into three key research areas. The first group of studies set the context by describing how the environment shaping human resources in government is changing. They provide a statistical profile of employment trends, an analysis of trends in labour-management relations, and a comparative analysis of public-private sector compensation trends.

The next set of studies are generated from two large-scale surveys, one of managers responsible for workgroups of up to about 100 employees, and the other of public service union representatives. Reports on these surveys will address technological change in the workplace, organizational change and human resource management innovation, flexible work arrangements, and industrial relations issues.

The final stage of this project will address the issue of renewal and will culminate in a synthesis report that integrates the research findings to assist in the development of renewal strategies for government.

This project is funded at the federal level by Human Resources Development Canada, the Public Service Commission, and the Treasury Board Secretariat; at the provincial level by the governments of Alberta, Manitoba, Nova Scotia, and Ontario; and by the Public Service Alliance of Canada. The studies are guided by an advisory committee composed of representatives from each of the sponsoring agencies, along with a number of experts in the field.

