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**Labour Versus the State: The Conflicting Policy Interests and
Ideas of the Canadian Trade Union Movement and the Federal
Conservative Government, 1984-1988.**

by

Bruce Wise B.A.

A thesis submitted to the Faculty of
Graduate Studies and Research in partial fulfillment
of the requirements for the degree of
Master of Arts
in Canadian Studies

Carleton University

OTTAWA, Ontario

May 7

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The undersigned recommend to the Faculty
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"LABOUR VERSUS THE STATE: THE CONFLICTING
POLICY INTERESTS AND IDEAS OF THE CANADIAN TRADE
UNION MOVEMENT AND THE FEDERAL CONSERVATIVE GOVERNMENT,
1984-1988"

submitted by Bruce Wise, B.A.
in partial fulfilment of the requirements for
the degree of Master of Arts

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Abstract.

The subject of this research is the conflicting policy interests and ideas of Canadian organized labour and the federal Conservative government between 1984 and 1988. This conflict is placed within the context of the political and economic changes accompanying the international restructuring of capital and focusses on the opposition of the Canadian trade union movement to federal economic development policies. The struggle of ideas and interests surrounding specific policy areas is detailed. These areas include deficit reduction, the privatization of Crown corporations and government services, deregulation of certain economic activities and sectors and comprehensive bilateral free trade with the United States. Labour's opposition is shown to have manifested in a new strategy for building a broad-based coalition with other popular interests, in an effort to defeat the Conservative government and their policies at the polls. The research work concludes with speculation as to the future of labour and popular-coalition politics.

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I. Introduction.

In the 1988 federal election, Progressive Conservative political advertising emphasized that the international environment had changed and that Prime Minister Mulroney and his governing Conservative party were the best option for managing the effects of change on Canada. The theme of external change and of the country's susceptibility to its negative effects, had been raised early during the Tories' first term in power. A document produced for the Secretary of State for External Affairs, Joe Clark, noted that:

Times have changed. Oil shocks and interest rates have demonstrated our vulnerability to the outside world. We have just emerged from the worst international economic period since the drought and depression of the 1930s. As elsewhere, real output in Canada declined, unemployment rose and interest rates sky-rocketed. For Canadians this meant the loss of 575,000 jobs, and of countless homes, farms and small businesses [1].

This is a familiar story in Canada's history, for external factors have always had a profound impact on Canada's economic and political development. Indeed, it has been argued quite forcefully that the project of Confederation itself owed a great deal to events occurring outside of British North America. During the 1840s, Great Britain shifted the economic structure of its empire from a mercantilist to a liberal trading order through the repeal of the Corn Laws and Navigation Acts and a reduction of the differential duty on timber. This, combined with the onset of the

1847 depression in Europe and North America, generated enormous political turmoil and commercial distress in the Canadian provinces, leading to calls from many businessmen for Canada's annexation to the United States. The movement ultimately failed, but the merchant class was able to gain the next best thing in 1854: reciprocal free trade in natural products with the Americans. Again, however, economic security was frustrated by foreign events. The victory of a protectionist North in the Civil War resulted in abrogation of the treaty in 1866. Thus, excluded from both British and American preference, "Canada finally and hesitatingly turned to the possibility of transcontinental federation" [2].

The above account was given by H.G.J. Aitken, whose work falls into the tradition of the staples approach to Canadian economic history. Reliance on the export of staple products has meant that the character of Canada's economic and political development has been heavily influenced by outside factors - development which was "induced" as opposed to "autonomous". Economic expansion was often interrupted by changing demand in foreign markets and other external factors. For Aitken, of prime importance was the defensive nature of Canadian development, seen in the state's use of national policies to forestall or contain the territorial expansionism of the larger and more aggressive political economy of the United States [3].

Canada's relationship with the United States, just as with Great

Britain and France previously, is an imperial (or if one prefers, a neo-imperial) relationship, and raises the issue of colonial and neo-colonial models of development. This was also a concern of Harold Innis, the principal founder of the staples school. Innis situated staple production within the political and spatial context of an economic heartland and hinterland. His analysis of the interaction between (in Innis's terms) the "centre" and the "margin", demonstrated the dependency of the latter on the former, often resulting in the margin being blocked from any move to a more advanced form of economic development. As Innis described it,

The economic history of Canada has been dominated by the discrepancy between the centre and the margin of western civilization. Energy has been directed toward the exploitation of staple products and the tendency has been cumulative. The raw material supplied to the mother country stimulated manufactures of the finished product and also of the products which were in demand in the colony. ...As a consequence, energy in the colony was drawn into the production of the staple commodity both directly and indirectly. Population was involved directly in the production of the staple and indirectly in the production of facilities promoting production. Agriculture, industry, transportation, trade, finance, and governmental activities tend to become subordinate to the production of the staple for a more highly specialized manufacturing community [4].

The aspect of dependency in Innis's work informed many in the "new" school of Canadian political economy, which came to prominence in the 1970s. Daniel Drache, for example, looked at the distortion which often inheres in an economy dependent upon staple production. Because of the centre's demands for resources and raw material inputs, the industrial sector of the margin's

economy remains underdeveloped due to the heavy fixed costs involved in staple production and the drain of capital in the form of investment income to the metropolitan centre. Drache also emphasized Innis's importance in showing the propensity for the staple economy to suffer periodic crises because it was neither self-generating nor self-regulating [5]. As each economy shifts the basis of its staple exploitation - for example, from fur to timber, timber to wheat, etc. - a period of severe economic disruption can ensue. According to Innis,

Concentration on the production of staples for export to more highly industrialized areas in Europe and later in the United States had broad implications for the Canadian economic, political and social structure. Each staple in turn left its stamp, and the shift to new staples invariably produced periods of crises in which adjustments in the old structure were painfully made and a new pattern created in relation to a new staple [6].

Even those, such as W.A. Mackintosh, who were generally more optimistic about the development prospects for this kind of production, could not ignore the weaknesses embodied in a staple economy [7]. Mackintosh was a professor of economics at Queen's University and considered another of the founders of the staples school. In 1937, when the Royal Commission on Dominion-Provincial Relations was appointed to examine the financial relations between the Dominion and the provincial governments, Mackintosh was retained to provide a study of the economic background of Dominion-Provincial relations. His review focussed on the characteristics of the economy and the influence of national policies on Canada's

economic history.

Part of Mackintosh's examination of the latter half of the nineteenth century, indicated a tendency for wild swings in the economy, in periodic cycles of boom and bust. Conditions during the 1850s and 60s had seen an enormous expansion of activity associated with railway construction and British capital investment, promotion and engineering. However, this came to an abrupt end in the global crash of 1873 and there followed two decades of secular depression. British capital exports declined and shifted inward to the development and modernization of home industry.

Internationally, industry suffered during the painful process of readjusting to declining investment and prices. This was particularly hard on debtor countries such as Canada, which were dependent on the export of foodstuffs and raw materials. Although the young Dominion was consolidated in terms of territory by the early 1870s, and had put a set of national policies in place for future development and expansion, the desired results failed to appear. By the 1890s the value and volume of exports per capita were no higher than they had been twenty years earlier, thus revealing - at least for this stage of development - the difficulty of achieving growth through the application of public policy during a period of global economic contraction [8].

The staples interpretation in the work of earlier political economists and economic historians such as Innis and Donald Creighton, was also adopted (and adapted) by "new" or radical political economists and sociologists in their attempts at accounting for class formation and the dynamic of class relations [9]. For example, in his A History of Canadian Business, Tom Naylor argued that the orientation of Canada's financial and commercial system toward the international movement of staples had an impact on the social structure, reflecting and reinforcing its innate colonialism. Initially, at least, the economic and political elite were men associated with banking and the wholesale trade in Montreal, and to a lesser degree in Toronto and Halifax [10]. According to Naylor, this was a social grouping dominated by merchant capital and it was the same class which called for annexation to the United States when their interests were threatened by changes in the international politico-economic environment in the mid-nineteenth century.

But the vulnerability of the merchant capitalist class to external change was felt even more by labouring classes. They did not have the economic or political resources of the dominant group to protect themselves and this was evident as far back as the staple regime based on fur. After the conquest of New France, Anglo-American enterprise employed French-Canadians as labour in the reconstruction of the fur trade. When the revolt of the Thirteen Colonies succeeded in closing off the Albany route "demand

for labour increased, and as early as 1778 governmental authority was invoked by employers to decide disputes" [11].

A century later, when industrial labour had begun to organize and intervene in the political process, the world-wide depression of the 1870s and 80s interrupted the move to an independent class stance. Many of the trades and crafts unions were wiped out and individual workers were lacerated by unemployment, short time and the relentless demands of capital for wage cuts. During this formative period, working class consolidation in the crucial institutions of union and central labour body, as well as a fundamental class perspective providing for greater militancy, had not evolved to the point where they could withstand the pressures of a tremendous economic upheaval [12].

Previously, workers had met with some success in the 1860s and 70s in their drive to organize and agitate for more favourable labour legislation [13]. When Toronto printers struck The Globe for shorter hours and better wages George Brown responded by having several union leaders prosecuted on charges of seditious conspiracy. Brown's attack spurred labour activism in the political arena and eventually resulted in Parliament's passage of the Trade Unions Act of 1872. The bill provided the fundamental legal basis for further trade union expansion in Canada and in 1873 the country's first labour central, the Canadian Labour Union, was formed. Individual unions elected delegates to attend annual

conventions. The proceedings of the first CLU convention, set out explicit political goals: "Its objects shall be to agitate such questions as may be for the benefit of the working classes, in order that we may obtain the enactment of such measures by the Dominion and local legislatures as will be beneficial to us, and the repeal of all oppressive laws which now exist" [14]. Unfortunately for the CLU, the very year of its formation was the beginning of a long and severe depression. Within three years the labour central had achieved few of its aims and ceased to exist as a functioning body.

This brief introduction has tried to demonstrate that the concerns of the federal government, with developments in the international political and economic system are completely comprehensible, given that external factors have very often had a profound impact on the evolution of Canadian political, economic and social life. The purpose of this research is to examine and analyze one aspect of contemporary Canadian politics, specifically, the conflict occurring between the Canadian organized labour movement and the federal Progressive Conservative government from 1984 to 1988. The story of this struggle revolves around the government's approach to economic development policies - policies which the government said were predicated on Canada's need to become more competitive internationally - and the clash, as well as the convergence, of interests and ideas which this policy agenda induced. If, as the historical allusions cited above seem to

indicate, Canada's politics, economy and society have been shaped and influenced to a significant degree by external factors, then it is appropriate to begin by situating the contemporary events with which this research is concerned, within a global political and economic framework, which in recent decades has been characterized by crisis and change.

Chapter I. Global Economic Crisis and the Vulnerability of Labour.

Before examining the particular manifestations of the global economic crisis and their impact upon labour, certain theoretical considerations should be raised. First, explanations of crisis cannot rely on strictly economic interpretations. Crisis must account for either the reconstitution of, or a qualitative transformation in, capitalist relations of production, and the conditions of social reproduction generally. Such reconstitution or transformation takes place through social conflict and will be seen in the changes to social and political institutions, as well as the prevailing ideology underpinning their legitimacy. As David Wolfe points out, "a crisis of capitalism must ultimately mean a crisis of the capitalist form of class domination; such a crisis necessarily involves all three aspects of class domination - economic, political and ideological" [1]. Thus, crisis cannot be explained by appealing to inexorable or quasi-natural laws of economic motion.

Second, because the crisis of capitalism is structural in origin, some kind of historical account will have to be given. Many social and political theoreticians have characterized their interpretations of the present crisis through "periodization" since it allows for a historical comparative framework. Specifically,

if crisis by definition, signifies a period of tumultuous conditions, then it can be assumed to have been preceded by a period of relatively stable conditions. One model frequently employed is that of successive regimes of capitalist accumulation [2]. In this context, the current crisis is one of transition corresponding to the decline of the postwar regime of capitalist accumulation and the attempt to reconstruct the conditions necessary for renewed expansion. A proper historical account using this model, therefore, must determine the foundations upon which the antecedent accumulative regime is based, as well as the contradictions which inhere in that regime, and eventually result in conditions of crisis.

Several factors contributed to the long period of postwar expansion in the industrialized economies. Depression in the 1930s, the last great crisis within capitalism, played an important role in the recomposition of capital by bankrupting some producers and forcing others to consolidate. Toward the end of that decade, mobilization for war unleashed a process of scientific and technological innovation which continued through the years of conflict. At war's end much of the enormous industrial productive capacity which had been built up, was reconverted to civilian economic use. Reconstruction in a devastated Europe sustained growth in the immediate postwar years through heavy demand for capital (or producer) goods and, a little later, consumer goods. Raw material inputs for the expansion of industrial production came

from a ready supply of cheap resources easily obtained from neo-colonial dependencies in the Third World, or dependent staples-based economies such as Canada's.

The dominant pattern of accumulation, known as "Fordism", set in place at the end of World War II emphasized mass production and consumption [3]. The latter involved the widespread introduction of moving assembly-lines operated by semi-skilled labour (thus displacing the previously dominant division of skilled and unskilled labour). Management control and attention centred on the organization of the labour process as an integrated whole, rather than the individual tasks performed by workers under Taylorist production. The expansion of factory production meant that wage-labour became more important while small independent producers suffered relative (though not complete) decline.

The new productive techniques, processes and institutional arrangements, conditioned the production of standardized commodities for mass consumption. A more positivist and, in some cases, interventionist state, also encouraged collective consumption through its provision of goods and services, as well as its over all responsibility for ensuring the proper conditions for economic growth and the reproduction of labour. Huge increases in the proportion of national expenditure by governments, and the establishment of social security and income support measures associated with the Keynesian welfare state, helped to sustain

aggregate demand.

Keynesianism was an adjunct of the pattern of Fordist accumulation and in no way should it be considered a cause of postwar expansion. To presume the latter would be to attach prime importance to "state intervention in the sphere of distribution (on the demand side) rather than the capitalist reorganization of the labour process in the sphere of production (on the supply side)" [4]. The individual governments of industrial economies, in fact, varied in their approach to Keynesianism. Some countries did not adopt Keynesian techniques until later in the postwar period. Others used only a partial application of those techniques. For example, in Canada few postwar governments featured fiscal policies employing counter-cyclical budgeting [5]; while in the United States, legislating social welfare measures lagged far behind countries such as those in Scandinavia. All these countries, however, pursued economic expansion through reconstruction and industrial development policies based on Fordism.

The Fordist pattern of production and consumption originated in the United States and was transferred to other industrial nations. The U.S., of course, had emerged from World War II as the strongest political, economic and military power in the world. Its hegemonic position, therefore, was also very important in contributing to postwar expansion. In particular, the United States, with its tremendous productive capacity and huge gold reserves, was

influential in fashioning a new international financial order through two multilateral agreements. The Bretton Woods agreement introduced a stable system for currency exchange and balance of payments adjustments, in which the U.S. dollar was predominant. The free flow of financial capital was paralleled by liberalized trade established under the General Agreement on Tariffs and Trade. Together, these agreements were extremely beneficial for U.S. exports of investment and goods and the expansion of U.S. multinational corporations overseas [6].

A final factor integral to sustaining economic growth in the postwar period was the position of labour, both in its treatment as a marketed commodity by capital, and as an organized institution successfully integrated into the Fordist pattern of accumulation. Initially, the War had produced a large, skilled and disciplined labour force which was relatively cheap to employ because wage levels had not recovered from the Depression and wartime controls. Wages also were stabilized by a large labour reserve, caused by the massive unemployment in economies destroyed by the war, as well as the migration of agricultural labour to urban centres. The new role of the state in securing conditions for expanding production and maintaining aggregate demand, occasioned (but did not ensure) the state's recognition of trade unions as active, if unequal, participants in overall economic and political management [7]. This - in some cases, state-enforced - class compromise enabled unions to match wage increases with rising productivity through

collective bargaining. Furthermore, trade union demands for extending the welfare state eventually gained political acceptability because they contributed to a social wage necessary for the reproduction of labour. It should be noted, however, that throughout the postwar period, the power of organized labour remained carefully and legally circumscribed [8]. Moreover, despite conditions of full employment during the two decades immediately following World War II, labour militancy was held in check by the Cold War [9].

Indications of the crisis within capitalism began to appear in the 1960s. The first, of what might be termed contradictions, took the form of "inter-capitalist" or "inter-imperialist" rivalry. Reconstruction through the transfer of technology and producer goods enabled the war-torn economies to successfully imitate the Fordist production processes of the U.S. American multinational corporations, previously unchallenged in the global economy, eventually were faced with competition from European and Japanese multinationals. Moreover, newer infrastructure, plants and equipment, made many of these more productive than their American counterparts. The effects of inter-capitalist rivalry soon became apparent:

...The existence of ever greater degrees of surplus capacity in key secondary manufacturing industries, combined with increasing degrees of international competitiveness and radically different rates of productivity, put increasing pressure on the rates of profitability of capitalist enterprises. The declining rates of profit were manifested

first in those economies with the most outmoded plants and equipment and the lowest levels of productivity increase (such as Britain), but by the 1970s the same phenomenon had appeared in the U.S. and other advanced industrial economies [10].

Downward pressure on the rate of profit also came from another source, the decrease in the supply of labor. State policies in the postwar period had achieved virtual full employment through the manipulation of fiscal and monetary levers. In addition, social insurance policies and an expanded welfare system removed a significant portion of the costs of joblessness to individual workers. Removing the labour reserve and the "fear" of unemployment, effectively strengthened organized labour's position in the collective bargaining process. When this combined with "new generations of workers, responding to the incessant propaganda of consumerism, [and seeking] to buy into the affluent society," [11] demands for higher wages were almost inevitable. Faced with falling profits from international competition and rising labour costs, capital increased commodity prices, thus setting in train an inflationary wage/price spiral. The state's use of Keynesian demand management policies were ineffective in breaking this cycle. Similarly, wage controls provided only a temporary respite, for once these were relaxed trade unions pursued collective bargaining strategies to achieve "catch-up" settlements for their members, and the process would start all over again.

Declining rates of profit were a direct threat to capital accumulation. At the same time, the United States' hegemonic

position in the international environment was gradually being eroded. The rise of other economic powers was a serious challenge in this regard. As well, American determination to pursue a military solution to the revolutionary war in Viet Nam, began to take its toll on the international trade and monetary system. The movement of American foreign direct investment around the world in the 1950s and 60s, and massive U.S. purchases of military equipment, primarily from Europe, led to continuous balance of payments deficits. By the late 1960s, the export of U.S. capital had resulted in a flood of American dollars held abroad, and with increasing demands to convert these to gold, the U.S. was eventually forced to abandon the Bretton Woods agreement in 1971. This led to instability and speculation in currencies, thus furthering inflation. Moreover, the erosion of stability in the international financial and trading order cut loose transnational capital from monetary regulating authorities in individual nation states, allowing greater freedom in the extension or contraction of credit, and encouraging the flight of capital abroad [12].

Capital responded to the enhanced conditions of crisis in the 1970s and 80s by employing a number of different adjustment strategies. One of these aimed at raising short-term profitability and entailed corporate restructuring, especially in terms of concentration and conglomeration. A tremendous increase in merger and takeover activity allowed corporations to realize huge profits through exercises in financial manipulation, such as arbitrage or

the issuance of "junk bonds". Attempts at acquisition didn't have to be successful in order to be profitable; in fact, completing a takeover bid was often counter-productive, for it could result in a position of large and costly long-term debt for the acquiring firm. Rationalization processes in which capital quickly moved from unprofitable sectors into more lucrative ones, was another method used for generating larger surpluses. Such restructuring was a contributing factor to the phenomenon of deindustrialization and frequently involved plant closures. Many affected communities (especially single-industry towns) have seen the destruction of the social productivity found both in the skills of local labour forces and in working factories, not to mention the health and morale of workers themselves [13].

Deindustrialization has also resulted from the globalization of production facilities. To an increasing degree over the past few decades, corporations have moved manufacturing industries and parts of the manufacturing process, to those areas of the world which can provide for the most profitable combination of capital and labour. The three preconditions which appear to have made this possible were observed by Froebel, Heinrichs and Kreye, in their work on the new international division of labour [14].

First, there is now a virtually inexhaustible supply of labour in the developing countries, which can be employed year round, both night and day, on Sabbath-days, holidays, etc. In many countries,

corporations can target the desirable employee characteristics - e.g., age, sex, skill, discipline - which aid in minimizing labour costs. Moreover, corporations usually are under no restrictions as to how they treat their labour-force. If an employee becomes less productive because he or she is overworked, there is a vast labour pool from which they can be replaced. Second, by splitting the production process into fragments, many manufacturing operations can be run by workers who require little (and therefore cost less) in the way of training. And third, technological advances in the fields of transportation and communications have meant that global production is no longer severely constrained by technical, organizational or other cost factors. The authors concluded that

The coincidence of these three preconditions ... has brought into existence a world market for labour and a real world industrial reserve army of workers, together with a world market for production sites. Workers in the already industrialized countries are now placed on a world-wide labour market and forced to compete for their jobs with their fellow workers in the developing countries. Today, with the development of a world-wide market in production sites, the traditional industrialized and the developing countries have to compete against one another to attract industry to their sites [15].

The authors have characterized the creation of this "world industrial reserve army of workers," as a new international division of labour arising from capitalist restructuring on a global basis. Capital's strategy is to boost productivity (thereby enhancing competitiveness) through cost reductions and the control

of labour, all for the purpose of establishing a new accumulation dynamic. As a result labour, both in central and peripheral economies, is extremely vulnerable. For while the relocation of production has exploited workers through repressive labour practices in developing and underdeveloped countries, this has been paralleled by deindustrialization, the decline of trade union power and the emergence of regressive labour processes in industrial countries [16]. Before examining what the relocation of production has meant for workers in the industrialized countries of the centre, it is important to outline the position of labour in the industrializing (and in some cases, pre-industrial) countries of the periphery. This offers a good indication of what being "internationally competitive" can mean for labour.

When the global conditions of crisis became particularly acute in the late 1960s and early 70s, developing countries were forced to abandon industrial development strategies based on import substitution and adopt policies for export promotion [17]. To accommodate the new orientation, many countries set up export processing zones (EPZs) in which subsidiaries of multinationals or subcontracting firms manufacture goods for foreign consumption. These plants are often designated "World Market Factories", producing for the global market, and are given segments of complete production processes split off from the manufacturing done by multinationals in industrialized countries. One such EPZ is located in Mexico across the border from Texas, where hundreds of

companies - termed "maquiladoras" [18] - produce goods which are exported virtually free of duty to the huge American market. Here, for example, subsidiaries of the big three U.S. automobile manufacturers produce a wide variety of car parts, ranging from seat covers to electronic ignition components.

As with import substitution policies, host governments use incentives (tax breaks, the provision of infrastructure, etc.) to attract investment in manufacturing facilities. Import substitution, however, requires effective internal market demand so that sufficient income is distributed to those involved in production, allowing them to purchase some of the goods they make. But because export processing is concerned with satisfying foreign demand, production costs - including wages - must be kept as low as possible to meet competition, especially from other developing countries. Certain industries, particularly those experiencing heavy competition like textiles, or those such as electronics which face constant technological change, can ensure maximum profitability by obtaining labour at wages five to twenty times lower than in industrial economies. For workers, this can mean exploitation to a point where wages are so low, they do not permit the reproduction of the workers' own labour power. Moreover, to remain wage competitive, some countries have used a repressive state apparatus to rollback worker's incomes. When, for example, the military regimes in Argentina, Brazil, and Chile reoriented their economies to export production, real wage reductions of

between 40 and 70 per cent occurred within a few years [19].

Besides low wages, the exploitation of labour in peripheral economies can be measured in terms of industrial accidents. Work-related accidents occur because of a combination of lax regulations for enforcing safety in the work place and the long work schedules typical of labour intensive industries. In countries such as South Korea or Malaysia, employees can average between 2,500 and 2,800 hours of work annually, compared to about 1,800 for West Germany. But it is not uncommon for some industries, to schedule 12 hour shifts for a six or even seven day week. Workers, especially when undernourished suffer fatigue in these conditions, become inattentive and thus are prone to accidents. Frank recounts that in Brazil work-related accidents climbed steadily from the late sixties to an average rate of 25 percent annually (whereby one in four workers could expect to be injured on the job after their first year) by 1975. In South Korea, the number of accidents leading to disablement increased an astonishing 17 percent per year throughout the 1970s. This has little or no effect on firms, because they can replace injured workers or those who are simply "burnt-out" and have become less productive, with new workers drawn from huge reserves of unemployed [20].

Another very important factor with regard to the exploited position of labour in industries relocated to the Third World, is

that the majority of workers are female. This is especially true in export processing zones. In Asian EPZs, roughly half the production is devoted to electronics employing over 300,000 people, while in Mexico more than 200,000 "maquiladora" jobs have been created since the early 1970s. It has been estimated that 85 to 90 percent of these jobs are filled by women [21].

There are several reasons why this is so. Many developing and underdeveloped nations are characterized by traditional patriarchal social structures, where female deference to male authority is firmly entrenched. The submissiveness demanded of women in household production and as unpaid labour on family farms, is an important trait in industrial production where repetitive jobs and harsh conditions require acquiescent workers. A large proportion of the women working in EPZs migrate from rural areas once their families are unable to support them.

Female workers are also prized for their reputed tactile skills and dexterity [22] since production processes in many export industries are based on Taylorist (rather than Fordist) principles of organization. This entails holding fixed capital costs to a minimum and using equipment or tools which are small, simple, and can be run by a single person, for example sewing machines for the clothing trade, and microscopes and tweezers for electronics. Jobs in these labour-intensive industries are fragmented and repetitive, with production frequently carried out on a piece-work basis. The

tasks require quick and deft manual movements and an ability to concentrate on detail, attributes often ascribed (rightly or wrongly) to female workers. Women are hired in their early teens to ensure they can meet the physical demands and because they are single; pregnancy usually results in automatic dismissal.

Companies also value female labourers because they are less likely to protest harsh working conditions and it is easier to keep them from organizing in countries that allow unionization. Because labour intensive industry can only increase profit margins by boosting the output of individuals, workers are forced to work for long hours without a break. This has the effect of shortening working lives. Few women last past the age of thirty, for eventually the physical and mental toll results in declining productivity, at which point the worker is laid off and replaced by a younger person.

A final point concerning labour's status in the developing and underdeveloped world, is the repression of unions and their activities. The role of the state in reducing and holding down wages has already been noted in the case of certain "latin" American countries. Trade unions are often on the receiving end of repressive measures when a particular regime decrees a (real or imagined) state of emergency. In South Korea, strikes were declared illegal in 1971, with a seven year prison term for violating this prohibition. Even with the recent and very

tentative process of democratization, unions been unable to gain much in the way of more freedom. Similarly, when Indira Ghandi imposed emergency rule in 1975, her first measure was to out-law all strikes. Following the 1976 coup in Thailand, the new military junta went even further than the late Indian Prime Minister - not only were strikes declared illegal, but trade union leaders were arbitrarily imprisoned [23].

After the 1973 coup in Chile, trade unions were disbanded and a quarter of the unionized labour force - three hundred thousand workers - were dismissed from their jobs for political reasons within the first two years. When the junta permitted the drafting of a new Labour Code in 1979, collective bargaining was allowed for only some workers on a company-by-company basis, while employers were given the right to hire strikebreakers. The powerlessness of organized labour here, is reflected in the fact that by 1984, trade union membership had declined by 70 percent. Under these circumstances, the Americas Watch Committee concluded that "labour's leadership in the early months of the national protest movement, starting in May 1983, represented an enormous effort of human will" [24].

Ferocious regimes such as Chile, have attempted to break the power of trade unions not just through the suspension of civil rights (e.g., the denial of due process), but through the violation of human rights as well. Trade union leaders, activists and

ordinary members have been targets for torture and murder by state security forces and death squads. Organizations like the Americas Watch and Amnesty International continue to monitor and document human rights abuses and all too often the repression of labour movement activities turn up in their reports [25].

In her observations on the vulnerability of labour in the international political economy, Kelly has observed that export processing zones and the repression of labour,

...in developing countries are the echo of declining industrial sites, diminishing union membership, and the resurgence of sweatshops in advanced industrial economies. The two sets of phenomena are part of a strategy for reducing production costs, maximizing productivity, allowing industry to remain competitive and, perhaps most importantly, controlling workers [26].

Declining industrial sites, or "deindustrialization" occurred first in the economies of the United States and Great Britain. It entailed capital flight to low-wage areas from older industrial locations where labour was too expensive and too difficult to control, having organized during the previous industrialization process and gained concessions from capital. A report by the International Labour Organization released in 1976, outlined charges by unions that corporations were deliberately relocating to establish alternative sources of supply, so as to "reduce the impact of a strike in any one country." Furthermore, unions complained of threats by companies to shift production or to

curtail future investment, in order to achieve management objectives in collective bargaining [27].

In the United States deindustrialization began in the 1960s and was characterized by a geographic shift of production - or more often, differential expansion - to the sunbelt non-union peripheries of the north, as well as offshore. By the 1970s, industrial unions had been severely weakened, suffering declines in membership in their traditional base, the northeast and midwest. Growth in membership roles remained static, however, in the newer industrial regions of the south and southwest in part because many states had legislated the infamous "right-to-work" laws and regularly used police against union organizing activities. During this period, only about a third of America's operating production facilities were located in right-to-work states, but over one half of the new plants constructed were located in those states which had anti-union laws. Many of the largest corporations relocated production to these areas. Between 1975 and 1980, nine of the fourteen new plants which General Motors opened, were located in "right-to-work" states. This led authors Barry Bluestone and Bennett Harrison to declare that, "no other public policy carries anywhere near the location clout of the right-to-work law." Unfortunately for the American organized labour movement, while its power was being threatened -for example, by falling revenues resulting from the decline in dues-paying members - its leadership remained complacent and did not respond in a vigorous enough

fashion to recruit new members [28].

In Great Britain, deindustrialization also hit organized labour extremely hard through massive job losses associated with plant closures. As in the United States, this wasn't confined to the older industries such as textiles, but included automobile and electronics production as well. Corporate threats to relocate production were used regularly to keep unions in line [29]. However, even the strategy of playing off one country's workers against another did not stop the decimation of the industrial regions in the north-west and -east, the Midlands, Scotland and Wales. Between 1974 and 1984, 2.2 million jobs were lost in manufacturing, largely in these areas. Consequently, union membership declined some 17 percent from 1979 to 1984 [30].

Moving production facilities to non-union locales is just one way in which corporations have attempted to weaken organized labour. Other strategies, especially prevalent among conglomerates and multinationals, include parallel production and multiple sourcing. The former involves the use of non-union facilities to duplicate a unionized plant's manufacture of components and parts, as well as whole assembly processes. Parallel production strengthens the position of management, for during strikes or other labour-related difficulties, disrupted operations can be stepped up at the non-union plant. Thus, management can break a strike without either contravening labour legislation or threatening the firm's

profitability. Big multi-plant companies use multiple sourcing to control smaller suppliers. Large manufacturers no longer grant exclusive contracts to small producers of parts and components even if the terms are advantageous to the former. Costs are kept down by playing one small producer off against another, because subcontracting with several firms forces the small producer to reduce production runs and lay off workers. Under these conditions, resistance to unionization hardens.

Within the sub-contracting sphere, there has been a reemergence of a form of production reminiscent of early capitalist development. A proliferation of sweatshops and cottage industry, has occurred not just in traditionally exploitative industries such as clothing and textiles, but in the most advanced technological sectors as well. Underground subcontractors employ labour in the informal and illegal economy in order to maintain flexible production schedules and evade the costs associated with work standards imposed by labour legislation. For example, research in California's Silicon Valley has revealed the widespread use of immigrant women workers assembling electronic components in their homes. A study of 300 Mexican women in San Diego County working in this capacity, found that a third were former "maquiladora" workers, who had migrated illegally to the United States [31].

Deindustrialization in Canada was apparent by the late 1970s when manufacturing industries in Canada employed only 19 percent

of Canadians, as compared to 26 percent 25 years earlier. Canada has been prone to deindustrialization more than other advanced economies because of its peculiar industrial structure. Two factors have been important in this regard. First, the structure of corporate ownership, with its dependence on foreign technology and direct investment, has created a weak and truncated manufacturing sector oriented toward domestic consumption and a primary sector geared to the export of resources and raw materials. Second, the spatial dimension of industrialization has been characterized by a profound unevenness in development, with the centre of manufacturing activity located primarily in southern Ontario and Quebec.

It has been noted repeatedly that multinational corporations, most of which are American-based, have not made decisions reflecting Canada's long-term national interest. Their behaviour - relating to the deployment of investment, technology, employment, and research and development, as well as the determination of marketing strategies - has been directed from foreign head offices and not branch plant operations located in Canada [32]. The fact that corporate decisions disregarded the national interest, perhaps can be comprehended more easily if one accepts the following conclusion from Glen Williams: that Canada's sovereignty over its economy has been questionable at best.

From our vantage point in the late 1980s, it is possible to argue that the Canadian economy as a whole may now be better

understood in many respects as a geographically large zone within the U.S. economy rather than as a distinct national economy. Although this position may at first appear extreme, it is merely the logical conclusion of an analysis based on the consideration of factors such as the the three quarters of Canada's import and export trade that is accounted for by the Americans and the nearly one half ownership share of our productive apparatus that they now enjoy [33].

The weakness of the industrial structure was grounded in the National Policy tariff introduced in 1878, designed to encourage production in Canada irrespective of ownership. This resulted in the creation of a branch plant system which has exported jobs in several ways. The legacy of the trade in staples has seen resources and raw materials exported to the U.S., to be processed and returned to Canada in a finished form. The secondary or manufacturing sector, however, is where most of the damage has been done. Foreign-owned or -controlled firms in this sector were established simply to gain access to the domestic market. This was done on the basis of the "miniature replica" effect, whereby several American producers expanded into Canada and competed for a relatively small market share. Such firms were extremely inefficient in terms of costs and their ability to be internationally competitive. In fact, they were never intended to produce for the international market, because this would have brought them into direct competition with their parent firms [34].

Documents produced by the Trade Commissioner's Service show that throughout the 1950s and 60s, the period of greatest branch plant expansion in Canada, foreign parent firms consistently blocked any

attempts for an export orientation in their manufacturing subsidiaries [35]. And even though the persistence of the problem was recognized by officials of the Department of Industry, Trade and Commerce, recommendations to cut support grants from government to industries until they demonstrated some form of export freedom, were ignored [36].

Branch plant producers in Canada were not intended to compete in the international market but, quite the opposite, were the recipients of much of the exported goods of parent firms. Subsidiary operations have contributed to the profitability of multinationals by serving as captive clients for machinery, parts, and components produced outside the country. Thus, tied trade meant that a deficit in manufactured end products had been built into the structure of the nation's productive system. The cumulative deficit in end products from 1970 to the mid-1980s roughly approached \$200 billion and it would have been much higher if not for the lower value of the Canadian dollar relative to the American, throughout much of the period. This figure represents the loss of hundreds of thousands of jobs in potential industrial production and, according to James Laxer is "dramatic evidence of the process of deindustrialization" [37]. Indications of the adverse effects of foreign ownership had begun to appear 25 years ago. Between 1966 and 1970, the number of Canadian workers employed by subsidiary operations declined. These firms, however, actually increased their market shares by importing for final

assembly and retailing, parts and components that were manufactured in the U.S. It was estimated that the benefits in terms of employment gains for U.S.-based multinationals ranged around the 500,000 job mark [38].

Canada's international balance of payments position not only reflects the export of jobs, but of capital as well. The current account - the difference between the total amount of goods and services imported and exported - has persistently run deficits: \$5.5 billion in 1978; -\$5.6 billion in 1979; -\$2.3 billion in 1980; -\$6.9 billion in 1981; and \$1.2 billion in 1982. The latter year ran a surplus because severe recession led to a substantial drop in imports, but the current account returned to a deficit position in the years of economic "recovery". From 1986 to 1988 it averaged -\$10 billion per year and figures recently released for 1989 show that it has swelled to just under -\$20 billion. Overall merchandise trade usually shows a surplus due to the huge exports of resources and energy; manufactured end products, especially if the automotive sector is excluded, consistently runs a deficit. Some political economists have argued, therefore, that the current account deficit is perpetuated by the deficit in services, that is, interest and dividends paid to non-residents, the costs associated with business, professional and commercial services paid to foreign companies and capital outflows due to foreign travel [39].

Foreign ownership and control of a substantial portion of the

manufacturing sector has also resulted in technological dependence, limiting the possibility of structural change. The importation of producer goods and capital equipment increased to 71.2 percent by the late 1970s, compared to 65.1 percent in the mid-60s. The U.S. has employed, proportionately, 3 times more workers than Canada in this manufacturing sector and this at a time when the American machine tool industry itself was in decline. Control of the end products market brings with it control of the chain of innovation for all the machinery and parts and components that go into the end product. Characteristically, manufacturers do the sourcing of inputs into their production from related firms or from sections of their own firm. In the case of branch plants, this control over the chain of production shuts out domestic manufacturers that could conceivably serve as a source for inputs, because domestic firms lose crucial lead time in the evolution of components that go into new end products. The result is a loss of access to the domestic market for Canadian manufacturers and a growing weakness in the area of product innovation. Technological dependence is thus a cumulative process and the qualitative weakening of Canadian manufacturing has been proceeding for several decades.

Government policy has not been able to arrest the situation, and in some instances has proved counter-productive. For example, in August 1971, the U.S. federal government established the Domestic International Sales Corporation program, essentially a tax write-off (or subsidy) of production manufactured for export. Rather

than close branch plants and move production back to the U.S., American parent firms were encouraged to supply them even more with parts and components made in the U.S. The Canadian government responded in John Turner's 1972 budget, by attempting to outbid American authorities through tax incentives. Turner announced a two-year write-off for machinery and equipment costs, used in the production of goods in Canada. This only served as an added incentive for U.S. subsidiaries to step up their imports [40].

U.S. auto producers took great advantage of the program and in the years following introduction of the DISC, Canada's automotive trade deficit increased substantially, while investment in Canadian facilities, as a proportion of total North American investment, declined [41]. Moreover, most of the investment which took place, went toward rationalizing the industry on a continental basis. However, as Williams points out, this did "nothing to alter the administrative and technological impediments to Canadian export." In the late 1970s, the automobile market was geared toward fuel efficient vehicles, but Canadian subsidiaries did not receive much in the way of this production [42].

The dependency and weakness of Canada's industrial structure has been paralleled by its uneven development. Ontario and Quebec are the only provinces with sizable manufacturing sectors. The latter is marked by durable goods production and a preponderance of branch plants. Quebec manufacturing has been dominated by non-durable

light industries such as textiles, clothing and food processing, most of which are Canadian-owned. Both provinces have significant resource-based industries that contribute to value-added production, such as mining and smelting and pulp and paper.

The West and the Atlantic provinces have not developed or retained a significant manufacturing base. The West, with 27 per cent of the country's population, has only 18 per cent of the nation's output of finished goods. Western Canadian manufacturing has specialized in a small number of areas. For the prairie provinces, food processing, petroleum refining, and farm machinery are the major industries. British Columbia's manufacturing base centres on forest products and accounts for a third of the province's manufactured production. Atlantic Canada produces only 4 per cent of the national manufactured output. The four provinces concentrate mostly in food processing and pulp and paper.

Canada's industrial structure is thus a microcosm of its relation to the international economy, that is, a relation characterized by division between the centre and the periphery. The lesser developed regions are dependent on the more advanced industrial centre of the country. Usually, (the exception being the oil crisis of the 1970s) the centre is the economic engine for the rest of the country, just as the large industrial states (America, Western Europe and Japan) are for the world economy. A recession in Ontario and Quebec will spread eventually to the other regions,

and they will take longer to recover. But because of the nation's overall peripheral status within the international economy. Canada's economic centre is not strong. Ontario's weak and vulnerable branch plant manufacturing sector has been noted. If not for its strong financial industry based in Toronto, Ontario's circumstances would be more dire. For Quebec, the situation is somewhat more bleak [43].

Despite the recent explosion of entrepreneurial activity in the province, Quebec has been hit very hard by deindustrialization. From 1960 to 1980, Quebec's share of national manufacturing production fell from a third to a quarter. While large Quebec-based firms such as Lavalin and Domtar have undoubtedly contributed to the provincial economy, they have also moved large amounts of investment capital into the United States and Europe, in an effort to expand their markets [44]. As the restructuring of capital progressed on an international, continental and national basis, Quebec has experienced gradual marginalization. During the postwar period, the geographic shift westward in economic activity in Canada saw Toronto replace Montreal as Canada's major economic centre. Head offices left, relocating mostly in the former city, as the Montreal anglophone bourgeoisie departed. Consequently, the volume and value of transactions on the Montreal Exchange continued to decline relative to the TSE. The continuing erosion of the province's economy was indicated as investment fell on average 3 percent per year in the 1976 to 1982 period. Competition from

developing countries hurt Quebec's light industries, particularly textiles, leather, and clothing and the province has been plagued by high rates of unemployment and under-employment. From 1975 through 1983, Quebec lost 9 percent of its manufacturing employment, 150,000 jobs in the 1981-82 recession alone [45]. And while Quebec experienced heavy out-migration of its population during the 1960s and 70s, the language factor probably inhibited even greater migration to regions with better employment prospects [46].

Canada's weak industrial base left its labour force and the trade union movement extremely vulnerable in an era of capitalist restructuring. International competitive pressure caused many U.S. multinationals to rationalize their operations on a continental basis. As a result, Canadian labour has been confronted with branch plant closures as parent companies withdrew their capital. Even subsidiaries which turned a profit for the parent were closed if there was a prospect of better returns elsewhere. Trade unions have had to contend with local corporate runaways as well. For example, the employees of the Canadian General Electric plant located in Barrie, Ontario, belonged to the United Electrical Workers. In 1984, CGE sold the plant to Black and Decker, which then closed the operation and moved production to a non-union plant 300 miles away to Brockville, Ontario. With no plant closure legislation to protect them, Black and Decker left behind 600 workers. According to Jim Turk of the UEW, this was typical of

capital flight in the 1980s. Plants utilizing older technologies centralized their production in large operations and usually located in industrial urban centres. New technologies have allowed decentralization to smaller facilities of one to two hundred workers in semi-rural and non-union areas. Often, the local work force is chronically under-employed with little experience [47].

As in other OECD countries, unemployment in Canada has also been attributed [48] to the corporate strategy of transferring production, especially production associated with labour-intensive industries, to low-wage developing countries. Branch plant operations, which are cost inefficient and uncompetitive internationally, have been prime candidates for relocation. Consequently, Canadian workers and governments, like their British and American counterparts, have been forced to provide concessions and favourable conditions in order to compete for investment from transnational companies. For John Calvert, a researcher with the Canadian Union of Public Employees, this was an indication of a disturbing trend for labour and Canadian society as a whole.

The logic of the argument used by the multinationals points towards the equalization of wages throughout the world. For Canadian workers, this means equalization downwards to the levels of Third World countries. The objective of the corporations is not simply one of temporary belt-tightening or short-term sacrifices designed to enable us to raise living standards in the future. Rather, it is a long term restructuring of production and labour costs involving a permanent reduction in Canadian living standards [49].

Early manifestations of the impact of economic crisis on the trade union movement, were revealed in labour's refusal to participate in voluntary wage restraint programs during the late 1960s and early 70s [50]. By the middle of the latter decade, the rank and file were precipitating wildcat strikes and plant occupations, because union leadership was perceived as impotent in the face of government and industry austerity. The failure of unions to gain progressively better wage and benefit settlements through collective bargaining, contributed to a crisis of legitimacy for union leadership and fed a tendency toward militance among their membership. Discontent on the shop and office floor was seen in spontaneous protests over working conditions, production slowdowns, and even sabotage [51].

Such things as restraint programs, wage controls and rollbacks, and the decline of benefits and working conditions, were only the beginning of the challenges facing workers and their trade union organizations, contained in the restructuring of industry and the state. The early 1980s, brought the worst economic contraction since the Great Depression of the Thirties. Unemployment hit one in twelve Canadian workers, while an inflation rate of 13 percent eroded the purchasing power of wages. With thousands of jobs disappearing in manufacturing, resource and service industries, labour discontent exploded in all sectors and industrial disputes took on a bitter character. In Ontario, plant closures in the Niagara-Oshawa manufacturing region threw thousands of people out

of work. Some employees in Houdaille and Brampton responded by seizing workplaces in an attempt to regain their jobs or receive better severance pay. In British Columbia there were strikes by forestry workers, Wardair flight attendants, hotel employees, municipal workers, B.C. Tel workers and public-sector transit and insurance unions. Over 3 million worker days were lost in 1981-82 due to strikes and other industrial disputes [52].

The province of Quebec saw some of the fiercest labour strife in the country. Until the late 1970s, the Parti Quebecois government had been perceived as social democratic in its political and economic orientation. But the provincial economy had been gradually marginalized to the point where the government was forced to abandon its strategy of interventionism under the enormous fiscal pressures accompanying recession. In an attempt to cut its deficit in 1982, the PQ demanded the suspension of contract provisions for unions in the public sector, in effect freezing salaries. With the union's refusal to make these concessions, the government introduced legislation cutting pension benefits and removing the right to strike from some public sector workers. The subsequent failure of further negotiations saw even more repressive legislation removing the right to strike in public and parapublic sectors, and the arbitrary imposition of wages, working conditions and salary cuts. The government's measures provoked illegal strike actions from all parts of the Quebec labour movement and a protest of 35,000 people at the National Assembly early in 1983.

Nevertheless, the PQ government's determination to smash labour power led to more bills threatening workers with the loss of their jobs if they did not return to work and eventually, even the most militant trade unions were forced to acquiesce [53].

As with Quebec trade unions, the economic collapse took its toll on organized labour at the national level as well. The most serious indication of labour's fragile state was the decline in trade union solidarity [54]. The division of power within the Canadian Labour Congress was drawn along lines where the public-sector and large industrial unions held a dominant position. The CLC's intentions to push its affiliates toward greater internal democracy, national autonomy and a more politically activist role had the effect of alienating the construction and building trades unions. The latter had maintained strong ties to their "internationals" based in the U.S. and in protest against their lack of power and what they believed to be interference on the part of the CLC executive, this faction withheld dues amounting to \$675,000 for almost a year. Before the CLC could suspend the dissidents, however, on May 1st 1981, the construction and building trades unions announced their secession from the CLC and the formation of the 230,000 member Canadian Federation of Labour. The strange symbolism of a split in organized labour's ranks, on the very day traditionally observed as one to celebrate labour unity and the solidarity of the trade union movement, was a graphic demonstration of the anarchy and fractiousness unleashed by a

failing economy [55].

Besides affecting solidarity within the trade union movement, economic contraction dealt a blow to internal union organizations. From 1981 to 1986, an estimated one to two hundred thousand workers in Ontario alone lost their jobs due to plant closures. This gave management an advantage in industrial relations, so that just the threat of shutting down operations allowed them to extract concessions from trade unions. As a result, unions continued to suffer in terms of their legitimacy in the eyes of the membership, when they failed to preserve such things as wage levels, work rules and seniority systems. The most serious problem unions had face, however, was the loss of the members themselves. For example, the Canadian section of the United Steelworkers of America represented 192,000 workers in 1980, but this number declined to 128,000 by 1982. Peter Warrian, a former research director with the Canadian USWA, followed the effect of recession on the union's members by using tracking data based on structural change in the steel industry. Many steelworkers laid off in 1981 were unable to regain their former positions after the so-called "recovery". Those who lost their jobs saw a precipitous decline in their incomes of 75% or more. Of those who did manage to relocate - or approximately two-thirds - almost all went to industries with reduced wages and suffered income losses of at least \$100 a week [56].

Noting that capitalist restructuring had changed the

international economic and political context, Warrian expressed his concerns for the future of the trade union movement at an Ottawa conference on unemployment, held in 1985.

The economic world has changed profoundly and...there is no way back to "business as usual" [unionism]. The challenge [is] to define the ways in which the world has changed and on what terms unions and workers should respond to change. One of the most persistent refrains that workers are hearing from management, politicians and the media concerns the need to be "internationally competitive". Usually, this is translated in practice into demands for wage concessions, two tier contracts, more concessions for investment, social expenditure cutbacks etc. The most obvious objection to this from a trade union point of view is that the competition game is not a game that workers can win. No matter what wage concession you make, someone, somewhere in the world can always, with enough repression or starvation ... underbid you [57].

Public sector unions did not weather the economic storm any better than their private sector counterparts. Governments at all levels introduced wage controls and made extensive use of back-to-work legislation [58], as well as policies contracting-out operations to non-union firms. Some of the most regressive labour practices have been used by governments to deal with their own employees. Laws which removed the right to strike while at the same time rigged arbitration systems in favour of governments, demonstrated a blatant conflict of interest and made a mockery of the state's presumed neutrality in the industrial relations field. Following several complaints from public sector unions, the seriousness of the violation of the fundamental trade union freedom, that of association, was recognized by the International Labour Organization. Only Canada (in September of 1985), apart

from Poland during the outlawing of Solidarity, has been subject to an on-site investigation by the ILO [59].

Many in the labour movement have lamented the passing of free collective bargaining and "business-as-usual" unionism, put in place at the end of the Second World War. For Panitch, however, the view that the "settlement" between labour on the one hand, and capital and the State on the other, was a permanent feature of the postwar period, was simply illusory. There was a mistaken belief that planning by industry and the Keynesian state could guarantee perpetual growth and full employment, and that capitalism's propensity for periodic crises had been overcome. Trade union rights won in labour legislation were also thought to be permanent and irreversible. But these conditions were specific to a period of economic expansion and could last only as long as growth continued. Cyclical and structural unemployment, part-time work and under-employment, and a huge reserve army of unemployed in most advanced industrial countries now directly threaten the trade union movement [60]. Summarizing the new era in which organized labour finds itself, Panitch noted,

It is impossible to talk about the way in which the restructuring of work challenges the working classes without simultaneously talking about the restructuring of the labour market. It is moreover extremely misleading to see restructuring in all these domains as abnormal. It is in the nature of capitalism as a system that, as part of its ongoing accumulation dynamic and the contradictions it fosters, there is a consistent process - sometimes incremental, at other times more dramatic - of decomposition and recomposition of capital, and hence of industry, of locale and occupation, of

the labour market, of state forms and even of the working class itself. What are today adduced as the new features of capitalism - with so much discussion of the apparent novelty of international competition and a changing international division of labour, the global reach of financial capital, new technology - are not really new; they are but the patterns and dynamics of capitalism carried to a new stage [61].

In light of the changes brought about by the international restructuring of capital, organized labour has had to adjust its economic and political strategies in order to survive as a significant social force in Canada. As will be seen, labour's relations with capital and the state in the latter half of the 1980s, have forced the trade union movement to learn what for some, has been a very hard lesson.

Chapter II. From Consultation to Conflict.

The Progressive Conservatives designed their 1984 campaign strategy around polling data which Decima Research Ltd. had begun to collect two years prior to the election. Surveys revealed deep discontent with the Liberal federal government's economic policies, as well as with the often bitter and antagonistic relations with the provinces and economic interests during the Trudeau years. Style and process, therefore, were important in selling the particular policy prescriptions the Tories had for the economy. Coming off the worst recession since the 1930s and with the unemployment rate remaining at very high levels, Brian Mulroney's three issues for the economy were "Jobs! Jobs! Jobs!" The Tories proposed to rely on the private sector for job creation and to end the interventionist practices of the federal state. Moreover, they promised that this would be achieved through cooperative efforts with the country's main economic interests [1].

The theme of national reconciliation, not just between the provinces and the federal government, but in the economic life of the country, was reflected in the government's throne speech in November of 1984. Indeed, the government said that this was the most urgent of its tasks and would require "a constant process of consultation and cooperation" [2]. To facilitate a national cooperative effort, an economic summit of all important groups in the economy would be held early in the following year. The

government's ambitious proposal would bring together representatives of labour, business and government, as well as other social groups, such as consumers, women and native peoples. It was hoped that the summit would provide a "new and productive climate and context for economic decision-making in Canada." The throne speech had propitious words for labour, and promised that it would have significant input into the proposed consultative process.

...there can be no doubt of the importance or legitimacy of the trade union movement in Canada, or of the desirability of both management and labour playing a critical role in the consultative process through which the new national agenda is established. ...over time, mutual confidence and a sense of shared responsibility for our national economy must lead to consensus [3].

To this end, government's role would be that of "guide, mediator and catalyst".

The trade union movement probably needed reassurance because of past experience. As the visible signs of crisis began to manifest in the late 1960s, the frequency of exercises in consultation intensified. Beginning in 1969 with the Prices and Incomes Commission's search for a consensus on voluntary restraints from labour and business [4], right through to the discussions before and after the implementation of Bill C-124 in the June 1982 budget - the infamous "6 and 5" legislation which effectively abolished collective bargaining in the public sector [5] - the federal

government has often made use of these exercises. It has even offered to institute joint decision-making frameworks for national economic planning, such as those existing in Western Europe, which would include the country's major economic interest groups. For example, during the last recession Pierre Trudeau addressed the founding convention of the Canadian Federation of Labour saying, "We live in such a complex society that it's impossible to make it work without co-operation among the main economic decision-makers." He went on to advocate a system wherein labour, business and government would "share the responsibility for governing," words remarkably similar to the Conservative's throne speech [6].

Despite all appearances, however, it is the state which has most often stood in the way of frameworks for national economic decision-making. As the government continued its search for consensus on wage and price restraints in the mid-1970s, business and labour were solicited as to their views on specific government policy options. Even though both groups objected to the government's suggestions, the anti-inflation program implemented in 1975 was essentially identical to the initial proposals. Thus, the government "created the impression that the consultation process had been designed only to win support for a preordained policy decision rather than to achieve a mutually acceptable consensus" [7].

The imposition of wage and price controls in 1975 dealt a severe

blow to organized labour and indicated just how vulnerable it had become in a period of economic instability. By undermining the institution of free collective bargaining, the government rendered useless the only tools unions possessed to look after the interests of their membership - the ability to negotiate wages and benefits, and failing this, the right to withdraw services in the form of strike action. This left organized labour with little option but to hope the federal government was serious when it began to make pronouncements on joint decision-making for the post-controls period. At its 1976 convention, the Canadian Labour Congress raised the issue of collaborating in economic policy-making.

...the government is moving into a new era in which the institutions of [the] country are going to change. National planning for social and economic issues demand strong central powers. The question for the CLC is whether it wishes to be in the forefront in planning the structure of the future in the way in which it believes will best serve the workers' interests or not [8].

The CLC envisioned a tripartite structure in which it would be an equal partner to both business and government and wherein the decisions of the body would be binding. It accepted that this would entail trade-offs; for example, labour restraining the demands of workers in exchange for business giving up exclusive control of investment and pricing policies. But when the Labour Congress put its ideas to the federal government, the latter backed away with the excuse that the government could not be bound by any

resulting decisions because this would raise constitutional problems as well as challenge the supremacy of Parliament.

It is not clear, then, what the federal government wanted in terms of a new policy making structure at that time. An advisory body already existed in the form of the Economic Council of Canada with representatives from business, labour and other sectors, as well as independent economists and officials. And it was probably due to the frustration with the unilateral imposition of wage and price controls and the lack of any real and meaningful input into the policy-making process which led the Canadian Labour Congress to withdraw their representative in 1976 [9]. What is plain is that the CLC was looking for some form of "social" corporatist structure, and was encouraged to believe that this was attainable because of political signals from the federal government and its continuous offers of consultation. As Panitch observed, however, there is a difference between corporatist ideology and corporatist structures.

...corporatism is conceived [of] as an actual political form, not an ideology. Corporatist ideology, based on the image of class harmony within an organic unity of society and seeking to overcome the competition and class conflict endemic to capitalism, can facilitate the establishment of corporatist forms, but it must be distinguished from the forms themselves. Both the ideology and the structures are associated with the attempt to contain class conflict in capitalist society, but ideas themselves must not be mistaken for structures [10].

While the ideology of corporatism has been pervasive and several

exercises in labour-business-government consultation have been regularly employed over the past several years, Canada has never approached any semblance of the economic planning structures which have existed at various times in West European countries. Nevertheless, because of its relative weakness, the organized labour movement in Canada has continued to find offers of consultation attractive. Thus, after years of being thwarted by the federal Liberals, the leadership of Canadian Labour Congress - in particular its president, Dennis McDermott - held out hope for a new beginning late in 1984 with the Progressive Conservatives.

In an interview, McDermott welcomed the election of the Conservative government, saying the Liberals had been "arrogant and uncaring" and he believed that there were prospects for co-operation and consultation with the new administration, if Prime Minister Mulroney honoured his pledge to work on economic issues with labour and other interest groups. McDermott noted Mulroney's experience in the field of labour relations and said that it augured well for a close and consultative relationship between labour and the government [11]. Bill McKnight, the Cabinet Minister appointed to the Labour portfolio reiterated these sentiments and also looked forward to a new era of co-operation with labour and business and pledged early discussions with their principal representatives [12].

Some labour leaders, notably Dave Patterson, Ontario director of

the United Steelworkers, thought that McDermott welcomed the Tories' victory a little too warmly. He pointed to McKnight's appointment as evidence that the government would not make labour relations a major priority. The CLC had favoured a more progressive appointment such as David Crombie or John Fraser; McKnight was a Saskatchewan MP with little experience in dealing with organized labour. McDermott had expressed surprise at the appointment but added that labour remained committed to co-operation. Other trade union officials noted that the size of the Tory majority gave them a strong mandate and it would not be in organized labour's interest to challenge the government before it had a chance to put forward a program.

After Finance Minister Michael Wilson's mini-budget in early November, McDermott merely expressed disappointment that the government's priority had appeared to have switched from job creation to deficit reduction [13]. This contrasted with the Ontario Federation of Labour's statement condemning it as an unprecedented attack on the labour movement. Bob White, Canadian Director of the United Auto Workers and a CLC vice-president also criticized the Tories for their pro-business agenda. In a reference to the Conservative government's desire for dialogue, White said, "We ought not to fool ourselves into thinking there's going to be a consensus" [14].

In the months preceding the general election, there had been

some manoeuvring within the CLC hierarchy which seemed to indicate divisions among the leadership. Shirley Carr had been moved in May of 1984, from executive vice-president responsible for the CLC's research and legislation department, a position which brought her into constant contact with governmental and parliamentary authorities, to the secretary-treasurer position. The former president of the powerful Canadian Union of Public Employees, Carr was still regarded as a powerful voice in the labour central, but her change in position - rumoured by CLC sources to be engineered by McDermott - was interpreted to mean that McDermott intended to stay on as president for some time to come [15].

In August 1984, Ronald Lang, the director of research and legislation was moved over to become Carr's executive assistant. Both had pushed for the institution of the Canadian Labour Market and Productivity Centre, a government-funded business-labour think tank. McDermott had displayed a distinct lack of interest in this and other tri- or multi-partite forums for policy advising and consultation. (Brian Mulroney, incidentally, had supported the concept of the Centre when he was President of the Iron Ore Company of Canada). McDermott distrusted this kind of mechanism as well as consultation exercises, believing past experience had shown them to be instruments for "co-opting" labour. Instead, he preferred to meet Cabinet Ministers and government officials in one-on-one situations. However, when Treasury Board President Robert de Cotret requested a delegate from the Canadian Labour Congress, to

sit on a committee and to advise on federal government reorganization, McDermott consented.

At the B.C. Federation of Labour convention in late November 1984, Carr criticized the CLC's participation on the committee. She believed that labour would have no chance of influencing the decision-making because labour was outnumbered on the committee, with 3 labour to 9 business representatives [16]. Furthermore, Mrs. Carr said that labour had no business being on a committee whose mandate was to tell government not whether, but where program cuts should be made. In a somewhat graphic description, she said, "It's like the choice between having your throat slit and being hit by a Mack truck" [17]. This put Carr in direct confrontation with McDermott.

The following week, McDermott defended his decision to work with the Tories on the grounds that the program review exercise was part of the consultations with the Mulroney government to which the CLC had committed itself. As he said at the time,

This government is still in its infancy and hasn't come to grips with many things... It's far too soon to be judging it. When we say we want consultation we have to be consistent. Just because the first opportunity is politically uncomfortable, we can't pass. We have to bite the bullet and get in there [18].

McDermott also made a point of repudiating Shirley Carr for her "unauthorized" statement. Because the government seemed intent on

making cuts, it was better for labour to be on the inside protecting its interests. However when John Fryer, president of the National Union of Provincial Government Employees and another member of the CLC executive, commented on the dispute, he appeared to be supportive of Carr. It was Fryer's view that representation on the committee was pointless and that labour was being used as a rubber stamp for decisions already made. Worthwhile consultation, he said, first requires a commitment on the part of the government to full employment [19].

McDermott's apparent willingness to collaborate with the Conservative government, led to further speculation that he was backing away from his earlier inclination to quit as Congress president at the CLC's 1986 convention. In any event, it was necessary to heal the divisions existing in the Canadian Labour Congress' executive council and at a meeting in early December, McDermott won the backing of the executive for his decision. The agreement came only after McDermott warned that the prestige of his office was at stake and, ironically, promised "to consult" the executive in the future before making such commitments to the government. Although the backing of the executive council was unanimous, the presidents of the public service unions - John Fryer, Jeff Rose of the Canadian Union of Public Employees, and Pierre Samson of the Public Service Alliance of Canada, remained extremely sceptical [20].

It was against this background of deep division among the CLC's

leadership that the National Economic Summit took place in the spring of 1985. The prospects for any kind of joint decision-making, however, were not very good. When Treasury Board President Robert de Cotret held the post of Minister of State for Economic Development in the short-lived Clark government he had proposed just such a national economic forum. Although some policy analysts concluded that this kind of mechanism could possibly play an educational and consensus-building role, it was highly unlikely that it could serve as a model for national collaborative decision-making on economic policy [21].

The conference began with Prime Minister Mulroney making a plea for consensus, but it was soon apparent that even this would be difficult to achieve. The discussions only emphasized the differences between government and business on one side, and labour on the other. Finance Minister Wilson reiterated the government's preoccupation with deficit reduction and this position was endorsed by the business representatives. Rowland Frazee, chairman of the Business Council on National Issues, urged a \$5 billion reduction for the May budget. McDermott and other labour representatives condemned the obsession with the deficit and said that the emphasis should be on job creation and full employment. The secretary-treasurer of the Quebec Federation of Labour, Fernand Daoust, demanded not only that full employment be the government's policy priority, but that organized labour as an equal partner in the

consultative process be given full participation in its administration.

But John Bulloch, president of the Canadian Federation of Independent Business, launched an obstreperous attack on labour arguing that Canada should adopt the policies of the Republican Reagan administration and abolish government intervention. According to Bulloch, it was "easier to get a divorce than [to] fire an employee... We have to compete with the Americans or slide into oblivion." Corporate executives such as Edward Newall, chairman of Du Pont Canada Inc., praised Mulroney for his meeting with Reagan at Quebec City in the preceding days. The result of the so-called Shamrock Summit had been a declaration committing Canada and the United States to discussions concerning the possibility of a bilateral free trade agreement. For Newall, lower trade barriers were "the single biggest step you can take to create new jobs" [22]. This led McDermott to challenge the various business leaders to say what their "true" policy agenda was.

In light of the gulf which separated the views of the major economic interest groups, the CLC's president might also have questioned the government's true intentions behind the staging of the National Economic Summit. Doern and Phidd have noted that consultative exercises have a number of purposes, but usually fall into one of two categories. On the one hand, there are positive

aspects such as becoming informed, learning about and understanding a particular problem or set of problems. If the efforts are genuine they can lead to the securing or even the conclusion of an agreement. On the other hand, there is often a recondite aspect to the process, so that the offer of consultation is used either as a stalling tactic, an attempt to co-opt a particular interest group, as a symbolic show of concern, or as "a substitute for more substantive action" [23]. For labour, this particular round of consultation appeared to fall into the latter category. No one in the trade union camp believed that the consultations would alter the federal budget. In fact, Jeff Rose believed the two-day conference was simply a marketing exercise for the Tories. Shirley Carr went further, questioning whether the whole process had been designed to co-opt organized labour and she put a condition on any future co-operation, saying trade union involvement in economic decision-making had to be based on equality [24].

Any hopes for future co-operation, however, appeared to be dashed by the May 23rd federal budget. While public opinion saw unemployment as the main issue of the day [25], not surprisingly the budget emphasized the deficit reduction. Dennis McDermott reacted by saying that the government had "performed miserably - no better than its predecessor." The government only listened to business interests in its consultation exercise and, therefore, consultation appeared to be a sham, just as it was under the Liberals. Bob White also questioned whether the Tories had taken

organized labour seriously. "...the Conservative's [1984] election campaign downplayed the significance of the deficit. Nothing of significance in the budget corresponds with anything labour has been recommending" [26]. According to the Prime Minister, however, the Summit was extremely valuable in producing the budget, so that it "could be brought in, in a climate of tranquility, relatively speaking, [and] so that it could give rise to the kinds of co-operation upon which prosperity is based... We think there is a better way to proceed than a unilateral imposition of will from Ottawa" [27].

McDermott was extremely bitter, and in a public speech following the Conservative budget he indicated a sense of betrayal with government promises as well as with regard to the consultative process. He declared that the budget might produce cheering in the corporate boardrooms, but

Across-the-board increases in federal taxes plus additional specific taxes on many commodities, reduced indexing on pensions, higher transportation costs and other measures ...create additional hardships on people in the low-income scale... Taken together the provisions of the budget represent a series of broken promises. They represent a broken promise of the commitment to "jobs, jobs, jobs". ...They represent a broken promise on universality. The decision to de-index family allowances and old age pensions is a backdoor withdrawal from the principle of universality. This is an option which was never discussed by the government in its consultations with labour and other community groups [28].

The exercise in consultation did have an unforeseen result,

however, for the foundation of popular sector coalescence was laid at the National Economic Summit. Participants commented at the time, that the best things to come out of it were the airing of ideas and the exchanging of phone numbers [29]. The first act of the future coalition occurred on the anniversary of the September 4th Conservative election victory. Organized labour and other popular groups released an open letter to the Prime Minister, condemning his government's policies and implying that during the consultations his government had listened only to the business community. The signatories represented 58 of the participants at the National Economic Summit, including 35 trade union leaders and 23 members of church, social and community groups. The letter was published in the Globe and Mail and La Presse and although the signatories expressed serious reservations about the government's social and economic policy priorities, they reaffirmed their faith in the consultative process:

As participants in the National Economic Conference we represent a significant variety of important constituencies in Canada. The conference presented an opportunity for a number of groups in our society to talk to each other, in some cases for the first time. In that process our groups realized we had common views in a number of areas. The National Economic Conference was convened as a way for the federal government to hear views on our country's economic course, in advance of the budget. That budget, presented in May, is not, in our judgement, an accurate reflection of the majority opinion that you sought at the National Economic Conference. We expected that you would take our views into account. But you have disappointed us. Nevertheless, via this letter, we are continuing the process of consultation with your government [30].

The trade unionists and popular group representatives went on to outline four areas in which they felt the government's record was lacking. First, the threat to the universality of social programs through the de-indexation of family allowances and pensions was a particular worry. Second, increases in sales taxes were condemned as regressive and the \$500,000 lifetime capital gains tax exemption was criticized for aggravating existing income disparities. The signatories advocated a fairer taxation system in which individuals and corporations contribute to government revenues based on ability to pay. Third, the role of government had to be activist in order to ensure a decent quality of life for all Canadians. This particularly applied to the fourth point: unemployment was considered the most pressing social and economic problem and it would not be solved with budget provisions eliminating 15,000 jobs in the public service over six years or spending cuts in job creation and training programs of \$78 million in 1985-86, and a further \$100 million reduction in 1986-87. Unemployment could only be solved through training and mandatory affirmative action programs for youth, native peoples, visible minorities and other disadvantaged groups. Therefore, the government would have to assume its responsibility in this area for the signatories did not believe that "reliance on the private sector and the market [could] effectively address the urgency of job creation or inequalities in the work force."

For Dennis McDermott, the failure of the government to respond

to labour's concerns proved fatal, and on November 22, 1985, he announced his intention to resign as president of the Canadian Labour Congress [31]. McDermott said he was quitting for mostly personal reasons, but given his mishandling of the government's exercises in consultation, his move was probably politically expedient. His decision virtually assured that the position would go to Shirley Carr [32]. Ironically, it was Carr who had demonstrated more faith in collaborative frameworks for business, labour and government. She had worked with Thomas D'Aquino of the Business Council on National Issues, for the creation of the Labour Market and Productivity Centre. In 1981 as heads of the Major Projects Task Force, Carr and Robert Blair, president of Nova Corp., an Alberta energy firm, produced a report recommending mega-projects be the focus of government policy for long-term economic development [33]. The bipartite task force grew out of the 1978 Industry, Trade & Commerce consultations and was composed of 80 members from Canadian business and labour. Part of the object had been to keep business and labour in a consultative mode [34].

In December, the 38-member executive council of the CLC endorsed Carr as its official candidate for president, thus assuring her election at the April convention. For her part, Carr said that she would continue to consult with the federal government but warned that the process must be meaningful and that labour's views should be taken into account in the formulation of national policy [35]. However, in January of 1986, a month before the next federal budget

was due, when the CLC attempted to garner support for another national economic conference, both the Conservative government and business organizations were unwilling to participate. Their reluctance was understandable due to the fierce criticism that had followed the last such exercise [36]. Nevertheless, the 1986 national economic conference went ahead, only this time around it was confined to groups representing trade unions and the popular sector.

In chairing the conference, Choviva Hosek, then a representative of the National Action Committee on the Status of Women and an organizer of the original March 1985 summit, expressed extreme disappointment with the government's decision not to participate especially in light of its previous statements concerning the importance of consultation and consensus-building [37]. Moreover, Tory pollster Allan Gregg, president of Decima Research Ltd., was also critical of the government's refusal to attend. He said that even though the 1985 conference was not viewed by many participants as a success, Canadians continued to believe that government, business and labour must strive for consensus on policy issues. According to Gregg, "Government cannot, or will not solve our problems if it operates in a vacuum or works at variance with the other major players... Those who have organized this conference should be applauded and those who have failed to participate have probably made that consensus that much harder to realize" [38].

The conference - entitled Dialogue '86 - included the representatives of farmers, church groups, teachers, native peoples, the handicapped, voluntary organizations and trade union bodies. Delegates aired worries about unemployment and expressed fears that the government's goal of free trade with the United States would cause even worse unemployment problems for some groups of workers. Most important, before the conference concluded the trade union movement and the popular sector looked to the possibility of forming a broad-based coalition in opposition to government policies of cutbacks, deregulation, privatization and free trade [39].

Organized labour's experience with consultation under the Conservatives had been no more profitable than it was under the Liberals. In fact, collaboration between government, business and labour, at least at the national level, over the past 20-odd years did not appear to have brought Canada any closer to a corporatist structure for economic planning and policy implementation. This conclusion contrasts with Langille, who had written in 1982, that:

It can be concluded that the consultative process in Canada is developing in a corporatist direction. ...it manifests many of the same characteristics as the corporatism found in other advanced capitalist states. ... The economic crisis generally is not found to be a barrier obstructing corporatist developments, but may actually be pushing labour, capital and the state together in an effort to mitigate its effects and devise "appropriate" remedies. ... Viewed from a long-term perspective, the consultative process between capital, labour and the Canadian state is obviously gaining momentum, despite the uneven character of its development [40].

With the benefit of hindsight it is clear that Langille's conclusion did not pan out. Consultative exercises seeking to formulate an industrial development strategy, such as those sponsored by the Department of Industry, Trade and Commerce in the late 1970s, and the Major Projects Task Force in the early 1980s, certainly did appear to be moving in a corporatist direction. But the long-term economic crisis which impelled collaboration in these earlier exercises, erupted in a severe recession and led to further restructuring of both capital and state. Under enormous fiscal pressure, the federal government (as with other governments in Western industrial societies) drew closer to the economic policy prescriptions of the business sector. Nevertheless, in 1984-85, organized labour took one more chance on collaborating with government and business. By this time, however, class divisions had widened to the point where there was virtually no common ground on which to formulate policies agreeable to each side. Consequently, the trade union movement looked for solidarity with the representatives of other social groups, many of whom the Conservative government had invited to participate in the National Economic Summit, and thus, a new form of politics at the base was engendered.

Coincidentally, at about the time organized labour was making moves to form a coalition with popular sector interests, a study by Leo Panitch examining the tripartite experience in Western

Europe, was published as part of the research done for the Macdonald Royal Commission. Panitch felt that the efforts of the leadership of the Canadian trade union movement to secure similar arrangements were self-defeating and would prevent labour from advancing its interests in concert with other groups and establishing a truly democratic political and economic program. In his words,

...if the question of our time is once again the fundamental issue of whether full employment and capitalism are compatible, and if it is clear that equality between the classes is not really possible, even in the best of times, within tripartism, then to continue to search for social partnership will not only be misleading, but will close off the possibility of broadening the political agenda to raise radical new avenues for advancing Canadian democracy and economic prospects [41].

In May of 1986, a new radicalism did emerge from the Canadian Labour Congress convention. As expected, Shirley Carr was elected president with the backing of the executive council. And although CLC vice-president Richard Martin said there was a "real sense of hopelessness" because the failure of consultation left labour without any policy input into the Conservative government [42], the convention issued two significant statements regarding public policy.

The first document [43] was a condemnation of the government's initiatives in the field of economic development, which focussed on reducing the force of state intervention in the economy through

the application three policies - deregulation, privatization and the pursuit of a free trade agreement with the United States. By deregulating certain economic sectors and activities and privatizing Crown corporations and government services the direct influence of the state was removed from the economy. Continental free trade indirectly complemented the other two initiatives by facilitating industrial adjustment by the private sector, rather than relying on interfering state policy instruments of regulation or state enterprise.

Organized labour was firmly opposed to these policies, and when it became obvious during the consultative process that none of their macro-economic concerns were going to be addressed, it began increasingly to agitate against them. The CLC perceived the policy trio as a threat to trade union organizations and their membership and condemned them as the government's "corporate blueprint" for Canada. Moreover, the views of the conflicting interests surrounding these policies were cast by labour in terms of a contest of ideas. As the document tersely stated, "the battle over these policies will be a battle between two conflicting views of the world. The mean spirited, market dominated view of the corporate world will be countered by a workers' agenda that puts priority on a planned, compassionate economy and society that meets the needs of people" [44]. As will be seen, in the long run, labour was unable to alter the government's course and was forced to rely on a politics of coalition-building in the hope of

defeating the government and its policies in the 1988 federal election.

The second convention statement expressed just the sort of radical and democratic program to which Panitch had referred in his Royal Commission study. Entitled "The Workers' Agenda for Canada", the document set out a plan for far-reaching economic policy changes and political action. It reiterated labour's opposition to a corporate view of society and the economy and indicated that the struggle to achieve change would be lengthy by saying, "the challenge for the rest of this century will be to create economic democracy in Canada, to broaden the effectiveness of our democratic institutions against a philosophy that would substitute corporate power for economic and social democracy" [45]. To realize their objectives, the CLC and its affiliates were determined to make a concerted effort to expand the concerns of the organized labour movement beyond those of its rank and file. The labour central pledged to work with other groups to mobilize public opinion in support of the extension of social programs and the prevention of further cutbacks. Labour's approach to social policy specifically targetted groups who were not necessarily associated with a trade union and it committed itself to bringing broader social interests into the labour movement:

In terms of public pension programs, child care, minimum income protection, income for the disabled and adjustment programs for older workers, Canada's social programs are totally inadequate. With the aging of our population, in

particular, and with the continuing high rates of unemployment caused by failures in government economic policies, the need is for more social spending, not less. ...We will continue the campaign of affirmative action to demand for women their fair share of the economic and social rewards of our society. We will continue to make affirmative action including pay equity a high priority in our educational programs, and we will continue to assist all affiliates to develop a strong, co-ordinated agenda that puts affirmative action at the heart of our collective bargaining strategy. Affirmative action programs for native people, visible minorities and the disabled are also central issues for working people. No longer is it tolerable for people in these groups to be deprived of their rights [46].

According to the document, the workers' agenda was a full employment agenda, which meant expenditure increases and a large, interventionist state, rather than deficit reduction, spending cutbacks and government "downsizing". Because private sector control of investment decisions was considered a social failure, a strategy of democratically controlled economic development would require a redirection of capital investment. This would entail public control over banking and financial institutions to ensure that workers' savings were used for job creation. Profitability would not be the sole criterion for an investment, but it must also include, how many jobs the investment created, the social usefulness of the goods and services produced, the needs of communities, and the potential for skills development [47].

The trade union movement consciously and deliberately sought to broaden its appeal to other social groups, in order to build an alliance in opposition to the federal Conservative's economic development policies. Before examining the issue of free trade

and the coalition politics which it fomented, however, it is necessary to trace the conflicting interests and policy ideas of government, business and labour, in two other areas. Certain cases involving the federal government's implementation of deregulation and privatization policies can illustrate the deterioration in relations between labour and the state and are particularly revealing of the continuing efforts the Canadian Labour Congress made to mobilize its membership and turn public opinion against the government.

Chapter III. Conflicting Policy Interests and Ideas: Deregulation and Privatization.

After the Tory election victory, Prime Minister Mulroney indicated that the improvement of Canadian-American relations would be a primary goal of his government, especially in the realm of economic policy. Thus, his first major action was a trip to Washington, his first major public address was at Economic Club in New York, where he declared that the Foreign Investment Review Agency was "dead" and that Canada was "open for business," and the first major piece of legislation from his government was a bill to deregulate the framework for foreign investment review.

There are probably several ways to explain the policy orientation of political leaders. Decision-making theorists often focus on psychological factors or socialization. For example, an examination of Prime Minister Mulroney's persona reveals a close identification with and high regard for the American metropole. Mulroney noted on several occasions that his hometown owed its very existence to American direct investment. Indeed, Baie Comeau, Quebec, was built around the staple export of pulp and paper, in order to feed newsprint to the presses of the Chicago Tribune [1]. Political economists, on the other hand, believe it is more profitable to subsume those ideosyncratic predispositions within a wider class analysis. Sociologist Wallace Clement has analyzed the composition of the Canadian capitalist class and has divided it into an indigenous class fraction, whose corporate power base

is Canadian-owned and controlled, and a comprador fraction with its main allegiance to a foreign-controlled base of power. The latter fraction comprises the senior executives and directors of branch plants whose directives and policies emanate from foreign headquarters [2].

The Prime Minister came from a poor working class background, but his class identification derives from the fact that later in life he rose to prominence in the corporate sector. After losing his first attempt to become Progressive Conservative leader in 1976, Mulroney became the president of the Iron Ore Company of Canada, a subsidiary under the corporate control of Hanna Mining of Cleveland. During his stint, Hanna Mining underwent corporate restructuring and Mulroney was ordered to shut down the iron mine at Schefferville, Que. For this reason, he has been called a "model" member of the comprador class [3]. Even though Mulroney can be identified with that fraction of capital with the greatest interest in deregulating the foreign investment regime, it is important to note that by the mid-1980s, both class fractions were united in their support for a relaxation of the review process. Moreover, both groups within the business community were well-represented in Cabinet.

The November 1984 economic statement asserted that sustained economic growth required foreign capital in the form of new investment from abroad and reinvestment by foreign-owned companies

in Canada. However, because the country had a negative and obstructive image in international financial circles, the regulatory regime for foreign investment had to be changed [4]. Minister of Regional Industrial Expansion Sinclair Stevens, himself a former businessman, announced in December that FIRA would be replaced by a new agency called Investment Canada which, as its main function, would promote foreign investment. Its screening role would be downgraded by raising the threshold for review of proposed foreign investments, while some transactions would be exempted altogether. To Stevens, the old Foreign Investment Review Act had betrayed "a lack of faith in the capacity of Canadians to face competition" and "to meet international challenges." The new act would be only the first of many steps in removing the burden of government interference, with its vast array of rules, regulations and laws, from entrepreneurs. Relaxing the restrictions on foreign investment would facilitate access to capital and technology and lead to the creation of permanent jobs for Canadians, all of which were important for building an internationally competitive economy [5]. According to Stevens,

"Canada must understand that the international economy and the major players in that economy have evolved considerably. No industrialized country today, no matter how advanced it is or how large its market is, can claim to be totally autonomous or independent from the rest of the world. ... The issue facing national policy makers in the 1980s is not how to secure independence, but rather how to gain the greatest national benefit from global interdependence" [6].

The new agency would be created by restructuring FIRA. New

procedures and operational structures were needed and a new staff brought in to establish relations with public and private sector organizations involved in investment promotion. In addition, Investment Canada would work on the international front to promote Canada's comparative advantages as a preferred industrial location [7].

The clash of class interests and ideas over foreign investment, were revealed before the House of Commons Committee on Regional Development. When Michael Ornstein [8] compared attitudes of executives of Canadian corporations and trade union leaders on this issue he found the two groups occupied opposite extremes. This was no less apparent in the public hearings on the Investment Canada Bill, where the two most important groups in terms of business and labour interest representation testified. The Canadian Labour Congress, Canada's largest labour central, represented 2 million trade union members, while the Business Council on National Issues was made up of 150 chief executive officers of major corporations in Canada, and at the time, represented about \$600 billion in assets or approximately 67% of the Canadian private GNP.

For organized labour, the government's new bill went in the opposite direction of what was needed. Dick Martin, a vice-president of the Canadian Labour Congress, argued FIRA had not been a significant bar to foreign investment because over its lifetime, 92% of all proposals had been allowed by Cabinet. And because the

government's new bill would reduce the number of investments subject to review by 90%, the number ultimately being rejected would be inconsequential. More important, the regulatory regime had done nothing to change the dominant place held by American business interests in the Canadian economy, nor had it changed the corporate behaviour of branch plants. Thus, replacing a largely ineffective piece of legislation could only be explained "on the basis of the political signal intended" [9].

The CLC's main concern was with the impact of foreign investment on employment. In addition to jobs foregone because of intra-firm trade, export blocking and a poor record of research and development, Martin cited statistics showing American-controlled firms tended to terminate more positions during periods of economic contraction. Of the top 50 companies in Canada by sales, 22% were U.S. owned and they accounted for just under half of the jobs lost during the 1982-83 recession. On the other hand, 64% of these firms were Canadian-controlled; but they accounted for only about 28% of the jobs lost [10].

With regard to the Investment Canada Bill itself, the points on which a potential investment would be judged, did not appear to be significantly different from the old Act, with the exception of an additional criterion concerning the contribution an investment made toward Canada's ability to compete in world markets. And the labour representative argued that it was precisely Canada's

experience with high levels of foreign ownership which had been the major source of industry's inability to compete. The most important change that could be made in the area of assessing new investment, therefore, would be to include the test of a company's record in labour relations. In the CLC's opinion, an investment from a company which mistreats employees, does not bargain in good faith or was likely to import anti-union attitudes, was not worth having.

Organized labour differed fundamentally with the government's approach. It was their view that "a nation cannot have political sovereignty without economic sovereignty and it cannot be independent as long as important decisions affecting its economy are made externally" [11]. Not only must the state intervene to review foreign investment, such intervention had to be part of an overall industrial strategy to secure full employment, promote balanced regional development, and integrate resource production with downstream processing and manufacturing. The CLC summarized its position in the following manner.

In general, our preference is for a strong federal public agency working in co-operation with the provinces which would take an activist role in attempting to lower the levels of foreign investment in Canada. For the past ten years we have had legislation which in theory allowed the federal government to play this activist role, and a government which did not have the political will to do so. With this Bill we will have neither the legislation nor a government which sees foreign investment as a problem to be addressed. The open-for-business approach signified in part by the change from FIRA to Investment Canada may be consistent with the present government's philosophy. If so, it follows that we

disagree fundamentally with the Bill's overall context as much as [with] the Bill itself [12].

The president of the Business Council on National Issues, Thomas D'Aquino, admitted that FIRA received a bad and undeserved rap for inhibiting foreign investment, but its perception outside the country required a legislative change. His organization, therefore, was "delighted" with the prospect of an altered regime for foreign investment and he stressed that this was the view of both executives of foreign-and Canadian-controlled corporations [13]. While agreeing with labour that the question of foreign investment was crucial to job creation, D'Aquino took issue with the CLC's contention that the international performance of foreign-owned firms was poor, claiming firms with world product mandates had impressive export records. He pleaded with the committee to "look at the facts" which were best demonstrated "by reputable economists who have no particular axe to grind." D'Aquino countered the Labour Congress's statistics on lay-offs by referring to the fact that when Canada was coming out of recession in 1983, Canadian-controlled firms in the manufacturing sector cut back capital expenditures by 27%, whereas foreign-controlled firms made cuts of only 9%. He closed by saying the corporate sector expected other government initiatives to complement the deregulation of foreign investment review.

[T]he two things I am convinced of are that the Investment Canada legislation in itself will not make a huge difference... We think that a combination of factors in the

fiscal policy area, combined with changes in other areas...will begin to make a difference in the investment inflows into this country [14].

Though left unsaid, it is clear that D'Aquino was referring to the alignment of Canada's taxation system with the United States, and equally important, the bilateral free trade agreement. Indeed, Cabinet ministers began to make a pitch for foreign investment after the announcement of the government's intention to pursue free trade with the United States. Andre Bissonnette, the Minister for Small Business, addressed a seminar of Paris business executives and advised them to look at Canada in terms of a jumping-off point to the U.S. market. Michael Wilson echoed his colleague saying,

You in France should not look on [free trade negotiations] with any degree of concern or anxiety. We see this as a way of strengthening Canada. As a result of this, there will be an opportunity for investors outside Canada to look to Canada as a better place to invest, as a platform into the United States market [15].

The Prime Minister, too, pushed free trade as a reason for investing foreign capital in Canada. In May 1986, he addressed some of the most powerful corporate leaders of Japanese industry. among them the heads of Nippon Steel, Hitachi, Sony, Honda, Mitsubishi, the Bank of Japan, and the Nippon Telegraph and Telephone Corp., telling them that secure access to the U.S. market made Canada a good place to invest [16].

The clash over deregulation and foreign ownership in the economy, was paralleled by and related to the conflict over privatization and the role of public ownership in the economy. At its 1986 convention, the CLC had condemned privatization of Crown corporations and government services. In the latter case, contracting-out directly threatened union organization by turning over union jobs to non-union businesses. The decision by Canada Post Corporation to privatize some of its services became a bitter issue in a strike by the inside postal workers and led to a campaign by the Canadian Labour Congress, the Canadian Union of Postal Workers (CUPW) and the Letter Carriers Union (LCU) in opposition to post office closures in rural areas, super-mailboxes and the privatization of postal services [17]. But it was the wholesale privatization of Crown firms which most appeared to alienate organized labour from the Tories' macro-economic approach and demonstrated the deep divisions inherent in the ideas and interests of government, business and labour.

State enterprise in Canada evolved for a number of reasons. In some cases, it was a reflection of different class interests. For example, public ownership of Ontario's hydro resources came largely at the insistence of a part of the business community - the manufacturers - in order to ensure cheap rates [18]. On the other hand, there have been broader public purposes. Most notably, state enterprise has played a "nation-building" role in the transportation, communications and cultural sectors. Crown

corporations also were created during the Second World War, so that the federal government would have a reference point to gage costs and production in the private sector [19].

In the postwar era, state enterprise has been employed by most industrialized societies primarily as a response to dislocations caused by a changing global economy. In Quebec, the erosion of the industrial base was apparent by the early 1960s. Hydro-Quebec was nationalized as one of the first of many Crown corporations formed during the Quiet Revolution, to provide the francophone technocratic middle class with professional and occupational opportunities in an increasingly marginal economy [20]. The federal government also extended its use of public enterprise, especially during the economic turbulence of the 1970s. Crown firms were set up in several sectors, including the vulnerable manufacturing sector, with direct control over production and often competing commercially with private enterprise.

Laux and Molot attribute (in part) the tremendous expansion of state enterprise in Canada, to the dominance of transnational capital in the international economy.

The changing nature of the Canadian public enterprise sector stems from the changing nature of the world economy, in particular the concentration and internationalization of production that over the 1970s resulted in industrial realignment and exacerbated competition, not only among firms for sales but also among states for production sites [21].

While these conditions affected all OECD countries and account for the ubiquitous increase in state enterprise, Laux and Molot refer to three other factors unique to Canada, which also contributed to its use. First, Canada's position in the international political economy was characterized by trade dependency and a weak manufacturing sector. Secondly, the reliance on (mostly) American capital and technology had produced a pattern of truncated industrialization. And thirdly, Canada's economy was marked by uneven regional development and disparities [22]. Thus, Crown corporations were one policy instrument used to adapt to the new conditions of global production and competition and to balance Canada's particular economic weaknesses.

There were as many influences and interests for a policy of privatization at the federal level, as there were for the creation of state enterprise. Nevertheless, until 1984, the relation of privatization to federal politics had been "intellectual and flirtatious" [23]. The Tory opposition and the Liberal government both made studies of privatization in 1975, with the latter giving it mention in their throne speech, but neither initiative produced results. In 1979, the Clark Government proposed to privatize PetroCanada, however their election defeat in 1980 put an end to that idea. When Brian Mulroney assumed the leadership of the Progressive Conservative Party in 1983, he appointed a caucus task force on privatization. By this time, the Thatcher government in Britain had provided a model on which to base such a policy. The

federal government would later acknowledge its influence, saying "...for Canada, Britain has been a leader whose example helped and encouraged us to get our program underway" [24].

For trade unions in Canada, the model of the British experience was discouraging and intimidating. The Thatcher government's privatization program reflected its neo-conservative and neo-liberal ideology and was designed to "roll back the frontiers of the state." The Conservative Party had adhered to the postwar Keynesian/interventionist consensus, until the late 1970s when it was successfully countered by monetarism [25]. With the arrival of the Thatcher government, policies stressed the removal of obstacles to private initiative and entrepreneurial activity and a reliance on market forces, rather than the state, for securing economic goals. And because organized labour was seen as a source of collectivist values and an inhibiting factor in free markets [26], privatization was one tool which could break the power of trade unions [27].

In Canada, ideological considerations were also important for those interested in a policy of privatization. Richard Lipsey, whose views typify neo-liberal economics, referred to the profound "unease" felt by the business community with the growth in assets and proliferation of Crown corporations during the 1970s generally, as well as the huge losses some of them had incurred. For Lipsey, state intervention in the market almost always had negative

consequences. He criticized the lack of accountability of Crown corporations and the fact that they have often been used for political (i.e., electoral) purposes. For example, prices for the goods and services produced could be held down, while wages were maintained at abnormally high levels. Location and investment decisions too, had been used for attracting voters. While he didn't have proof, Lipsey believed "...that any margin of inefficiency that there may be between private and publically owned firms in running their day-to-day affairs is swamped by the really costly investment, procurement and location decisions that are from time to time politically imposed on firms under public control" [28].

A wide range of groups and interests in both the private and public sector have been identified by Langford [29] as supporters of privatization. These can be categorized according to motivation. First, there are the ideological hardliners. In the Conservative cabinet, caucus and party, these individuals make up the so-called "razor gangs" who feel government has no business interfering with business. Their counterparts in the private sector are the business associations and lobby groups who want less government, less taxes, less competition from Crown corporations, and an American-style economy untainted by state enterprise. The other category of interest are those who are motivated by material considerations. In the private sector these include investment groups and corporations who look to the possibility of purchasing

commercially viable public firms. Also included are securities and investment dealers, consulting companies and law firms who stand to benefit monetarily from the privatization process. In the public sector there are senior executives of commercial Crown corporations who want the autonomy which the management of firms in the private sector have, as well as the commensurate salaries and benefits.

Ideological and material motivations, however, are not mutually exclusive, as the opinions of two executives from the business community illustrate. Both Paul Martin Jr. and Tom Kierans worked in sectors which stood to gain from a policy of privatization and both admitted that private enterprise, generally, would benefit from such a policy. Yet, they also made certain assumptions with regard to competition and the "efficiency" of the free market.

Before the 1984 election, Paul Martin argued for and had a specific interest in privatization. Martin was president and CEO of Canada Steamship Lines, a private sector company which operated in the transportation sector along side a number of major public firms. Martin's criticism of state enterprise was that it competed unfairly and that this had a stifling effect on economic development.

The growth of Canadian private enterprise is clearly inhibited by the existence of commercially oriented Crown corporations. Even the possibility that government may enter a market, or is likely to expand from a present base, will deter private

sector activity because of the fear of unfair competition [30].

According to Martin, unfair competition came from Crown firms which could invest and operate without fear of bankruptcy because government was there to bail them out if they made bad decisions. While private sector firms were constricted by short-term cash flow functions, managers of Crown corporations could undertake long-term and sometimes risky ventures. Moreover, public firms didn't have to show a good return on investment, they just had to be profitable, and they could achieve this if they invested heavily enough. Finally, Crown corporations rarely paid taxes and their borrowing costs were usually lower. Thus, for Martin, state enterprise was inefficient when it came to the allocation of scarce financial resources. Private sector companies, on the other hand, operate in a competitive market and therefore, were more disciplined and cost-effective.

Tom Kierans was president of McLeod Young Weir Ltd., an investment and brokerage house, and again, like Martin, he argued that public sector enterprise was inefficient because it does not operate under the pressure of competition.

As regulation is a poor substitute for competition, so bureaucratic intervention is an unsatisfactory surrogate for market stimuli. In the absence of true competition for the commercial Crowns, public servants cannot likely replace the discipline of markets in the capital rationing process. ...It is unseemly...in this period of pervasive economic change, for the private sector to face serious crowding out pressures

while another important segment of the economy plans expansion in undisciplined fashion and is rationed for capital by economically untestable procedures... Given the influence which this sector carries within the economy, in an international environment characterized by sharp competition, a new policy set should be implemented forthwith [31].

For Kierans that policy set had to include ones that enhance competition, in order for market-driven industrial adaptation to take place. Thus, privatization would be a "declaration that the era of proactive industrial interventionism, of resisting change and of cushioning transition by government, was at an end" [32].

The contents and tone of the November 1984 economic statement made it clear that the Conservative government had taken the business community's concerns to heart. The document stated that the pervasiveness of Crown corporations in the economy necessitated a review of their mandates, whether their resources were efficiently managed and whether their objectives could be achieved by some other instrument at a lower cost. Crown enterprises had to be examples of sound management and financial performance, rather than inefficiency and massive losses [33]. The following May, Finance Minister Wilson set out the criteria for privatization in his budget, stating "...a Crown corporation or other equity investment should be sold unless it is fulfilling a public policy purpose" [34]. Because few Crown corporations had formal mandates or terms of reference, this was taken to mean that every Crown was a potential privatization candidate.

At the same time, Wilson indicated the benefits from the government's policy. Reducing the size of government would reduce the deficit and to demonstrate the point, the Finance Minister announced an agreement to sell Northern Transportation Company Ltd., the decision to sell Canadian Arsenals Ltd. and Teleglobe Canada, as well as the government's interest in the Canadian Development Corporation. The sales would reduce the government's cash requirements by approximately \$675 million and the federal deficit by some \$350 million in 1985-86. Among other benefits, it was anticipated that privatization would make room for private sector initiatives and improve efficiency by removing "political and bureaucratic impediments" and imposing "market discipline."

The budget said the government was determined to proceed with privatization in a "businesslike" manner. To accomplish the task, representatives of business were inserted directly into the privatization machinery and eventually would play a role in the process itself. A special Ministerial Task Force under the chairmanship of the President of the Treasury Board, Robert de Cotret was set up with membership comprising the Minister of Energy, Mines and Resources, the Minister of Regional Industrial Expansion, and the Minister of State for Finance. The Task Force was supported in its deliberations by a special secretariat located within Treasury Board and headed by Basil Beneteau, previously Vice Chairman of the Board of Northern Telecom. Although the Task Force was chaired by de Cotret, it reported to the Prime Minister, thus

circumventing Treasury Board's statutory responsibility for reviewing and approving government financial transactions.

In the summer of 1986, the Task Force was upgraded to become the Cabinet Committee on Privatization, Regulatory Affairs and Operations. An Office of Privatization and Regulatory Affairs served as its policy and reviewing body and was overseen by the Minister of State for Privatization, Barbara McDougall. As far as the Minister was concerned, every commercial crown was a potential candidate for privatization [35]. Moreover, McDougall was an appropriate choice for the job because of her experience in financial markets, and her connections with the Canadian financial and securities industry, a major beneficiary of the privatization process [36].

The clash of interests and ideas surrounding the issue of privatization manifested in the government's first major sale of a public corporation, De Havilland Aircraft of Canada Ltd. The Auto Workers union (along with the government opposition) attempted to mobilize public opinion and its membership against the decision to sell, but in this it was unsuccessful. Later, when a labour dispute broke out between the union and the acquiring firm - Boeing Commercial Aircraft Company of Seattle, Washington - the union appealed to public opinion by claiming its strike action was based, at least in part, on nationalist grounds.

De Havilland's privatization resulted from the government's decision to sell its holdings in the Canada Development Investment Corporation (CDIC), of which the former was a part. Industry Minister Stevens made the announcement in October 1984, saying that CDIC's assets must be sold so that the "discipline and vitality of the marketplace will replace the often suffocating effect of government ownership" [37]. A new CDIC President, Calgary businessman Paul Marshall, head of Westmin Resources Ltd, was appointed to carry out the sale. As well, the Minister instructed CDIC to employ financial advisors from the private sector to market the assets and screen the applications of prospective purchasers [38].

In December of 1985, an announcement was made that De Havilland would be sold to the American multinational Boeing, despite appearing to have violated two of the Ministerial Task Force's policy guidelines, the first of which stated,

The government will be sensitive to the concerns of management and employees of corporations that may be considered candidates for sale. While recognizing that negotiations must be conducted confidentially, every effort will be made to keep these groups informed of significant developments and to ensure that their legitimate interests are not jeopardized [39].

Certainly the employees and the union local at De Havilland were not consulted with respect to the company's sale. Even after agreement to sell had been reached - through a legally-binding

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MICROCOPY RESOLUTION TEST CHART
NATIONAL BUREAU OF STANDARDS
STANDARD REFERENCE MATERIAL 1010a
(ANSI and ISO TEST CHART No 2)

Letter of Intent (LOI) - Bob White was still speaking in terms of stopping the deal. Addressing the Canadian council of the United Auto Workers, the union representing most of De Havilland's employees, White said the council would encourage the 135,000 Canadian UAW membership to contact their MPs and send telexes to the Prime Minister. In his words, "the more public discussion, the more political pressure there will be against the sale," [40]. Labour was hoping that political pressure could be generated by capitalizing on nationalist sentiment. De Havilland had been part of British Hawker Siddeley when it was bought by the federal government in 1974 [41]. At that time, the nationalization of De Havilland, for the purpose of retaining its STOL technology in Canada, was achieved by invoking the memory of the Diefenbaker decision to kill the Avro Arrow jet fighter. This time around, labour and the parliamentary opposition hoped to head off the deal, by raising fears that the Tories were selling out Canada to the U.S., especially since De Havilland's privatization followed so quickly the government's announced intentions to pursue free trade with the Americans [42].

The terms of the agreement, however, had already been set. Boeing would pay \$155 million for De Havilland, with \$90 million in cash and \$65 million in a 15-year repayable note. For each \$5 million in new orders from Canadian suppliers \$1 million could be cut off the note. Furthermore, company losses to the tune of \$400 million could be carried forward for tax purposes. Boeing bought

the technology for the Dash 7 and Dash 8 aircraft and models based on them outright, in exchange for a royalty paid to the government. In addition, Boeing would be eligible for \$65 million in support for the development of the Dash 8 from federal programs such as the Defence Industry Productivity Programme, \$40 million in support for export sales of Dash aircraft, as well as \$30 million as the federal share of product liability insurance [43]. Such highly favourable terms made it appear that the government had violated another of its policy guidelines:

Crown corporations will not be sold at distress prices merely to transfer them quickly to the private sector. A large deficit and normal fiscal prudence dictate that the privatization program should proceed at a measured pace with careful consideration of all the issues, not the least of which is the receipt of a fair and reasonable price for each asset [44].

The federal government had put \$834 million into De Havilland since November 1982, leading Bob White to comment that "Boeing is not offering to buy De Havilland. The Government of Canada is paying Boeing to acquire it" [45]. Some speculated that the Tories made the deal because they were trying too hard to make their first high-profile privatization sale. An ex-official with the CDIC was quoted as saying the Industry Minister Sinclair Stevens and other senior Tories wanted to sell the assets as soon as possible. The government, therefore, felt pressured to act as months passed without divestiture of a significant Crown corporation and the demands from Conservative supporters in the business community that

the former make good on its election promises, grew more insistent [46]. But others, citing the CDIC Board of Directors' advice to Cabinet to accept the Boeing offer because it was "superior" to other submissions and "far preferable to continuing De Havilland under government control," said it was a matter of ideology substituting for public policy [47]. In any case, neither the Letter of Intent, nor the Memorandum of Understanding (MOU), which set out non-binding guidelines for the future relationship between the privatized company and the government, mentioned maintaining the 4,500 jobs at De Havilland. Government and company officials declared that job security was dependent upon commercial success.

It was Robert de Cotret's opinion that the taxpayers benefitted simply by getting rid of the company because its development programs would have forced another injection of \$200 million from the federal treasury in 1986 and even more money later. But the government was also getting rid of a firm with an extremely poor labour relations record. Since 1954, De Havilland had gone through nine strikes on the way to negotiating 12 contracts. In 1986, the year of Boeing's formal acquisition, the company lost one million hours due to work refusals. The executive appointed by Boeing to run the company, said that "De Havilland probably had the most confrontational labour-management situation on the continent" [48]. As of August 1986, employees in the paint and plastics shops at Downsview were refusing to work, charging that the poor ventilation was poisoning them with toxic fumes. Health and Safety inspectors

had claimed the shops were among the most hazardous they had seen and had issued the company thirty seven orders to clean up the working conditions. As well, workers on the production line lacked the even most basic safety equipment, such as protective glasses.

In the summer of 1987, De Havilland's workers walked out in a contract dispute, only this time the strike had nationalist overtones. Just as labour had testified before the hearings into Investment Canada, the union charged it was faced with alien attitudes in labour-management relations because of the acquisition of a Canadian firm by a foreign company. Bob White, who was by this time president of the Canadian Auto Workers, said "Boeing...is trying to impose a U.S. system of labour negotiation that is totally foreign to this country and simply won't work." Boeing had sent its contract negotiators from head office in Seattle and during the first bargaining session, they presented 24 pages of concessions they wanted from the CAW. White was angry with what he saw as an imposition of foreign work rules. Among Boeing's demands were an end to rotating shifts, which would mean placing some workers on permanent night shift. Major changes in grievance and transfer procedures, as well as the seniority and recall systems were also demanded. According to White, Boeing wanted to "take a meat axe to the collective agreement" [49]. The strike was eventually resolved after more than two months, with each side making concessions. Boeing was able to gain acceptance for a reduction in the number of work categories and an end to a work

week of four 10-hour shifts for some employees. In exchange, the union received a \$3,000 signing bonus and wage increases of 3% for 1988 and 1989. For Bob White, however, the CAW's success came in resisting most of the Boeing's demands for concessions.

Doern and Atherton suggested that the government misjudged the political costs of selling De Havilland to an American-based firm. Labour and parliamentary protest, and the public controversy which ensued, especially when it became known that a Canadian bidder had been shut out of the process [50], served to indicate that foreign investment was still very much a political issue. Furthermore, it had implications for future government efforts at privatization.

[T]he choice of Boeing heightened the visibility of foreign ownership in general and especially in the aerospace sector. De Havilland's previous history of foreign ownership only heightened the tension. The sale of Canadair to a foreign firm then was much less likely [51].

Indeed, the De Havilland episode was a further factor in the mobilization of labour, to oppose the government's privatization plans. At Canadair, the International Association of Machinists and Aerospace Workers formed a group to lobby the government not to sell. A union official said, "We want to save the company so that it continues to be owned by the Canadian Government and that it stays in Canadian hands and that it stays in St-Laurent." The spokesman added that they were particularly worried about the lack of job guarantees in the De Havilland deal [52].

The antagonism of labour to the federal government's policies of privatizing Crown corporations and public services, was matched by labour's objections to the deregulation of the transportation sector. Organized labour's opposition resulted in efforts to mobilize their membership through the use of political education and in public campaigns and lobbying, while at the same time trying to influence public opinion. Transportation unions contended that deregulation legislation threatened jobs, the unity of the country and safety standards.

In 1985, transportation made up 6% of the Canadian Gross National Product. The federal government proposed to deregulate the \$21-billion sector in order to introduce greater competition, thereby increasing efficiency and reducing costs. Its ideas were outlined in a discussion paper entitled Freedom to Move, which was released in July by the Transport Minister Don Mazankowski [53]. Under the scheme the National Transportation Act of 1967 would be amended to remove government regulations and let market forces dictate company decisions on routes, fares and service. The criteria for new firms entering the transportation sector were to be changed so that they would only have to show they were "willing and able" to provide a service, instead of that service being required by "public convenience and necessity". The regulatory agency - the Canadian Transport Commission (CTC) - would have its powers reduced, its policy function removed and would be accorded a lesser role; for

example, the mediation of fare disputes between shippers and carriers. According to Mazankowski, removing government regulation over the transportation sector would mean "more competitive prices, and a wider range of services to shippers and the public" [54]. The House of Commons Standing Committee on Transportation (dominated by Conservative members) endorsed the government's deregulation plans, and enthusiastically noted that in keeping with the proposals, Crown corporations in the transportation sector were to be operated "in a commercial manner" [55]. In the case of CN Rail, the federal government had instructed it to eliminate its debt. This would be accomplished, in part, by selling off its corporate interests and becoming solely a freight railway.

There were a number of economic interest groups behind the Conservative government's move to deregulate transportation [56]. In 1984, the Canadian railway companies approached the federal government looking for help in at least two related areas: lowering costs and competing against the U.S. rail firms for transborder traffic. One of the ways to accomplish their first concern was loosening regulations to allow the railways to create short lines and abandon unproductive track. Canadian National, for example, did 90% of its business on a third of its track, 9% on another third, and 1% on the remaining third [57]. As for the second point, the Canadian companies wanted rules brought into line with the U.S. Staggers Rail Act of 1980, which had effectively deregulated the American rail industry. Under the law, U.S.

companies could pay shippers secret rebates to have transborder traffic re-routed, thus earning the American railways a larger share of freight charges. The Canadian companies claimed they were losing up to \$100 million a year because of the practice. As a result, one of the federal government deregulation proposals contained in the discussion paper, would allow confidential contracts, illegal under the old regulatory regime, and put an end to published rates and joint-rate setting.

Shippers, too, were interested in the deregulation of, and more competition in the transportation sector. According to Laurent Thibault, president of the Canadian Manufacturers' Association, it would have a positive impact on the prices of goods because outside of wages and materials, distribution costs were the biggest cost factor for manufacturers [58]. In February of 1986, the CMA along with other business interests formed the Coalition of Concerned Shippers to lobby the federal government for the introduction of deregulation legislation. Its chairman, Bob Beckwith, appealed to the government's obsession with international competitiveness by arguing that without a looser regulatory environment, it would become "more and more difficult to compete in a world market" [59].

Organized labour was extremely intimidated by the prospect of transport deregulation. Many unions in the sector were "internationals", and were quite familiar with the experience their American counterparts had had with deregulation in the late 1970s

and early 80s. In an effort to educate and mobilize the membership, union publications repeatedly recounted the fate of their American "brothers and sisters". The U.S. transport industry suffered major job dislocation, with 280,000 long-term workers or 9% of the total workforce losing their jobs between 1978 and 1983. By 1985, only half had found full time employment, and half of those were earning less income than in their previous jobs [60]. Deregulation had also led to U.S. transportation companies demanding - and usually getting - concessions from unions in the form of rollbacks in wages and work rules. Because of this, and increasing layoffs, labour costs fell and non-union operations proliferated. The Canadian chapter of the International Association of Machinists and Aerospace Workers (IAM), noted that the Staggers Rail Act was often interpreted by the Interstate Commerce Commission in such a way as to allow U.S. rail companies to use it as a "union-busting weapon" [61]. In the U.S. airline industry, over 50,000 airline workers lost their jobs between 1978 and 1984 [62]. Airline management extracted concessions on work rule changes and for two-tier pay scales, cutting starting wages of employees by up to 50%.

In Canada, the partial deregulation of the airline industry by former Liberal Transport Minister Lloyd Axworthy led to labour restructuring strategies in the form of mergers and calls for a united front, as carriers demanded more wage concessions, flexible staffing and lower starting rates. With wages and related expenses

making up 35% of an airline's costs, employee contract provisions were the only areas where companies could make significant cuts to remain competitive [63]. Air Canada, for example, succeeded in gaining concessions from the Canadian Airline Pilots Association (CALPA) lowering the starting rate for pilots, extending the time it took to reach the top rate and extending their maximum flying hours. When the passenger agents of the Canadian Airline Employee's Association (CALEA) went out on strike against the same company, they gained a small wage increase but were forced to allow lower starting rates and more airline control of staffing. Feeling particularly vulnerable, CALEA eventually merged its 4,500 members with the 110,000-member United Auto Workers of Canada. Similarly, the IAM, representing 16,000 baggage handlers, ramp attendants and mechanics, began to advocate a united front among airline unions, having been forced to lower starting rates for some of its members from \$9 to \$7, in October 1985 [64].

The IAM hoped to put transport deregulation on the public's political agenda by raising the issue of safety risks. It cited a survey of over 1,200 American pilots, in which two out of three said they believed deregulation had made flying more dangerous [65]. The union argued that deregulation would compromise safety standards as companies sought changes to work rules and maintenance procedures as part of their cost-cutting priorities. At the CLC's 1986 convention, the Canadian Brotherhood of Railway, Transport and General Workers (CBRT&GW) moved a resolution which was adopted

unanimously by the more than 2,000 delegates, calling for a public inquiry into railway safety. But the implication for safety was only one aspect of deregulation which organized labour wanted to bring to the public's attention. In speaking to the Convention, the CBRT's president, Jim Hunter, denounced the policy and its supporters as a menace to Canadian unity saying, "The transportation system was built by the founders of this country to ensure we had a country. If it were left to free enterprise we wouldn't even have a country. That's what they want to take away now as a result of deregulation" [66].

Even as organized labour was in convention, however, executives of the two major railways were issuing statements as to how much track they planned to abandon. Canadian Pacific was looking to abandon as much as a third of its track, claiming most of it was carrying as little as 20 truckloads of freight a day. The CNR wanted to cut 40 percent of its lines, and a company spokesman acknowledged the impact on jobs saying, "We have too much railroad, we have too many railroaders and we have to do a better job with fewer people" [67]. The CBRT responded by launching a national campaign against deregulation, aimed at its membership and political decision-makers. The union's national leadership attended meetings with locals across the country that spring and activists began making preparations for distributing information and pamphlets on the issue. As well, proposals were made to form local education committees, making a union video tape about the

issue, establishing a news link between union offices, and lobbying politicians at all levels [68].

Despite the efforts of the CBRT, legislation to deregulate the transportation sector was tabled in June of 1986. Bills C-18 and C-19 would implement the government's deregulation proposals by amending The National Transportation Act and The Motor Vehicle Transport Act, respectively. However, the drive by the CBRT to mobilize and educate its membership politically, was just a prelude to the full-scale mobilization of the organized labour movement in opposition to transport deregulation. Throughout October 1986, unionists met in regional workshops to map out strategies for a December public campaign and political lobby against the legislation [69]. Perhaps because they had so much to lose, the railway unions were especially active. In an appeal to its membership to participate in the campaign, the Canadian Signal and Communications Union declared it to be in the union's and the public's interest.

By letting the market determine railway priorities, Mulroney is condemning small communities and businesses to poor service and higher costs. The government wants to let short-line railways serve routes the national companies want to abandon. Higher equipment costs, small-scale operation and inefficiency mark short-lines, which are often run by local owner-operators. The short-lines are under more pressure to contract-out work, reduce maintenance to the bone and not spend on new projects because of their small size. Moreover, the spread of short-lines, which face a constant cash crunch, will create a bad atmosphere for unions. Deregulation means we would be swamped by company demands for diluted work rules, wage cuts and benefit reductions. ...Higher unemployment. lower company profits and deferred maintenance will produce a

triple threat to Canada's transportation system that can only be effectively opposed [in] a thorough public airing of deregulation's shortcomings. We owe it to our country and ourselves to make sure the message on deregulation is heard by Canada's decision-makers [70].

On December 1, 1986, CLC president Shirley Carr kicked off the 3-day campaign by issuing a press release which stated that the theory of transport deregulation - cheaper fares, improved service and more competition - was simply not the reality. Referring to American experience with the same policy, Carr warned that it would have a negative effect in Canada, particularly as it pertained to employment, fares, service, safety, regional development, and corporate concentration. The CLC's alternative was the preservation and strengthening of Canada's east-west transportation link, to ensure fair access to transport services for all Canadians, and to place the safe movement of people and goods as the "very highest priority" [71].

At the national level the CLC lobbied members of Parliament, with the objective of obtaining support from the opposition parties and demonstrating to Conservative MPs the dangers associated with deregulation. National media advertising was purchased and arrangements were made to send a labour delegation the following week to meet with and express their concerns to John Crosbie, who had replaced Mazankowski in the Transport portfolio. At the local and regional level, activists lobbied municipal and provincial politicians and demonstrated at local federal MP's offices.

Members of unions, provincial labour federations and local labour councils distributed a quarter of a million leaflets with the message "Good rules make good sense - deregulation does not," in workplaces, shopping malls, airports, bus terminals and train stations [72]. Many union locals ran ads in local newspapers explaining the "true" costs of transport deregulation in social and economic terms. As well, news conferences and meetings with editorial boards were scheduled locally across the country.

The public campaign and lobby did not dissuade the Tories from eventually deregulating the transport sector, nor is it likely that the trade union movement expected it would. The significance of the "good rules" campaign lay in the fact that the CLC felt it could best protect its interests by subsuming them within the wider social interest and by politicizing public policies perceived to be part of the Conservative's corporate agenda. The political strategy document produced at the CLC's convention in the spring, made specific reference to conducting this type of information campaign on a regular basis, until the government's policies of free trade, deregulation and privatization were withdrawn or defeated [73]. Thus, in addition to lobbying efforts, (which in any case were not proving particularly effective), the labour central was exploring new and different channels in an effort to extend and strengthen its influence, and to construct and consolidate an opposition coalition. Like the postal unions' campaign against privatization, one of the constituencies targeted

by the "good rules" campaign was small communities and rural areas. Because organized labour is a movement which is primarily urban-based in Southern Ontario and Quebec, it was important to reach out and ally its interests with those of outlying regions. Other elements of the trade union movement acted in the same vein. In June 1987, the Brotherhood of Maintenance of Way Employees, addressed the Federation of Canadian Municipalities at their convention in Ottawa, warning that deregulation threatened the livelihood of residents and the very existence of smalltown Canada. This message was repeated by the Newfoundland provincial committee of the Canadian Railway Labour Association in their brief on the deregulation legislation before the House of Commons Transport Committee.

Deregulation ... with profit being put before service and safety, will cut at the very economic fabric of this country, to say nothing of the irreversible damage it will do the souls of our own people. It will destroy us socially, morally and economically [74].

In labour's view, Canada's relatively small and scattered population, widely spaced markets and large land mass, made federal government intervention to preserve the transportation system as one of the ties that bind the nation, imperative.

Government, of course, with the support of business, was moving in the opposite direction and while organized labour was conducting its massive effort in political education, industry planned for and

continued the process of restructuring. In the fall of 1986, Pacific Western Airlines announced its purchase of Canadian Pacific Airlines adding to an already concentrated airline industry. Such concentration was particularly worrisome in terms of services provided to small communities. The large carriers had been acquiring interests in or complete takeovers of smaller regional airlines, raising the possibility of eliminating some of the less profitable routes when they undertook corporate rationalization. In earlier moves, Canadian Pacific took over the former Eastern Provincial Airways and Nordair, and bought a piece of Quebecair, Nordair-Metro of Montreal and Air Atlantic of St. John's. Air Canada had bought AirBC and a controlling interest in Air Ontario and Austin Airways, and a minority share in Air Nova of St. John's [75]. The airline trade unions were concerned that this would result in the loss of hundreds of jobs as industry consolidated operations over time [76].

Corporate restructuring continued apace in the railway industry as well. With the old agreement set to expire on Dec. 31, 1986, management and labour exchanged proposals for a new contract early in October. The parties' positions could not have been farther apart, with the thirteen labour unions wanting wages, benefits and job security on the bargaining table and the companies making it clear that the enhanced competition under deregulation would produce a sharp drop in their freight revenues, and that they would, therefore, have to reduce costs in an effort to adjust. The

industry asked for tough concessions from the unions, including a 5 percent wage rollback from the 60,000 current employees and the imposition of a two-tier wage scale. Under the scheme, new employees would start at half the current rate and rise to 75 percent of previous wage levels over five years. Railway companies also wanted changes in work rules to increase productivity.

And the prospect of a deregulated transportation sector was not the only reason for the industry's bargaining position. Although an executive with CP Rail had said it was unclear how Canadian railways, with their East-West orientation, would respond to a North-South shift under free trade [77], this appeared to be contradicted by another industry spokesman, who said the demands for concessions reflected "static traffic levels, intense competition at home and a changing trade picture in the U.S. and overseas." Without hesitating, the railway unions replied that if management persisted in its negotiating stance, it would precipitate the first national rail strike since 1975 [78].

The contract negotiations steadily devolved from this inauspicious beginning with each side becoming more combative. Early in 1987, Ron Lawless, who as the newly-appointed CEO was in charge of restructuring Canadian National, spoke at the Canadian Club in Montreal, saying one of the railway's problems was "future-shocked labour leaders [who] fight losing battles to keep positions that no longer serve a purpose." Armand Passaretti, the chief

negotiator for the Associated Railway Unions, accused Lawless of poisoning a generation of labour-management good will during his first year in office [79]. Relations between the parties were further embittered when the IAM obtained confidential CN planning documents, indicating the company would abandon 5,400 miles of track over five years in Quebec and Atlantic Canada as part of its new "market-driven" strategy. The documents spoke of eliminating 100 engineering positions, "transportation with reduced crews" and "equipment maintenance contracting out" [80].

Eventually the talks broke down completely, the unions received a mandate to strike in a vote by the membership and in late August 1987, they walked out in the first national rail strike in fifteen years. It lasted all of five days. On August 28, the Conservative government had the deregulation bills read in the Senate for the third and final time, the very day the rail workers were forced back to their jobs by back-to-work legislation. Under the terms of the latter bill, there was no assurance of a wage increase, nor was the government-appointed arbitrator compelled to deal with the issue of job security. Union leaders and their membership, understandably, were quite frustrated but did not defy the law. Having exhausted almost every means of halting the deregulation legislation, the national president of the Canadian Signal and Communications Union could only inform his members that the situation was "a political problem as much as a labour-management problem," and urge them to keep up the pressure by writing their

MPs [81].

Recognizing that the government's market-driven policies were designed to facilitate corporate restructuring and technological change, the railway trade unions were determined to carry out their struggle at the political level. In a study [82], the Canadian Railway Labour Association linked deregulation to privatization, and anticipated if the policies could not be reversed, the future structure of the industry would be marked by massive job loss. The new National Transportation Act, in allowing the two major companies to abandon track, would enable the federal government over a period of time, to reduce its large subsidies to CP Rail and CN Rail.

For the companies, this implied corporate downsizing through the creation of short line feeder routes in those regions where they could be competitive (mainly with trucking), and the integration of freight operations [83]. In addition, labour could anticipate the companies closing down the railway shops in Montreal and moving them to western Canada -the future base of most main line movement of bulk commodities. The value of the land for both railway's shops was far in excess of the value of the maintenance operations themselves. Finally, instead of having lots of local management to communicate with moving trains, new technology based on automation would be introduced to revolutionize railroad operations. Automatic Train Control Systems (ATCS) wherein satellites track train movements and on-board computers relay

running information to engineers, already existed in passenger (e.g.s, Japan's "Bullet" trains and San Francisco's Bay Area Rail Transit or BART) and freight (e.g.s, Burlington Northern and Union Pacific) rail systems. Both CN and CP had kept pace with these innovations and planned to make use of the new technology.

The Railway Labour Association contended that these developments would ultimately lead to the complete privatization of the Canadian railway system. This would be accomplished with large and small short line railways gradually replacing the branch line networks across the country. Having shifted much of its corporate interests in transportation into the trucking industry over the past several years, CP Rail would withdraw from rail transportation as a major coast to coast railway and perhaps become a short line railway. In the long term, government and industry aimed at the integration of the two major freight railways into one major trunk freight railway - CN Rail. At this point, CN would be privatized. Thus, in preparing for this eventuality, the government had CN's mandate changed to a commercial orientation and employed a strategy of rationalization to make it marketable. The trucking division CN Transport Route was sold, the Moncton Locomotive Repair Shops were closed and the Atlantic Shipping Division was split off to become a separate Crown corporation CN Marine [84].

The deregulation of the transportation sector was a "fait accompli" and the looming privatization of CN Rail appeared

inevitable. In order to reverse federal policy direction, the vice-president of the Brotherhood of Maintenance of Way Employees, could only look to a day of political reckoning when the Conservatives would be defeated in a general election.

The history of our Brotherhood and the Trade Union movement in general is dotted with setbacks but unions have made steady progress on behalf of their members and society as a whole. The seventies and eighties have not been kind years to our movement. This Conservative government and its soul mate to the south represent the peak of this trend. It's going to change. According to the polls the political map will be changed after the next election. People's issues will take precedence over the wishes of the big corporations. Then, railway workers can expect to be dealt with justly [85].

Deregulation and privatization had poisoned relations between organized labour and the federal government and contributed to the antagonism and conflict inherent in the collective bargaining process. Together, with the Conservative's decision to pursue a bilateral free trade arrangement with the United States, these policies were a direct challenge to the interests and economic development ideas of the trade union movement. The traditional techniques of organized interest politics (e.g. lobbying) had failed to dissuade the government from adopting or even modifying its policy orientation, so labour turned to new strategies for fighting the triple policy threat. These strategies included political education and advocacy campaigns both for the purpose of mobilizing union membership and influencing public opinion, and a concerted effort to form coalitions in order to make common cause with other popular groups.

In their continuing struggle against Conservative policy, late in 1986 the Canadian Labour Congress undertook a national telephone poll on deregulation, privatization and free trade, both as a public relations exercise in itself, and in an effort to gain information as to the best tactical approach to political education [86]. In order to gage public opinion on the three issues, respondents were asked what their attitudes were towards them (i.e., "good idea" or "bad idea"). This data was correlated with demographic and other social categories such as age, sex, political party preference, union or non-union membership or household, etc. In the case of deregulation, for example, the poll found that only 38% of Canadians believed deregulation was a "good idea." More than half of the respondents thought that it was a "bad idea". Union members were 10% more likely to disagree with deregulation than the general population. More than 40% of Liberal and Conservative voters supported deregulation policies, while a majority of NDP voters opposed such schemes.

While these numbers were encouraging, the CLC also wanted to know how they could best present the issues in such a way as to syncretize opinion against the policies. Thus, another objective of the poll aimed at identifying those aspects of the policies which raised the most concern among the public. To accomplish this, the survey included "loaded" statements with which the respondents were asked to agree, strongly agree, disagree, strongly

disagree, (and included the additional responses of neutral, don't know, won't say). Again, the CLC found favourable responses to its policy positions. The following is an example of three of the statements on deregulation. The negative and positive response categories have been collapsed into "agree" and "disagree":

"If you let the big corporations, the big banks and others operate without regulations, they would find more and more ways to take advantage of both their employees and the ordinary consumer." [Response: 78% agree. 17% disagree]

"Government regulation has ensured that Canadians are provided with services like transportation and communications at a fair cost. With deregulation, corporations may choose to serve only highly profitable areas and wealthy customers and forget the rest of us." [Response: 74% agree. 21% disagree]

"Without government review of prices charged when you phone or fly, ordinary Canadians and small business will have to pay more while big business will get preferred treatment." [Response: 65% agree. 30% disagree]

Armed with the knowledge that there was a base of opposition to the government's neo-liberal policies, as well as a good potential for turning public opinion overwhelmingly against them, the organized labour movement proceeded with its strategy of coalition-building. The issue which acted as a catalyst for these efforts, was the Conservative's decision to negotiate a free trade agreement with the United States.

Chapter IV. Labour - Popular Sector Coalescence and Free Trade.

Free trade within a continental context has frequently been proposed as an alternative to an active and interventionist industrial policy. As the Senate Committee on Foreign Affairs pointed out, advocates of each approach seemed to agree upon the problems of and solutions to structural weakness in the Canadian economy:

The problem remains that too many fragmented and inefficient firms are producing mainly for the small Canadian market. It is important to observe that Canada is the only major industrialized country without free access to a market of from 100 to 300 million people. The manufacturing sector is, with a number of notable exceptions, producing standard technology products, using technology which has been largely imported. R&D in Canada has been at seriously low levels. Productivity is rising relatively more slowly in Canada than in competing countries and remains markedly lower than in the United States. The remedies are generally accepted and not particularly controversial: economies of scale are essential; the Canadian manufacturing sector must rationalize; it must specialize in particular product lines instead of a broad diversity of products; it must modernize its production processes and achieve economies of scale and higher productivity rates through long, efficient production runs; it must seek out the areas where Canada has natural advantages. Where opinions differ is on how to accomplish these changes [1].

The Senate Committee's Report, released in March 1982, advocated a comprehensive free trade agreement with the U.S. in order to facilitate industrial adjustment. For a number of reasons, the Liberal government rejected this recommendation and opted instead for free trade with the U.S. on a sectoral basis. The fact that the Liberals were considering free trade with the United States in

any form, represented a shift in policy direction. Early in the 1970s, the Trudeau government's foreign policy review exercise had determined three options for Canada in terms of the orientation of its trade. The "first option" was the status quo; the "second option" would increase ties to the United States; and the "third option" - the one which was chosen - aimed at diversifying the country's export markets towards the Europe Community and Japan. Ultimately, the third option was never realized and trade with the United States actually increased over the next ten years. When, in August 1983, the International Trade Minister Gerald Regan issued a discussion paper titled Canadian Trade Policy for the 1980s [2], the government gave an indication it had shifted its policy toward the second option, apparently due in part to the reality of existing trade relations. In explaining the basis for the new approach, the document stated ,

The existence of an effective framework of multilateral rules to deal with non-tariff measures and resolve disputes, the range of existing bilateral arrangements, and the extent of duty-free access to the U.S. market already achieved, provide scope for closer economic cooperation with the U.S.A. ...[A]s the U.S. share [of Canadian trade] will remain predominant, the management of Canada-U.S. relations can determine the success or failure of most of our economic policies. ...The future direction of Canada-U.S. relations must therefore be a matter of first priority [3].

The Trudeau government was forced to recognize that the General Agreement on Tariffs and Trade had gradually liberalized the trading environment in a structured manner, further integrating the two countries. The tone of the discussion paper thus seemed to be

one of resignation. Because the dependence of Canada on U.S. trade was unlikely to change, the pursuit of sectoral agreements would at least be consistent with the gradual movement toward liberalized trade adopted by successive Canadian governments. Moreover, the government's experience in attempting to implement a nationalist and interventionist economic program during the previous couple of years, demonstrated that the viability of such policies depended on how they were received in Washington. Among the benefits which could be expected from a sectoral free trade approach as outlined in the discussion paper, was the continuing rationalization of certain industries, a process which had slowed somewhat because of the use of non-tariff barriers in both countries. In this regard, securing exemption from American protectionist measures was seen as vitally important. It would also help to deal with the mutual problem of foreign competition and "the exodus of production facilities from North America." Finally, because sectoral free trade was limited in scope it would not raise the more "difficult issues" associated with a comprehensive bilateral agreement. The discussion paper indicated that the difficult issues were questions of "sovereignty" and "self-determination".

Only three sectors were mentioned specifically in the policy paper - textiles, petrochemicals and urban transport equipment. When preliminary talks began in February of 1984, between Gerald Regan and U.S. Trade Representative William Brock, the first two industries were dropped and it was agreed that, in addition to

urban transport equipment, discussions should centre on steel, farm equipment, and computers and informatics. In May, the U.S. Senate Finance Committee approved a bill allowing the administration to negotiate reductions in duties with Israel and Canada, the only two countries seen as qualifying for possible free trade agreements. But when Brock and Regan met again in June, no date was set for formal negotiations. It is likely the two sides decided to put off further trade discussions until after elections in both countries were held in the fall of 1984 [4].

Following the Canadian general election, the Conservative government did not immediately address the trade issue, but several factors led to its decision to pursue a bilateral agreement in 1985. First the Tories felt free trade would give them a partisan political advantage and help arrest a string of political scandals and policy failures. In undertaking a bold policy initiative, the Conservatives hoped the electorate would forget about such things as patronage, bank failures and rancid tuna, when the government displayed its decisive economic management skills. As well, free trade appealed to two federal party factions: Western-based caucus members, who traditionally favoured the policy, and neo-liberals and -conservatives, who were disposed toward market-driven economic development policies [5].

Outside of political strategy and federal party concerns, the Conservative government garnered support for free trade from two

powerful constituencies, provincial governments and the business community. Most provinces, whose economic base centred on resource exports, favoured free trade because of the need for unrestricted access to the U.S. market [6]. The strongest support came from the West, in part because that region traditionally supported the policy. Moreover, the legacy of the federal Liberal government's policies of the early 1980s intensified support for free trade, especially in Alberta. The National Energy Policy and the "resources first" economic development statement in the 1980 and 1981 budgets, were a bitter affront to the region. For the West, these policies represented the low point in years of struggle with Ottawa over resource revenue sharing and the larger issues of resource control, conflicting views of federalism, regional disparities and Canadian ownership in the economy. And although the Liberal's nationalist program fell apart in 1982 with a severe recession, high interest rates, and a sharp fall in the price of oil, resentment of Ottawa's intervention lingered among many of the region's politicians, business people and electorate [7].

Quebec and Ontario, the two provinces with large manufacturing sectors, split on the issue. The latter was deemed especially vulnerable because of the branch plant structure of its industries. However, the opposition of the Peterson Liberal government seemed tempered because Ontario was also the centre of Canada's corporate sector and big capital was unreservedly in favour of a free trade arrangement with the United States. In Quebec, the province's new

francophone entrepreneurs emerged during the 1970s, forcing their agenda into the political arena. By the 1980s, the Parti Quebecois had earned the reputation for being the most pro-business government in the country and before their defeat in the 1985 election, they had endorsed free trade. The return of Robert Bourassa to power, brought a government whose policies of government down-sizing, deregulation and privatization paralleled those of the federal Conservatives. While reticent at first, Bourassa became, along with out-going Premier Peter Lougheed of Alberta, the strongest provincial advocate of free trade.

The politics of federal-provincial relations, had seen the rise of what has been called a "strange, quiet alliance" between Quebec and the West [8]. Beginning in 1978 when Rene Levesque went to the West to promote sovereignty-association and announced his support for Lougheed's demand for a move to world prices in energy, both regions have found common ground in their desire for more autonomy from Ottawa's authority and Ontario's influence. Free trade, therefore, could liberate them from dependence on Ontario markets and products and because it was potentially a non-interventionist approach to federal industrial policy, it would give provinces more room to manoeuver in the economic development field.

As for business interests, G. Bruce Doern has described the relationship between free trade and industrial policy in the following manner:

If a government's overall economic task is that of ensuring that industry is fully competitive both domestically and internationally, then trade policy is the centrepiece of an industrial policy. ... [While] there was certainly no public clamour for free trade by most interest groups ... in the more private realms of power there were growing concerns about the changing world economy, Canada's trade posture and overall declining competitiveness, and the need for a more assured access to one of the world's main trading block markets [9].

The business community saw free trade as a means to facilitate industrial restructuring and deal with the threat of American protectionism. By the mid-1980s, tariff reductions under the GATT allowed many large Canadian firms to rationalize on a continental basis to meet competition from Japan, the EC, and the newly industrialized countries [10]. This same foreign competition had caused a huge increase in the U.S. trade deficit, and led American industries and politicians to call for the invocation of measures under trade remedy laws. Canadian business, particularly the corporate sector, wanted a bilateral free trade agreement to escape these penalties, guarantee access to the American market and protect their investments. In the words of one observer, "these more established business elites were looking backward to secure their investments in continental production from an emerging protectionist threat within the U.S. political system" [11].

From the early 1980s, the Business Council on National Issues played a leading role in working to build consensus and support in the business community for freer trade. The BCNI was particularly

well suited to the task of mobilizing business opinion because it represented many of the largest corporations in Canada and the heads of other business associations (for example, the Canadian Chamber of Commerce, the Canadian Manufacturer's Association, and the Conseil du Patronat du Quebec) sat on the Council [12]. In the fall of 1982, the BCNI had decided on the need for either a new multilateral agreement or a comprehensive bilateral deal with the U.S. Because there did not appear to be much international interest in the former type of arrangement - tariff reductions of the Tokyo Round of GATT would not be fully implemented until 1987 - the BCNI began to press for the latter. Their objective was to promote the idea to the Canadian business community and government, and their American counterparts.

Throughout 1983 the Business Council concentrated on capturing American interest. Several business leaders from the Canadian Chamber of Commerce and the BCNI met at various times with U.S. Ambassador Paul Robinson, a former Chicago insurance executive and personal appointment of President Reagan. They discussed the possibility of a trade agreement and the strategy both country's business communities should take in enlisting the backing of their respective governments. In the spring of 1983, members of the BCNI raised the issue with Vice-President George Bush upon his visit to Ottawa. BCNI president, Thomas D'Aquino, followed this up by going to Washington where he reiterated the need for a bilateral free trade deal. During the summer, the BCNI conducted its own

feasibility study in preparation for a joint study with the Business Roundtable, an organization representing the largest American corporations and the BCNI's U.S.-counterpart.

The inconclusive U.S.-Canada sectoral discussions had reinforced the Business Council's commitment to a broad comprehensive agreement and in 1984, the BCNI stepped up its efforts on the Canadian front to mobilize the business community and to lobby politicians. It raised the trade issue with the Conservatives' Mulroney and the Liberals' Turner before the September election, but neither leader advocated a deal during the campaign. After the election the BCNI and the Canadian Chamber Commerce both called on the new Tory government to pursue a bilateral free trade agreement with the U.S. [13].

Part of the strategy of Canada's business elites to enlist the support of other sections of the business community was to pitch free trade on an ideological basis. With the failure of the Liberals' nationalist and interventionist policies in the early eighties and the American's apparent lack of interest in sectoral arrangements, a broad bilateral free trade agreement was considered to be a non-statist and market-oriented policy alternative. Local Chambers of Commerce were evangelized by continentalist economists, selling free trade as an industrial restructuring policy, even though the weakness in Canada's manufacturing sector had persisted throughout the period of progressive liberalization of trade under

the GATT [14].

Manufacturers had traditionally resisted free trade, but became increasingly accepting of the idea as trade liberalization proceeded under the aegis of the GATT. During the Macdonald Commission, it was estimated by a Canadian Manufacturers' Association survey, that as little as 20 percent of the manufacturers believed free trade would be harmful, most others thinking it would be beneficial or have no effect on their operations [15]. In general, manufacturers were awed by the prospect of enormous business expansion with access to the huge U.S. market and eventually, the CMA asked the federal government to raise the issue with Washington. The small business sector too, endorsed the free trade option, and the president of the Canadian Federation of Independent Business was quoted as saying "economic nationalism was no longer a viable option" for Canada [16].

In the fall of 1984, the Business Council and the other business associations sponsored a 45-member private sector task force to forge a common front among Canadian corporate executives. The task force was chaired by David Braide, vice-chairman of CIL Corporation, and recruited Tom Burns, the former head of the Canadian Export Association, to coordinate the effort in the following months of lining up support among the business community. Once this was achieved, the group approached senior Cabinet ministers to lobby for a bilateral free trade deal because it

appeared the government was still undecided as to its trade policy stance. Their efforts seemed to pay off because at the Shamrock Summit in Quebec City, the Americans responded positively to Canada's request that discussions begin concerning a new trade agreement, and a joint declaration stating the two governments' intentions was issued to that effect.

Business used every opportunity, in public forums and private representations, to impress upon the federal government the reasons for their unequivocal support for a free trade agreement with the United States. In 1983 and 1984, dozens of corporations mounted a concerted effort endorsing free trade in the public hearings of the Macdonald Royal Commission. Shortly after the Canada-U.S. summit in March 1985, 17 members of the BCNI had gone to Washington to meet with Secretary of State George Shultz, Secretary of Defense Casper Weinberger, Senate Majority Leader Robert Dole, and Chairman of Senate Subcommittee on International Trade John Danforth. During the summer, Alfred Powis, a former chairman of the BCNI, testified before a Joint Parliamentary Committee on International Relations, saying that while American anger was with perceived unfair trading practices on the part of Japan, the EC, and newly industrializing countries like Brazil, Canada could be harmed by blanket protectionist measures [17]. At the same time, International Trade Minister James Kelleher was conducting cross-Canada consultations on the bilateral trade relationship. The corporate sector had input into this exercise, because Tom Burns,

who had worked for the BCNI in mobilizing business support for free trade, was hired to study Canadian attitudes towards different ways of assuring market access to the United States [18].

In September of 1985, the stage was set for the federal government's decision. In the United States, the Business Roundtable had assured the BCNI of their cooperation in working for a trade deal in that country, by organizing their members and lobbying in Washington. In fact, outgoing U.S. ambassador to Canada, Paul Robinson, said the U.S. administration had been impatient for Canada to begin formal negotiations, but hadn't pushed the issue for fear of being accused of infringing on Canadian sovereignty. He emphasized that time was running out because as the 1986 Congressional elections drew closer, protectionist sentiment was intensifying [19]. At the time, there were 300 protectionist trade bills before Congress [20].

Finally, on September 6 1985, The Macdonald Royal Commission released its report and in advocating a bilateral free trade arrangement, indicated they had received the business community's message loud and clear. In describing their decision and orientation toward economic development, the Commission said:

Our proposals to increase our openness to the international economy and, specifically to enter into a free-trade arrangement with the United States reflect our general preference for market forces over state intervention as the appropriate means through which to generate incentives in the economy, from which growth will follow [21].

On September 26, the Prime Minister rose in the House of Commons to say he'd spoken to President Reagan, expressing Canada's interest in a bilateral free trade arrangement and asking the President to seek Congressional approval for formal negotiations. Mulroney indicated that Canada's dependency on trade and its declining share of international trade threatened 2 million Canadian jobs. Protectionism in both countries demanded an agreement to secure and enhance the annual \$155 billion in two-way trade. Moreover, the federal government had come to this conclusion after listening to the representations made in various public forums:

The need to secure our access to the U.S. market was the dominant theme of representations made in all parts of the country to the Minister for International Trade during his extensive consultations last spring and summer. The same message was heard by the Senate-House of Commons committee which reported in late August. Honorable members will have taken note of the conclusions of the Macdonald commission, together with its impressive analysis and documentation. Canadians will also be aware of the very strong representations on trade which have been made by their provincial premiers over the past several months [22].

The response of economic interest organizations was, perhaps, predictable. Dennis McDermott called the decision "sheer insanity" and said there would be negative repercussions, such as the pressure to eliminate social programs in the name of competition. But the business community and their ideological supporters applauded the federal government's move. The Canadian Chamber of

Commerce said the decision was "an example of good management in relations between nations" and one that should be followed by other countries. John Bulloch, president of Canadian Federation of Independent Business, said he believed that it was time Canada moved from election expenses and tuna scandals to the issue of the economy, adding "Thank goodness we've got the American market - I don't know where we'd be without it." Michael Walker, head of the Fraser Institute, had no worries about sovereignty, saying: "The issue of sovereignty is one that ought to be approached in a different way. Free trade will make us economically stable and resilient, which will put us in a better position to protect our culture and sovereignty." A spokesman for the Canadian Manufacturers' Association, said free trade would bring secure access to American markets and added that negotiations should only proceed after specific consultations with industry, labour and consumer groups [23].

The government initiated those consultations when it set up a trade advisory committee headed by Walter Light, chairman of Northern Telecom, and invited union leaders to join. Labour was still divided on whether it should cooperate in such ventures. Dennis McDermott, mindful of the budget consultations and wary of the government's motives, was nonetheless in favour of labour's participation on the committee, saying to boycott would be defeatist. In his words, "I'd rather be on the inside looking in than on the outside looking out. I'm not making this decision.

It will be made collectively." McDermott had the support of Jack Munro of the International Woodworkers Union and Gerard Docquier of the United Steelworkers, both of whom saw participation as a way of protecting their members' interests. However, Bob White, was adamantly opposed, saying "the government is trying to put a blanket on opposition by drawing us into a private process behind closed doors" [24]. White's point of view won out, for on October 10, the CLC executive rejected the government's invitation. McDermott was forced to back away from his position and said that labour was not "interested in legitimizing a process that is intended to implement an arrangement to which we are unalterably opposed" [25].

The strength of the CLC's opposition to free trade was made clear in its statement on the government's economic development policies, released at the national convention in the spring of 1986. The labour central condemned free trade as part of the Conservative's corporate agenda.

By supporting a comprehensive free trade agreement with the United States, deregulation and privatization, the current government has defined its position in the Canadian economy and society with perfect clarity. Its roots are firmly planted in corporate Canada and it has nothing but disdain for the working people of Canada. ... Underlying each of these policies...is a common philosophy. This philosophy unites the three policies and makes them separate reflections of a single corporate view of the world. According to this philosophy, the well-being of Canadians will be best insured if businesses are free to pursue their self-interest without reference to the common good; the common good will result as the unintended consequence of businesses pursuing their self-interest in a competitive market place. Within this philosophy, government

is reduced to the role of passive bystander that merely sets the rules of the game for the market competitors. Government has little or no role to play in taking action to insure that positive social and economic objectives are achieved [26].

Despite the refusal of the CLC to join the trade advisory committee, the federal government continued to try to enlist organized labour's support, although the signals were often mixed. In the spring of 1986, Labour Minister Bill McKnight stated that labour had some of the most skilled negotiators in the country, and they should have input into the trade talks because of their experience in bargaining. McKnight also praised James McCambly, the president of the Canadian Federation Labour, for agreeing to participate on the advisory committee [27]. However, a week later the Labour Minister did little to ingratiate himself with labour when he said the government's free trade initiative could possibly split the Canadian labour movement along public- and private-sector lines, leading to separate labour centrals. McKnight believed public-sector unions were more ideological and less concerned with the market place than private sector unions. Moreover, according to McKnight, the former had found it easier to make gains for its members than did the latter, during the previous few years [28].

In the meantime, labour and other organizations had been sounding out the possibility of building an opposition coalition to the free trade initiative. At the inaugural meeting of the Council of Canadians in October 1985, Liberal MP Herb Gray stated that free

trade would threaten Canadian jobs and Canada's social, cultural and economic integrity. Edmonton publisher, Mel Hurtig, maintained that Canada should devote its energies to furthering its own economic initiatives. Hurtig called on the delegates to help form a new coalition to fight for the country's economic and cultural independence [29]. And in November, the labour movement announced it was launching an anti-free trade campaign. Addressing 1,400 delegates to the annual convention of the Ontario Federation of Labour, Dennis McDermott urged unions to mobilize for a tough fight and to seek as much non-labour support for the campaign as possible. Among others, labour officials hoped to engage cultural, women's, church and nationalist groups [30].

The general motivations behind new labour strategies were observed by Jacobi, who noted that neo-liberal and -conservative policies emphasizing the "free market", while robbing trade unions of their relative influence as an economic interest group, may also engender a new politics at the base.

In their relationship to the state, on the political market, the decisive weakness of the trade unions lies in the fact that they are far less able than earlier to control the macro-economic aggregate "wages and distribution". With the loss of this "action-parameter", a decisive weapon - one which opened the trade unions' way on to the political market - has been blunted. This development is a consequence of laissez-faire strategies. Their objective is to roll back as far as possible the influence of the economic market power of the trade unions on the development of the economy and the influence of their political market power on the economic policy of the state. Only in exceptional cases are the trade unions still a significant force on the political market. Whether the unions will be able to open again the way on the

political market depends on their ability to counteract the conservative doctrine together with other traditional and new reform movements by developing a convincing alternative model of social development and by representing hitherto neglected interests of groups in society which would otherwise run the risk of being marginalised [31].

Deregulation and privatization had provoked an antagonistic response from organized labour, especially from those unions directly affected, and free trade galvanized labour to an even greater extent. The trade union movement, therefore, looked to other interests and social groups with the view to forming a coalition in opposition to the federal government's economic policies. A foundation of common interests had been laid during the government's 1985 budget consultation exercise and a similar pre-budget conference involving labour and other social groups and agencies held in January of 1986. The CLC believed the government's free trade initiative, and the complementary market-oriented policies of deregulation and privatization would lead to even wider popular protest. Thus, the CLC called for the mobilization of Canada's labour movement and announced its determination to forge a political consensus with other social organizations.

The CLC will redouble its efforts to identify and make common cause with other organizations on these issues and without limiting the scope of joint activities it will: make the labour movement's educational material available to these groups; hold joint meetings and conferences on these issues; and engage in joint-lobbying and other presentations of views to politicians. Parallel efforts at coalition building will be undertaken at the provincial and municipal level, and special efforts will be made to demonstrate the damage that

these policies will do to provincial and local economies and societies. The CLC will make every effort to engage friendly non-affiliated unions in the campaign against these policies [32].

The precedent for organized labour-popular sector coalescence in Canada was set in British Columbia and emerged in other provinces as well. It is important to digress briefly and examine these movements, for many of them eventually found their way into the national coalition. In May 1983, the Bennett Social Credit government was re-elected after promising to control expenditures. Contrary to their campaign, however, the government's July budget contained a 12 percent spending increase [33]. Nevertheless, the government claimed it had presented a budget of fiscal restraint, for included were twenty-six pieces of legislation launching a broad attack on the entitlements of unions and other social groups. The government planned to extend wage controls in the public sector, effectively gutting the British Columbia Government Employees Union's collective bargaining powers. As well, 1,600 public servants were to be laid-off immediately, with 9,000 to follow later. Further proposals included the abolition of rent controls and cutbacks in social services funding which would eliminate family drop-in centres, women's shelters, programs to protect against child abuse, birth control counselling and senior citizen's programs. Funding for education would be cut and the budgetary authority for school boards centralized in the Ministry of Education. Finally, the government proposed to eliminate the B.C. Human Rights Commission undermining protection for women and

visible minorities.

The BC Federation of Labour responded with an appeal to all unions in the province to participate in waging an anti-government campaign termed "Operation Solidarity" [33b]. A solidarity committee was established comprising the Federation's executive council and representation from sympathetic non-affiliates. In addition, regional trade union solidarity committees were set up. Most important, the provincial labour movement, perceiving that the threat to itself was so serious, took the decision to form a broad-based coalition to include churches, the unemployed, tenants, women, minority groups and small business. Eventually, the Solidarity Coalition comprised hundreds of unions, community and social groups - 250 organizations in the lower mainland alone.

Operation Solidarity carried out strikes, demonstrations and other concerted actions by social groups and trade unions. For example, in Vancouver, an ad hoc women's organization - Women Against the Budget - joined construction workers on a site picketing the Kirkoff Construction Company, which had brought in non-union contractors. Ultimately, however, the movement was only partially successful in forcing the B.C. government to back down on some of the harsher aspects of its legislation. The Solidarity Coalition was primarily a defensive reaction and it had difficulty in reconciling industrial and social goals. Furthermore, many of the more moderate groups were frightened off by escalating

industrial conflict and the militancy of the public sector. What had begun as a popular protest, demanding the reinstatement of social reforms, took on an appearance of social revolution [34]. Private sector unions particularly were reluctant to move toward a general strike. When in November, Jack Munro (president of the IWU) negotiated the infamous Kelowna Accord, reaching a political settlement with the provincial government, it represented the failure of public sector unions to convince their private sector counterparts (especially the resource industry unions) that the total defeat of the restraint budget was just as much in the latter's interest.

Nevertheless, by mid-decade government restraint policies had spawned similar movements across the country. In Alberta, a group of unemployed activists called the Dandelions (their name was chosen as a symbol of persistence), formed Solidarity Alberta and brought together the province's injured worker's society, farmers, native peoples and the Metis association. And in Newfoundland, the provincial federation of labour organized the Coalition for Equality, comprising unions, ecology, church, women's groups and other organizations. These coalitions focussed primarily on developing a programmatic response to unemployment. Because the unemployed do not always see their interests being the same as those of the trade unions, coalition-building represented an attempt by trade unions and community groups to align themselves philosophically and politically.

Daniel Drache and Duncan Cameron had noted the emergence of a popular sector during the Macdonald Royal Commission hearings in 1983-84. The trade unions, church and women's groups, social agencies and organizations of farmers, the disadvantaged and the aboriginal peoples, represent Canada's counter-institutions and have put forth a political and economic counter-discourse which rejects the bottom line logic of corporations and the market orientation of government policy. They want a democratic transformation of the social and economic order, wherein the material (and spiritual) needs of people take precedence over the interests of big business [35].

The articulation of a counter-discourse and the formation of a popular program was the cohesive factor in organized labour-popular sector coalescence. Beginning with the federal government's pre-budget consultations in 1985, and continuing with the conference of trade unions and popular groups, Dialogue '86, the search for a formal and structured coalition culminated in the Canada Summit in April 1987. Held at the Chateau Laurier in Ottawa, and sponsored by the CLC and the Council of Canadians, several unions and popular groups came together to denounce the free trade initiative. They criticized the Conservative government for imperilling the nation's sovereignty and exposing the Canadian economy and society to the potential hazards of continental integration.

Cameron has pointed out [36] that sovereignty in theory usually means a state possesses absolute and final authority on all matters within its jurisdiction, but in practice, sovereignty is relative. Canada's close relationship with the United States underscores the reality of relative sovereignty. Nevertheless, the "main battle lines" in the free trade debate were drawn around this issue [37]. Business argued [38] that free trade would create wealth, increasing government revenues and, therefore, its ability to provide more programs and policy flexibility. As a result, Canada would be more sovereign. The popular sector response was that sovereignty would be diminished almost immediately, for a free trade deal would force the federal government to align its policies with those of the U.S., in order to maintain a competitive economy. The loss of autonomy in policy-making and the scaling back of the public sector in areas such as regional development, would occur before the expected wealth from a free trade agreement could be created. While both corporations and popular groups depend on the public sector, the latter believed it would suffer more because it lacked the resources to adjust. Furthermore, many suspected that the wealth created from a free trade agreement would not be distributed in a fair and equitable manner. The popular sector felt that most commercial success would take place in the U.S., either for American firms or the subsidiary operations of Canadian multinationals; domestically, the rich would get richer, and the disadvantaged and poor would be worse off.

As a co-sponsor of the Canada Summit with a particular interest in Canadian sovereignty and nationalism, the Council of Canadians was extremely critical of the free trade negotiations. The Council was a public-interest group founded in 1985 by Edmonton publisher Mel Hurtig, a former chairman of the Committee for an Independent Canada [39]. It was established in response to the federal government's free trade initiative and "open for business" policy on foreign investment. The Council supports the development of policies which will ensure Canada's economic, political, social and cultural sovereignty, favours public enterprises such as the CBC, and promotes greater Canadian ownership in the private sector.

The Council of Canadians argued that a free trade agreement's effect would diminish sovereignty in ways which would weaken the government's ability to make autonomous policy decisions in the social and cultural fields, hinder an independent foreign policy stance, and most important, impair efforts at regional and industrial development, especially in the realm of foreign investment controls.

In the absence of very strong and dynamic industrial development policies and regulations in Canada, the dependent, foreign-dominated structure of Canadian industry would greatly increase, not decrease... Developing or strengthening Canadian enterprises in promising, high-value-added sectors, where few or no Canadian production now exists - i.e. building up new and promising specialized "niches", would be impossible. With little Canadian R&D and innovative capacity, the tendency would be to relegate Canadian manufacturing to existing, state of the art technology fields, and the more

lucrative and more important new areas, would be retained by the large and more financially powerful parent companies or other corporate giants in the U.S. [40].

By itself, an agreement wouldn't strengthen Canada's industrial structure and it was very questionable whether it could guarantee access to the U.S. market. The Council admitted that some industries might do well - notably resources and energy - but overall, it felt free trade with the U.S. would cause job losses, business failures and other social dislocations. It was the opinion of this nationalist interest group, that the Conservative government's initiative ignored the historic role of the state in the development field and its utility in overcoming vast geographic distances, a harsh climate, a small population and a North-South pull.

The Council of Canadians stated that their criticisms against a Canada-U.S. free trade agreement were "political in the broadest sense" [41], and centred on the implications for Canada's sovereignty. Other delegations to the Canada Summit voiced specific concerns about the effect a bilateral free trade agreement would have on their constituencies [42]. The president of the Canadian Teachers' Federation, Frank Garraty, wondered if closer integration with the United States might erode bilingual programs in the school system or affect Canadian school materials. Garraty also expressed concern for children whose parents lost jobs as a result of free trade. Havi Echenberg, director of the National

Anti-Poverty Organization, questioned whether social programs like employment retraining - vital in breaking the cycle of poverty - would be cut back or scrapped if the Americans perceived such schemes as unfair subsidies. The president of the National Federation of Nurses Unions, Kathleen Connors, believed the Mulroney government had already compromised Canada's sovereign authority over policy-making, by succumbing to pressure from the U.S. government and multinational drug companies, to change the patent law and restrict the production of generic prescription drugs by Canadian firms.

Sovereignty was also at issue for La coalition québécoise d'opposition au libre-échange. The Quebec coalition was formed in opposition to free trade and comprised three labour centrals, Centrale de l'enseignement du Québec, Confédération des syndicats nationaux, and La Fédération des travailleurs et travailleuses du Québec, and the Union des producteurs agricoles du Québec. This grouping was a miniature replica of the national coalition. It sought allies with similar concerns in other sectors, notably women's organizations, churches, social agencies, farm groups and representatives of cultural industries. The labour contingent in the coalition had objected to free trade, in part, because of its emphasis on the unfettered market. During the Quiet Revolution, successive governments had used interventionist policies to shore up Quebec's flagging economy with complete union support, and the potential for their employment, at least in the future, now seemed

threatened [43]. At the Canada Summit, the coalition outlined several concerns, among them the implications of a bilateral trade agreement for Quebec's manufacturing and agricultural sector, social programs, and even Canadian sovereignty. But at the top of the list was their fear of the effect free trade would have on regional development policies, particularly the right of provincial governments to formulate policies which will offset regional disparities:

Autre élément inquiétant: les prétendus bénéfices du libre-échange pour le développement régional. Il paraît clair que lorsque le gouvernement fédéral parle d'essor économique des régions, il fait référence aux cinq grandes régions canadiennes, dont particulièrement les Maritimes et la Colombie Britannique pour lesquelles il faudrait obtenir la levée des mesures protectionnistes s'appliquant aux produits de la pêche et de la forêt. Pour nous, Québécois et Québécoises, le développement régional passe par celui des dix grandes régions du Québec. Et nous ne voyons rien dans le projet de libre-échange qui favorise cette dynamique.

C'est plutôt le contraire qui est prévisible. En vertu des nouvelles règles qui découleront de cet accord, les gouvernements provinciaux verront disparaître à toutes fins utiles leur marge de manoeuvre pour favoriser le développement régional et la location des entreprises. Dans la même mesure, la restructuration industrielle et les fusions d'entreprises qui découleront de cette entente vont favoriser une plus grande concentration économique dans les grands centres. Les régions éloignées seront laissées pour compte [44].

Government autonomy in regulation and policy-making was a crucial issue for women's groups. Bonnie Diamond, a past president of the Canadian Coalition Against Media Pornography feared that federal authorities would be unable to resist greater U.S. media penetration, particularly television with its negative image of

women. Louise Dulude, president of the National Action Committee on the Status of Women, believed that social programs would inevitably be affected by free trade. Dulude pointed out that general programs such as health care and social welfare are especially important to women, in addition to unemployment insurance maternity benefits, child care programs and pay equity legislation. Her concern was that business would press governments to lower these social costs in the interest of greater competitiveness. Women in the labour force could also expect a negative effect from free trade in terms of job security. In the manufacturing sector, female employment is concentrated in industries vulnerable to international competition. Two-thirds of the labour force working in textiles, clothing, sporting goods and toys, electronics and small appliances are women. Moreover, most of these workers are older, tend to be immigrants whose first language is neither French or English, have on average less education, and therefore, would find it hard to make the transition to new employment. Nor were the prospects good for services, where eighty percent of women workers in Canada hold jobs, if the United States gained unrestricted access to this sector. Finally, it could be anticipated that cuts to the public service, also a sector with a large proportion of female employees, would proceed at a faster rate as governments oriented themselves to a market environment under free trade.

Another popular interest group at the Canada Summit echoed some

of the points made by the National Action Committee. A spokesman for the Canadian Ethnocultural Council, Director Andrew Cardozo, stated that the Council was not opposed to free trade with the United States per se, but it did have concerns which the federal government had not addressed satisfactorily. First, the Council was worried about the negative effects that would be felt by immigrant women and low-income workers in general. Cardozo also wondered what would happen to affirmative action and employment equity programs, important to women, but to visible minorities as well. Second, the Council's director questioned whether free trade might alter the direction of the Canadian broadcasting industry. The independence of Canadian broadcasting had to be protected in order to preserve its sensitivity to Canada's racially and culturally diverse social structure. For Cardozo and his organization, this was a phenomenon which had only recently emerged and, in their opinion, had to be encouraged. A final point raised by the Canadian Ethnocultural Council, was the influence closer integration between Canada and the United States would have on the former's promotion of multicultural policies. The Council rejected the American assimilationist idea of the cultural "melting pot" as inappropriate for Canadian society, saying "multiculturalism within a bilingual framework must be maintained and strengthened" [45].

Other popular sector organizations in attendance at the Canada Summit, who were interested in protecting Canadian culture were the representatives of the artistic, cultural and communications

sector. These groups were skeptical of federal government assurances that Canadian culture would be preserved, because it was not "on the negotiating table." David MacLaren, Chairman of the Writers' Guild for the Alliance of Canadian Cinema, Television and Radio Artists, feared that increased American foreign investment in the Canadian cultural industry would bring more foreign creative control and distribution rights. The Canadian Conference of the Arts - as the primary interest group for the artistic community in Canada, comprising over 600 member arts organizations - was also concerned with American domination of this sector. The nongovernmental arts group took particular acception to the predominant American perception that Canada's artistic and communications industry should be treated as a northern extension of the U.S. domestic industry. Michele d'Auray, its Director General, questioned freedom of market choice when American media - books, magazines, film, video, TV, etc. - already flood the Canadian market:

...the policies, programs laws and regulations that Canada has developed over the years to foster the growth and development of Canadian artists and their products have been domestic in nature and scope. They have not been developed as trade barriers, rather their primary focus has been our very own Canadian market. From our perspective, that they may affect the way in which the United States have access to our market is secondary to their essential purpose. In fact, we maintain that Americans hold the view that we are cultural protectionists because they can't own and control our entire market. Were we to adopt their perspective, we would see, read and breathe only American products. Even our current limited access to cultural products of other nations would be severely cut. That's not "free" trade as we understand it, that's massive dumping of American products and protection of the American domination of our cultural scene. That's not

choice, that's uniformity! We do not feel we can or should abide by these conditions [46].

One of the most eloquent speakers at the Summit, voicing opposition to the prospect of a free trade agreement, was a representative of the Assembly of First Nations, Konrad Sioui. Sioui said that the opposition of aboriginal peoples was based on historical experience. Contact with Europeans had taught them what "free" trade and exchange involved. These foreign institutions benefitted the few and native North Americans had served only as a supply of cheap labour. Sioui's moving address led to the amendment of the first article of the "Canada Summit Declaration" to include reference to Canada's original inhabitants [47].

There were two important decisions made by the trade union and popular sector representatives at the Canada Summit. First, in a press conference at the conclusion of the Summit, the CLC and the Council of Canadians announced the formation of the Pro-Canada Network, made up of some 25 national organizations, which formalized the coalition of trade unions, popular sector and public interest groups. Spokespersons Shirley Carr (CLC), Maude Barlow and John Trent (the latter two, from the Council of Canadians), claimed the member organizations represented over 10 million people [48]. Second, the coalition determined to use every means possible to force an election on the issue of free trade. In their opinion the government had no mandate from the Canadian people to pursue free trade with the United States. The Summit's Declaration,

therefore, demanded that any bilateral agreement resulting from negotiations be subject to the electorate's approval. If this was not done, the Summit's participants warned, the government would be committing an undemocratic and illegitimate act [49].

The popular coalition embodied in the Pro-Canada Network (PCN) hoped to stop the free trade deal by educating the public about its dangers, forcing a federal election on the issue and defeating it (and the Conservative government) at the polls. The coalition's opposition, combined with Liberal and NDP commitments to use every possible Parliamentary stalling tactic, eventually produced the desired result and an election was called for November 21, 1988. Knowing that they would have only 50 to 60 days to defeat the deal, the coalition had been organizing and planning their campaign strategy in advance, as well as producing a number of materials to mobilize their organizations and educate electoral opinion. Regional and community branches of the coalition had been set up to provide individuals and organizations with opportunities to take an active role in such things as signing petitions, holding educational forums and discussion panels and participating in demonstrations [50].

One popular group, which took a leading role in organizing the anti-free trade campaign was GATT-Fly, an organization of churches concerned with global economic justice [51]. Dennis Howlett, the group's staff person in charge of their campaign, had indicated

that the coalition was aware that, as a part of the corporate sector, private media organizations were overwhelmingly in favour of free trade. He concluded, therefore, that the coalition's "...media strategy should aim to build a movement and organize events and actions that the media will not be able to ignore" [52]. In the run up to the election, the PCN decided to use highly visible tactics (especially effective in garnering television news coverage) such as protesting Tory election events, using the American flag "to suggest where the true allegiance of the Conservative party lies", and dogging the Prime Minister's and other high-profile Tory candidate's election stops [53].

The Pro-Canada Network also pledged to work with the Opposition parties on the issue, by making available the election kit it had produced for anti-free trade activists. This contained questions and answers on free trade, a series of fact sheets on different aspects of the deal and a collection of brochures and other resources collected from various sources. In addition, it would share research and documentation, and provide experts to brief candidates [54].

In terms of campaign literature, the coalition determined it should "produce readable, popular resources" and make use of organizational publications which had a significant readership and "may be more accessible" [55]. During the election, a Pro-Canada-produced comic book entitled What's the Big Deal was included as

a supplement to 23 daily newspapers. It took the form of a conversation between two people, with one asking questions and the other giving answers containing the coalition's criticisms of the free trade agreement. On each page were political cartoons by Aislin of the Montreal Gazette, lampooning free trade and the Mulroney government. Other campaign materials with a kind of pop culture content produced by the PCN and made available to activists and the public included, a 15 minute video on the possible impact of the deal for Canada and its citizens, featuring the views of Bob White, Adrienne Clarkson, Bruce Cockburn, Toby Vigod, Frank Stronach, Abraham Rotstein and David Suzuki; buttons and T-shirts with the caption "No, eh" - a symbol of cultural resistance according to the PCN; and bumper stickers and lawn signs which read "Canada - Let's not trade it away," "'Free' Trade - Stop the Deal," and "Let Canadians Decide."

This was the type of popular campaign the Tories feared from the extra-Parliamentary opposition. An internal communications strategy document produced for the Prime Minister's Office in 1985, said that interest group activities would "likely reflect grass roots participation by those who feel threatened." And, according to the document, this was where the government was in the greatest danger of losing control of the debate. In order to counteract what were called the "non-economic factors" of threats to sovereignty and culture, the federal government had to pursue communications objectives which emphasized job creation and growth

in the short, medium and long term, for all regions of the country. While the government should state that fundamental national interests, values and social institutions were not affected by free trade, it should also argue that these would be better protected in a stronger economy guaranteed by enhanced trading relations [56].

The business community's approach to selling the free trade deal during the election was virtually identical to the Conservative government's. The corporate sector, in particular, was instrumental in conducting the pro-free trade forces. The Business Council on National Issues had put together an organization called the Canadian Alliance for Trade and Job Opportunities to lead the campaign, and recruited its high-profile co-chairs, Peter Lougheed and Donald Macdonald. David Culver, the head of Alcan and chairman of the BCNI, was in charge of the executive committee which ran the Alliance's campaign. One of the tactics business interests used, was to take their message into the workplace. Throughout the election employees in factories and offices were called to meetings and told by management that free trade was essential to protect jobs and develop the economy [57].

To counter the criticism of the popular sector coalition, the Alliance made extensive use of political advertising. Like the PCN comic book, some of the print advertising took a conversational form with questions and answers about the Free Trade Agreement.

For example, the Alliance dealt with the issue of compromised sovereignty and its affect on Canadian autonomy in public policy fields, in the following manner:

[Q:] ...won't the agreement gradually force us to align our policies along the lines of the larger and stronger partner? Won't Canadian business lobby to reduce spending on social and other programs?

[A:] Not at all. Why should this particular agreement have such an effect? We have more than 200 agreements and arrangements with the United States. None have had that effect. This is not the beginning of a process, but an important step in an economic relationship older than Confederation. We have always traded with the Americans; we have always travelled back and forth - and we continue to do this. This close and mutually beneficial relationship has not prevented Canada from opting for a different approach to social welfare, to broadcasting, to transportation, to support for farmers and the FTA will not either. On the contrary, it will help to generate the wealth that will allow us to continue to develop a rich, rewarding and diversified society [58].

After the leaders' debates and the surge in public opinion against free trade, business and Tory strategists intensified their public relations efforts. During the Presidential contest in the United States, campaign advertising, especially by the Republicans, had featured stinging personal attacks and this appeared to have worked in George Bush's favour. Subsequently, both government and business in Canada began to make use of "negative" advertising and to ridicule the agreement's detractors. To boost credibility, Conservative television ads showed the actual document and used authoritative pronouncements from Simon Reisman and Emmet Hall. The Canadian Alliance for Trade and Job Oppourtunities bluntly

stated that there were points in the FTA which "some people have been inclined to misinterpret, or even distort, often to political advantage" [59], but the agreement was a commercial document covering tariffs and other trade barriers at the border, and that was all. It would not affect medicare, unemployment insurance, energy resources, sovereignty or culture. Those who argued otherwise, as Brodie pointed out, "were liars, doomsayers and fearmongers and were progressively marginalized, displaced and delegitimized in the debate" [60].

Finally, the Conservative government made effective use of popular symbols and the "historically-given language of Canadian politics", by exploiting regional discontent. In Quebec, the Ontario government's opposition was portrayed as selfish protection of that province's branch plants and the Auto Pact, and an attempt to frustrate Quebec's economic development. The free trade agreement was also equated with nationalist aspirations and the Meech Lake Accord. In the West, the Tories invoked centre-periphery antagonisms and the region's traditional support for the idea, which in the past had been frustrated by protectionist Ontario [61]. The Conservatives' skillful manipulation of these symbols was demonstrated when they were returned to power with a comfortable majority, based on a bedrock of support in Quebec and Alberta, where they took 88 of 101 seats.

Conclusion: Canadian Organized Labour and the Future of Popular Coalition Politics.

The federal government's economic development policies and the business community's support for them were predicated on the shared belief that the Canadian economy was weakening and could not compete in an increasingly competitive world. Neo-liberal economics informed their views and assigned several factors to Canada's declining position. Among these were an intransigent trade union movement with unreasonable demands in the areas of wages and working conditions; large and interventionist governments which interfered in the private sector, disrupted labour markets and continuously overspent and raised taxes in their efforts to make up the short-fall; and a small and inefficient domestic market which prevented the possibility of corporate rationalization and expansion. All of these factors had combined to price Canada out of international markets.

To remedy the situation and allow business to make greater returns on investment, the federal Progressive Conservative government formulated and implemented policies which, in part, would introduce more "flexibility" into the labour market. These policies contributed to breaking the relative power of trade unions, already in a vulnerable position and suffering from the effects of international capitalist restructuring. They emphasized deficit reduction at the expense of job creation, restraining wages in the public and private sectors, cutting back the state's

influence and size through deregulation and privatization and reducing expenditures for social, regional and economic development programs and other government services. To combat the problem of a small and inefficient domestic market, the government negotiated a comprehensive bilateral free trade agreement with the United States. While the objective of such policies was to make Canada more competitive, they had the additional affect of alienating organized labour, shutting it out of the federal public policy process, and forcing it to seek an alternative strategy to protect its interests and promote its ideas.

The new strategy for Canada's trade union movement was to build a coalition and forge a consensus with other popular sector groups. Consequently, organized labour turned away from the old interest group politics of "business-as-usual" unionism, and its preoccupation with collective bargaining and protecting wages and benefits and membership roles. In the process, it tried to change public perceptions that unions were greedy and motivated by self-interest, as well as challenge the assumption that business interests were equivalent to the public and national interests. Nor does it appear that this was simply political expediency on the part the leadership of labour's largest central organization and the driving force behind the new strategy, the Canadian Labour Congress. Other labour organizations, such as the Confederation of Canadian Unions and the Quebec labour centrals, and individual union affiliates, all made genuine efforts to reach out to many

diverse social groups including those in the women's movement, environmentalists, peace activists and groups concerned with the poor and disadvantaged both at home and abroad. The objective of these coalition-building exercises was to promote social and economic justice and improve the quality of Canadian life.

Writing at the time the phenomenon of labour - popular sector coalescence had begun to spread across the country, Wells and Swift welcomed organized labour's new orientation but added a warning:

The hope is that coalitions will knit together common concerns and form a holistic vision of social justice. But if the Canadian labour movement is to be a vital part of such coalitions, there are problems which unions must face squarely and honestly... [i.e.] the necessity of making the trade union movement more accountable and democratic. If labour is to convince a substantial portion of the Canadian public that we should democratize institutions, unions must be a model of this kind of grassroots control. The trade union movement must also be much more open to ideas and influences that come from outside its own ranks [1].

It now appears that labour is committed to a policy of openness and, in concert with other social interests, the articulation and development of a counter-discourse and new, democratically-controlled structures. This could be seen when the "Worker's Agenda", containing a broad range of ideas designed to appeal to those outside the labour movement, was put forward at the CLC convention in the spring of 1986. Many of its points were incorporated and reiterated in a declaration, titled "A Time to Stand Together - A Time for Social Solidarity" [2], a document

produced in 1987 by the Working Committee for Social Solidarity. The Working Committee had been established by members of trade union organizations and other popular group representatives to analyze and present alternatives to social and economic dislocation. Among the many organizations participating on the Committee were GATT-Fly, the Canadian Conference of Catholic Bishops, the United Church of Canada, the National Action Committee on the Status of Women, the National Farmers Union, the Canadian Labour Congress, the Confederation des syndicats nationaux, and the Confederation of Canadian Unions. Their alternative popular program advocated a national strategy for full employment, democratic control of investment, greater economic independence, improved labour standards, the expansion of social programs and other government services, a fair and progressive taxation system and a strengthened and revitalized public sector.

The issue of free trade had been a pivotal factor in bringing labour and the popular sector together. And although the trade union movement was discouraged with the Conservative victory at the polls, the experience of building a popular coalition was believed to have been a valuable one. Moreover, as the Canadian Auto Workers' Bob White pointed out, those engaged in coalition politics during the election, would still have a role to play in challenging new government policy and reminding the Conservatives of their promises and assurances concerning both the benefits of the free trade agreement and its benign impact on Canadian sovereignty.

...we have learned that there is a large constituency out there -including organized workers, women, the cultural community, environmentalists, farmers, church groups, peace activists, anti-poverty organizations, health coalitions - that can be mobilized to challenge the ideology that lay behind free trade. ... In the course of the fight against free trade, our organizational capacities increased, our vision took on sharper focus, our collective potentials have emerged and grown. In the course of the fights to come, as the Tories and Big Business fail to meet the expectations they generated, or try to redefine (in the safety of a majority government) what those promises really were, new opposition to their policies will materialize. ...the debate and the fight for what Canada can become is not over [3].

Thus, when the Canadian Labour Congress held a special meeting [4] of 150 union leaders from across the country in February 1989 to discuss the election results and their uncertain future under free trade, the labour central reaffirmed its support for the Pro-Canada Network and committed itself to continuing the efforts at coalition building. Among the actions labour's leadership were prepared to consider as a response to the negative impact of the free trade agreement, were retail boycotts of products of companies who shut down operations in order to relocate to the U.S., or designating the shipment of such goods into Canada, "hot cargo". The CLC also instructed its research branch to monitor the effects of the agreement closely and announced that it would begin a newsletter called Tradewatch, to keep union members and the public informed.

The National Assembly of the Pro-Canada Network also held an election "post-mortem" [5]. In their analysis, the PCN expressed

the belief that the millions of dollars spent by the corporate sector in the final weeks of the campaign had been successful in buying the Tories an election victory. They were also extremely critical of what they considered to be threats to workers in company meetings about possible job losses without a free trade agreement. But while they were disappointed with the election outcome, the representatives of labour and other popular groups were nonetheless pleased with the coalition's efforts at making free trade the central issue of the campaign. The consensus among the delegates was that their organizations had accomplished more by acting together than if they had worked on their own. The PCN therefore announced their determination to continue the fight in coming years, until they had another chance to defeat the Conservative government and abrogate the free trade agreement. In the meantime, they would work to extend the coalition and do more organizing, especially at the community level.

Like the CLC, the coalition also decided it should monitor the impact of free trade in terms of such things as plant closures, job losses, threats to marketing boards or environmental standards. When and wherever these developments occurred, they would be given plenty of publicity and their association with the neo-conservative agenda of Canadian and U.S. capital would be drawn. However, the PCN would not confine its actions to public relations. It declared that its organizations had to respond collectively in order to prevent capital's divide and rule strategy. Depending on the

context of a particular challenge to any of the coalition's wide range of interests, a number of options could be invoked, after consultations with those who were most affected. These might entail, "boycotts of particular products, worker or community buy-outs of plants facing closure, plant occupations, farm-gate defenses, building broad-based community support for important strikes or labour struggles, public educational campaigns, and petition campaigns." As the PCN noted, the advantage and very the purpose of a coalition, was that it did not leave those who were under attack, alone to defend themselves [6].

One of the first acts of the popular coalition following the election was to call for changes to the free trade implementation legislation. The Pro-Canada Network did not believe the Mulroney government had been given an unconditional mandate to implement the trade deal. Although the Tories were returned with a majority in Parliament, they did not win a majority of the popular vote. 52% of the electorate had cast their ballots for the two opposition parties both of whom opposed the free trade agreement. The PCN noted, that when free trade was an issue twice before during Canadian federal elections in 1891 and 1911, the option had been rejected with 51% and 50.9% of the vote respectively. Furthermore, only two provinces, Alberta and Quebec, had given the government an absolute majority and only 97 of 170 Conservative candidates were returned with an absolute majority in their constituencies. The PCN also noted that the popular coalition had forced the Prime

Minister and his Cabinet colleagues to state categorically that free trade with the United States would not affect such things as social and regional development programs, or Canadian culture and sovereignty. Those who had contradicted the Tories, they noted, had been called "liars".

For all these reasons, the Pro-Canada Network stated flatly [7] that the government had a moral obligation to frame the guarantees it had made during the election campaign within the implementing legislation. The PCN called for either new clauses or amendments to existing clauses in the legislation to cover programs in the fields of social and regional development, agriculture and the environment, cultural enterprises, adjustment assistance, and other related concerns. They also wanted the government to set out its goals for the bilateral discussions on subsidies and to reduce the time allowed for concluding these negotiations. Finally, the PCN demanded that a Parliamentary committee and an independent agency be established to review and analyze the effects of the agreement, ensuing trade rulings and the status of continuing negotiations, and that this information be produced in annual reports to Parliament.

None of the Pro-Canada Network's demands were met by the federal government. Despite the coalition's arguments, the Conservatives did interpret their election victory as a mandate for free trade and the implementing legislation stood as drafted. And just as the

Tories would give no concrete guarantees in the legislation that social and other programs would not be affected by free trade, they also backed away from the promise of "generous" adjustment assistance for those adversely affected by free trade. After the election Jean de Grandpre, former chairman of Bell Canada Enterprises, was appointed to lead a private sector task force to look at the question. In his report, de Grandpre recommended against any form of assistance to workers or communities affected by plant shut downs, for the reason that it would be impossible to tell which had closed as a result of free trade and which had closed due to the normal process of corporate rationalization. Furthermore, it was his opinion that new expenditures of this type would only contribute to the federal budget deficit and this would hurt Canada's competitiveness with the United States. Instead, de Grandpre advocated tax incentives for corporations to retrain their workers. Testifying before a Senate Committee de Grandpre said that under his scheme, "There would be a tax incentive to train and retrain employees in the sense that employers would be keeping their workforces up to date in the same way as they attempt to keep their equipment up to date." If this comparison was somewhat unflattering to workers, Gordon Cummings, CEO of National Sea Products, made an even more objectionable remark. According to him, "Canadians have to get off their butts and get out there and find out about the American market and win" [8].

The alliance of labour and popular groups was not particularly

surprised with these developments in the post-election period. Moreover, the coalition felt its criticism during the election, of the effects free trade would have on policies and programs had been justified, especially in light of the statements which began to be made after the Conservatives were safely returned to power. Citing prominent business leaders, the Pro-Canada Network contended it had damning evidence of just who had deliberately misled the electorate during the campaign. In a public address given in February 1989, the BCNI's Thomas d'Aquino was quoted as saying:

...our deficits in relation to the size of our economy are close to the highest among the major industrial powers. In a fiercely competitive world, this is bad news. Particularly so given that the deficits of our major trading partners are lower than ours in relative terms. ... Canada's elaborate system of income support programs cannot be exempted from a comprehensive deficit reduction strategy. In total, social spending accounts for close to 60 percent of all federal program spending. In this vast area of expenditure, there is room for change, and it is time for change. ... The government must resist pressure to create new entitlements, new programs, which in better times would be very nice to have, but which today simply cannot be afforded [9].

Laurent Thibault, of the Canadian Manufacturers' Association, was also singled out for his purported deceptions. In 1980, as the CMA's Director of Economics and Communications, Thibault had appeared before a Senate committee, giving the following opinion on the ramifications of free trade for Canadian autonomy in the public policy field:

...as we ask our industries to compete toe to toe with American industry under a full free product basis, we in

Canada are obviously forced to create the same conditions in Canada that exist in the U.S., whether it is the Unemployment Insurance scheme, Workmen's Compensation, the cost of government, the level of taxation, or whatever. The whole socio-economic policy environment would have to be reasonably comparable to that of the U.S. in order to give Canadian industry a reasonable chance to manufacture at a competitive cost, and that means that we would have less freedom to create in Canada an environment that is very much different from that which exists in the United States [10].

During the election campaign, the leader of the New Democratic Party, Ed Broadbent, referred to this testimony in the televised Leaders Debates. The following day, Laurent Thibault, who was by this time president of the CMA, pointed out that his statement was made in 1980, insisted that he had changed his mind since then and implied that Broadbent had been dishonest. After the election, the Pro-Canada Network accused Thibault of being inconsistent at best, when the contents of the CMA 1989 Pre-Budget Submission were revealed:

The burden of reducing the deficit must fall largely on cutting expenditures. Because 60 percent of program spending is tied up in statutory programs, with most of this on social programs, this is the spending area that must be reduced. ... The Canada-U.S. Free Trade Agreement that we fought hard for creates great opportunities but also makes it more urgent that we tackle the outstanding issues that affect our competitiveness. Two particularly critical ones are: A significant reduction in the existing fiscal deficit with emphasis on spending restraints, and [i]mplementation of Stage Two of Tax Reform by no later than January 1, 1991 [11].

Faced with what they interpreted as shameless duplicity, the popular coalition is determined to broaden its attack on any attempts made by the government and its business allies to extend

their neo-conservative agenda. The Pro-Canada Network is confident that regressive initiatives which pretend at social policy or tax "reform", either to reduce the federal budget deficit or to create a "level playing field" with the United States, can be successfully resisted if public opposition is mobilized and the strong popular base built up during the election is activated. The coalition of labour and popular groups has made good on its commitment, for when the government announced its intentions to proceed with the second stage of tax reform, the PCN began to coordinate an anti-Goods and Services Tax protest, called the Campaign for Fair Taxes. Financed by the CLC and organized with the help of provincial labour federations, the campaign has used petitions and protest cards circulated in shopping malls, community centres, workplaces and other public areas [12].

Thus, federal government policy continues to provoke concerted action on the part of organized labour and popular sector groups. Cutting public expenditures on social programs and government services, continental free trade, reducing the state in relative and absolute terms through privatization and deregulation, and policies which keep the unemployment rate high and threaten the trade union movement, have all been introduced, ostensibly, to make Canada more competitive in a global economy that has changed profoundly. Whether they will succeed, is a question open to considerable debate. What is certain, however, is that they have generated, and will continue to generate, tremendous social and

political conflict. This fact, apart from any inherent inadequacies or flaws within the policies themselves, could well lead to paralysis in the process of adaptation to a changing international political economy, deemed so vital by the federal government.

APPENDIX I.

Extract from Canadian Labour Congress, Our Canada or Theirs? Workers Confront the Corporate Blueprint, Document 19: Statement on Free Trade, Deregulation and Privatization, Canadian Labour Congress Constitutional Convention April 28 - May 2, 1986.

FIGHTING BACK

The Canadian Labour Congress has consistently opposed deregulation, privatization and a comprehensive free trade deal with the U.S. We have rejected them as being fundamentally wrong in-and-of-themselves, and we have rejected the philosophical vision that underlies them. An economy and society that are dominated by businesses pursuing their self-interest in market place never has and never will operate to the advantage of working people.

We can take pride in the fact that our opposition to a comprehensive free trade pact with the U.S. has forced the government into a more open discussion of this issue than it had originally contemplated. And we can also take comfort in the growing opposition to the free trade initiative.

Our efforts to date have not, however, removed these policies from the political agenda of the conservative governments - federally, provincially, or municipally. In fact, the Nielsen study team reports have urged the federal government to pursue deregulation and privatization with a vengeance. These policies will keep arising in legislation and policy statements of governments, and at the bargaining table where workers will be forced to confront these policies and their effects.

A successful strategy to combat these policies must be able to be sustained over a long period of time. It must identify the incredible damage that these policies will do to Canada. It must point out the links among these policies, and between them and the right-wing philosophy that guides them. It must lead to successful action both in the political arena and at the bargaining table.

Clearly what is required is the mobilization of the length and breadth of the Canadian labour movement and other groups in our society. To this end:

1. The Canadian Labour Congress, the provincial federations of labour, the local labour councils and the affiliated unions will use every means at their disposal to make sure that all Canadians understand that free trade, deregulation and privatization involve the abandonment of a Canadian tradition of using government to bring about a caring and sharing society in favour of a corporate vision that views the U.S. - with its extremes of wealth and poverty, with its minimal social services, with its decaying public

institutions, with its over-bloated military, with its market-dominated philosophy - as the ideal that Canada should adopt: therefore,

2. The CLC will prepare print and audio visual material to explain to the trade union membership and the public at large, the dangers of these policies, their interrelationship and the philosophy that underlies them.

3. The CLC, the provincial federations of labour, the local labour councils and the affiliated unions will undertake information and education campaigns that will utilize:

- Established publications and educational forums;
- Special public meetings for the membership and public at large; and
- The material referred to in Point #2.

4. To assist in the educational efforts of the various elements of the labour movement, the CLC will act as a central clearing-house for resources on these issues.

5. The CLC will redouble its efforts to identify and make common cause with other organizations on these issues and without limiting the scope of joint activities it will:

- Make the labour movement's educational material available to these groups;
- Hold joint meetings and conferences on these issues; and
- Engage in joint-lobbying and other presentations of views to politicians.

6. Parallel efforts at coalition building will be undertaken at the provincial and municipal level, and special efforts will be made to demonstrate the damage that these policies will do to provincial and local economies and societies.

7. The CLC will make every effort to engage friendly non-affiliated unions in the campaign against these policies.

8. The CLC Executive Council will establish target dates for a coordinated national information effort on these policies that will utilize the measures already proposed, plus:

- Demonstrations in major Canadian centres;
- Media advertising;

- Card campaigns to politicians at all levels of government; and
- Direct lobbying of politicians at all levels of government.

9. These information efforts will be repeated on a regular basis until free trade, deregulation and privatization are removed from the country's political agenda.

10. The CLC will coordinate the efforts of affiliated unions when they are confronted with these policies and their effects at the bargaining table, and it will organize support for them throughout the labour movement.

What is at stake in the battle over free trade, deregulation and privatization is the right of Canadians to continue to use our democratic political institutions to shape our economic and social destiny. The advocates of these policies are telling us to abandon this tradition and cast our fate to the continental market and the will of the White House.

These are issues on which we cannot afford to lose. A lean, mean market dominated economy must be rejected. A caring, compassionate, planned economy that provides full employment, a high and rising standard of living and a more equal distribution of income and wealth must prevail. This is the point of the worker's agenda in The Economic Policy Statement.

APPENDIX II.

Sample CLC leaflet from the 1986 "Good Rules" Campaign.

Transportation: a vital link for Canadians.

"Canada is a country of small towns and big dreams."
(Brian Mulroney, July, 1984)

Canada is a country built on dreams. Our transportation system is Canada's national dream. Our forebears had the vision to unify this country with a band of steel from coast to coast making that dream a reality.

Since then, that railroad link has been strengthened by an air and road system second to none.

All this is threatened. The Mulroney government wants to deregulate the transportation industry. They want to take the heart out of our national dream.

Deregulation will see more abandonment of rail lines right across the country. Air links to smaller communities will be severed and smaller regional trucking companies will fold.

Canada cannot afford deregulation. It will weaken our nation and our nation's dream. And that hurts everyone.

We have an alternative - an alternative that will continue to bind us together, a nation of small towns and big dreams.

Good rules make good sense.

[This ad placed by the Canadian Labour Congress in the interests of a fair and safe transportation system].

APPENDIX III.

Canada Summit Declaration. April 4, 1987.

Whereas: Canada was inhabited during thousands of years by aboriginal autonomous nations and has evolved into a truly sovereign State, having its own cultures, values and way of life;

Whereas: a Comprehensive Bilateral Free Trade Agreement with the United States is bound to alter profoundly the very nature of our country;

Whereas: many well-informed Canadians are convinced that such an Agreement would bring no net economic benefit to the Canadian people;

Whereas: it is more than likely that an Agreement of this kind would result in a progressive assimilation of our way of life to that of the United States;

Whereas: it is certain that an Agreement like this would reduce considerably our freedom to decide the economic, cultural and political future of our country; and

Whereas: the present majority in the House of Commons clearly did not receive a mandate from the Canadian people to change the course of Canada's history in this fundamental way; and

Whereas: political decisions must not only be legal but also legitimate;

Therefore: We, the delegates to the Canada Summit, representing organizations whose members form a majority of the Canadian electorate;

Demand: that no Agreement of this kind be signed without first having been submitted to the Canadian people for their explicit approval;

Declare: that, in the absence of prior approval, the Government of Canada by signing the Agreement would commit an undemocratic and illegitimate act.

Notes to Introduction.

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2. H.G.J. Aitken, "Defensive Expansion: The State and Economic Growth in Canada," in Approaches to Canadian Economic History, W.T. Easterbrook and M.H. Watkins (eds), McClelland and Stewart Ltd. [Toronto: 1967] pp.203-4.
3. Ibid., p.221.
4. H.A. Innis, "The Importance of Staple Products," in Approaches... op.cit., p.18.
5. Daniel Drache, "Rediscovering Canadian Political Economy," in A Practical Guide to Canadian Political Economy, Wallace Clement and Daniel Drache (eds), James Lorimer & Company, Publishers [Toronto: 1978] pp.11-12.
6. Harold Innis, Empire and Communications, Clarendon Press, [Oxford: 1950] pp.4-5.
7. Glen Williams contrasts Innis's and Mackintosh's approaches to staple theory in his Not For Export, updated edition, McClelland and Stewart Ltd. [Toronto: 1986] pp.130-7.
8. W.A. Mackintosh, The Economic Background of Dominion-Provincial Relations, J.H. Dales (ed.), Macmillan of Canada Ltd. [Toronto: 1978] pp.36-7.
9. In this regard see the overview in, Mel Watkins, "The Staple Theory Revisited," in Journal of Canadian Studies, 12(5), 1977, pp.83-95.
10. R.T. Naylor, The History of Canadian Business, 1867-1914, Vol.I, James Lorimer and Company, Publishers [Toronto: 1975] p.4. Naylor could be said to have paid homage to Creighton and the latter's The Commercial Empire of the St. Lawrence, 1760-1850, when he published his "Rise and Fall of the Third Commercial Empire of the St. Lawrence", in Capitalism and the National Question in Canada, Gary Teeple (ed.), University of Toronto Press [Toronto: 1972] pp.1-41. The article provides a succinct exposition of the thesis contained in The History..., op.cit.
11. Harold A. Innis, "Labour in Canadian Economic History," in Essays in Canadian Economic History, Mary Q. Innis (ed.), University of Toronto Press [Toronto: 1956] p.177.
12. Bryan D. Palmer, Working-Class Experience, Butterworth & Co. [Toronto: 1983] p.94.

13. Gregory S. Kealey, Toronto Workers Respond to Industrial Capitalism: 1867-1892, University of Toronto Press, [Toronto: 1980] pp.132-153.

14. Ibid., p.142.

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1. David Wolfe, "The Crisis in Advanced Capitalism," Studies in Political Economy, No.11, Summer 1983, p.9.

2. James O'Connor, The Meaning of Crisis, Basil Blackwell Ltd. [New York: 1987] p.61. The reference here is to long-wave theories of capitalist development in which a 20 to 30 year period of capitalist expansion gives way to a 20 to 30 year period of contraction. In a letter to James O'Connor, Jens Hoff writes: "The framework can be said to form a specific accumulation model... The relationship between the accumulation model and a structural crisis is then explained by pointing out how the structural framework of the accumulation model develops [in an] increasingly contradictory [way], and how, because of this, the accumulation model turns into a structural crisis. Structural crises can therefore be viewed as periods in the history of capitalist development when one accumulation model is substituted for another, i.e., when some structures deteriorate and others are built."

3. Bob Jessop, Otto Jacobi, and Hans Hastendiek, "Corporatist and Liberal Responses to the Crisis of Postwar Capitalism," in Economic Crisis, Trade Unions and the State, Otto Jacobi, Bob Jessop, Hans Kastendiek and Marino Regini (eds), Croom Helm [London: 1986] p.3.

4. Ibid.

5. H. Scott Gordon, "A Twenty Year Perspective: Some Reflections of the Keynesian Revolution in Canada," in Canadian Economic Policy Since the War, (series of six lectures delivered at Carleton University), published by The Canadian Trade Committee [Ottawa: 1965].

6. Wolfe, op.cit., p.11.

7. Jessop, et al., op.cit., p.5.

8. Leo Panitch and Donald Swartz, The Assault on Trade Union Freedoms, Garamond Press [Toronto: 1988].

9. Leo Panitch, "Capitalist Restructuring and Labour Strategies," Studies in Political Economy, No.24, Autumn 1987, p.133. Panitch is probably referring to the fact that union leadership during the Cold War purged from their ranks, radical elements - branded communists in the prevailing climate of McCarthyism - who advocated a more confrontationalist approach toward the state and capital.
10. Wolfe, op.cit., p.12.
11. Leo Panitch, "Capitalist Restructuring..." op.cit., p.133.
12. Duncan Cameron, "Order and Disorder in the World Economy: International Finance in Evolution," in Studies in Political Economy, No.11, Summer 1983, pp.115-118. Also in this regard, Robert L. Heilbroner, Beyond Boom and Crash, Norton [New York: 1978]; and Fred L. Block, The Origins of International Economic Disorder, University of California Press [Berkeley: 1977].
13. J. Paul Grayson, "Plant Closures and Political Despair," in Canadian Review of Sociology and Anthropology, Aug. 1986, pp.338-349.
14. Folker Frobels, Jurgen Heinrichs and Otto Kreye, The New International Division of Labour, Cambridge University Press [Cambridge: 1980].
15. Ibid., p.12.
16. Maria Patricia Fernandez Kelly, "Contemporary Production and the New International Division of Labour," in The Americas in the New International Division of Labour, Steven E. Sanderson (ed.), Holmes and Meier [New York: 1985] p.207.
17. Andre Gunder Frank, Reflections on the World Economic Crisis, Monthly Review Press [New York: 1981] pp.59-60; and, Alain Lipietz, "Towards Global Fordism?" New Left Review, 132, Mar./Apr. 1982, p.40.
18. "Maquiladora" refers to a subsidiary or subcontracting company which began manufacturing for the export market after the introduction in 1965 of the Mexican Border Industrialization Program. Since 1972 it has been known as the Maquiladora Program. See Barry Bluestone and Bennett Harrison, The Deindustrialization of America, Basic Books Inc. [New York: 1982] p.171.
19. Frank, op.cit., pp.60-2.
20. Frank op.cit., p.61; and Lipietz op.cit., p.43. While both authors were documenting the exploitation and repression of "third world" labour in the late 1970s and early 1980s, these practices continue unabated. See, Joyce Nelson, "The New Global Sweatshop," Canadian Forum, Sept. 1989, pp.10-15.

21. Kelly, op.cit., p.208.

22. Kelly disputes this, saying "...the employment of women as assemblers in export processing zones is frequently explained by their putative natural dexterity, acute eyesight, greater sense of responsibility, patience, and preference for minute, detailed operations. Surrounding these praiseworthy feminine characteristics are low wages, dead-end jobs, and unfavourable working conditions. In this case the ideology of gender is used to justify a rather crude economic reality." Ibid., pp.220-21.

23. Frank, op.cit., p.62.

24. The Americas Watch Report on Human Rights and U.S. Policy in Latin America, With Friends Like These, Cynthia Brown (ed.), Pantheon Books [New York, 1985] pp.55-6.

25. See, The Americas Watch Committee and the American Civil Liberties Union, Report on Human Rights in El Salvador, Vintage Books [New York: 1982; and their Supplement to the Report on Human Rights in El Salvador, Centre for National Security Studies [Washington, D.C.: 1982]. Among various church groups working in this area see, A Report by the Archdiocese of Sao Paulo, Torture in Brazil, Joan Dassin (ed.) Vintage Books [New York: 1986]. Reports by Amnesty International include, Torture in the Eighties, Martin Robertson and Amnesty International [London: 1984]. See as well, Amnesty's nation-specific reports such as Chile: Evidence of Torture; Guatemala: Government Program of Political Murder; and Republic of Korea: Violations of Human Rights. The International Labour Office's Official Bullentin (Series B), ILO Publications [Geneva, Switzerland], is an annual report of cases concerning labour repression and the violation of labour law filed with the Office by trade unions and labour centrals.

26. Kelly, op.cit., p.207.

27. International Labour Organization, Multinationals in Western Europe: The Industrial Relations Experience, International Labour Office, Geneva: 1976. pp.19-20.

28. Bluestone and Harrison, op.cit., pp.165-7.

29. For example, Cowling and Sugden document a threat issued to autoworkers from the employee relations director for Ford of Britain, who informed his workforce in 1983 that "...to date, we have achieved only 62 to 64 per cent of capacity at Halewood and Dagenham against 100 per cent at Saarlouis in West Germany and 96 per cent at Valencia, Spain. If we do not get our costs down we cannot compete and if we cannot compete we will not survive in

Britain as a manufacturing company." Keith Cowling and Roger Sugden, Transnational Monopoly Capitalism, Wheatsheaf Books Ltd. [Brighton: 1987] p.75.

30. Rob Atkinson, "Trade Unions, Industrial Change and the Effects of the Recession in West Germany and the United Kingdom," in Trade Unions and the Economic Crisis of the 1980s, William Brierley (ed.), Gower Publishing Company Limited [Aldershot: 1987] p.18.

31. Kelly, op.cit., pp. 217-8.

32. See, for example, Canada, Department of Trade and Commerce, Foreign Direct Investment in Canada, (The Gray Report), Queen's Printer [Ottawa: 1972]; and John Britton and James Gilmour, The Weakest Link: A Technological Perspective on Canadian Industrial Underdevelopment, Science Council of Canada [Ottawa: 1978], especially chapter 4.

33. Glen Williams, "Canadian Sovereignty and the Free Trade Debate," in Knocking on the Back Door, Allan M. Maslove and Stanley L. Winer (eds), The Institute for Research on Public Policy, [Halifax: 1987] p.102.

34. James Laxer, Canada's Economic Strategy, McClelland and Stewart Ltd. [Toronto: 1981] pp.127-8; and his, Rethinking the Economy, New Canada Publications [Toronto: 1983] p.60.

35. Glen Williams, Not For Export, updated edition, McClelland and Stewart [Toronto: 1986] chapter 6.

36. Ibid., pp.174-5.

37. Laxer, op.cit., Canada's..., p.129.

38. Foreign-controlled firms have tended to import (usually from parent companies) more of their production requirements than have Canadian-controlled firms. In those sectors dominated by branch plants, for example machinery and electronics, the proportion of the Canadian market being met through imports increased significantly from the mid-60s to late 70s. Canadian dominated sectors such as steel, saw their imported requirements decrease. Ibid., pp.123-4.

39. Duncan Cameron points out the role of the state in capital exports. "As new foreign investment flows have been reduced, Canada has increasingly turned to foreign placements of Canadian bonds. In this respect the state sector has been a leading actor. ...the federal government has organized borrowings abroad to replenish its stock of foreign currencies for intervention purposes. In short the Canadian government borrows money abroad

to finance the deficit on current account and interest charges and those borrowings themselves contribute to the growing deficit." "Public Credit and Private Profit: The Politics of the Canadian Current Account Deficit," in Our Generation, V.14, 1981, pp.36, 40.

40. David Wolfe, "The State and Economic Policy in Canada," in The Canadian State, Leo Panitch (ed.), University of Toronto Press [Toronto: 1977] p.271. Wolfe goes on to cite an extract of Turner's speech and the former finance minister's concerns have a remarkable familiarity about them: "The main thrust of this budget is to deal with this problem: to buttress the Canadian economy - to provide incentives for Canadian industry to grow and compete and provide jobs... Multinational corporate giants have come to assume an increasingly dominant role on the world economic stage and in the Canadian economy. I fear that the world is in the process of being transformed into massive trading blocs, which in itself is of immense significance to Canada as a major trading nation... What I shall strive to do tonight is to set the stage for Canadian industry to be competitive in world markets. Our ability to gain access to world markets is a prerequisite to the success of any industrial policy that focuses on growth and jobs."

41. Laxer, op.cit., Rethinking..., pp.62-3.

42. Williams, op.cit., Not For..., p.155.

43. Alain G. Gagnon and Mary Beth Montcalm, Quebec: Beyond the Quiet Revolution, Nelson Canada [Scarborough: 1990]. Especially chapters 1 and 2.

44. Alain G. Gagnon and Mary Beth Montcalm, "The Global Economic Crisis and Quebec's Peripheral Position in the Capitalist Economy," in Frontyard/Backyard: The America's in the Global Crisis, John Holmes and Colin Leys (eds), 1987, p.134.

45. Alain G. Gagnon, "A Tranquil Quebec: The End of Conflictual Relations?" in R.J. Jackson, D. Jackson and N. Baxter-Moore (eds), Contemporary Canadian Politics: Readings and Notes, Prentice-Hall [Toronto: 1987] p.149.

46. Judith Maxwell and Caroline Pestieau, Economic Realities of Contemporary Confederation, C.D. Howe Research Institute [Montreal: 1980] pp.97-9.

47. Don Wells and Richard Swift, Labour at the Crossroads, CBC Transcripts [Montreal: 1986] pp.1-2.

48. John Calvert, Government, Limited, The Canadian Centre for Policy Alternatives [Ottawa: 1984] pp.61-2.

49. Ibid., p.63.

50. Wolfe, op.cit., "The State..." p.264.
51. Walter Johnson, Trade Unions and the State, Black Rose Books [Montreal: 1978] pp.13-17.
52. Palmer, op.cit., p.294.
53. Gagnon and Montcalm, Quebec..., op.cit., pp.92-3.
54. Otto Jacobi, "Trade Unions, Industrial Relations, and Economic Ruptures," in Jessop et. al., op.cit., p.44.
55. Palmer, op.cit., p.295.
56. Peter Warrian, "Industrial Policy, Free Trade and Employment Growth." Paper presented to the Symposium on Policies for Full Employment, Ottawa: November 29-30th, 1985, pp.8-9.
57. Ibid., p.6.
58. Swartz and Panitch regard as insidious, the growing and widespread use of legislation ordering workers to return to their jobs, because it has not raised the concern that would attend, for example, an out-right ban on the right to strike or organize. Governments have found that taking "limited and exceptional" actions against particular groups of workers in particular locales, has been just as useful in limiting the effectiveness of unions. Swartz and Panitch refer to this as "permanent exceptionalism". See, Leo Panitch and Donald Swartz, From Consent to Coercion, Garamond Press [Toronto: 1985], and their updated version, The Assault on Trade Union Freedoms, Garamond Press [Toronto: 1988].
59. Don Braid, "International labour group representatives in Canada to investigate complaints," Ottawa Citizen, Sept.21 1985, p.B6.
60. Leo Panitch, "Capitalist Restructuring..." op.cit., pp.132-33, 135.
61. Ibid., p.132.

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2. Canada, Commons Debates, 1st Session of the 33rd Parliament, Supply and Services [Ottawa: 1984] p.6.
3. Ibid.
4. Wolfe, "The State ...", op.cit., p.264.
5. Keith Banting, "The State and Economic Interests: An Overview". in The State and Economic Interests, Vol.32 of the studies conducted for the Royal Commission on the Economic Union and Development Prospects for Canada, Keith Banting (research coordinator), University of Toronto Press [Toronto: 1986] p.25.
6. From a transcript of Prime Minister Trudeau's remarks to the Founding Convention of the Canadian Federation of Labour, Ottawa, March 31, 1982, p.4. Cited in Roy J. Adams, "The Federal Government and Tripartism," in Relations Industrielles, vol.37, no.3, 1982, p.608.
7. Adams, op.cit., pp.610-11.
8. Canadian Labour Congress, Labour's Manifesto for Canada, Canadian Labour Congress [Ottawa: 1976] p.11.
9. Pierre Fournier, "Consultation in Canada: Case Studies and Perspectives," in Banting op. cit., p.296.
10. Leo Panitch, "Corporatism in Canada," Studies in Political Economy, No.1, Spring 1979, pp.44-5.
11. Wilfrid List, "CLC chief hails Liberal defeat as chance for era of progress," Globe and Mail, Sept.6, 1984, p.4.
12. Winnipeg Free Press, "Tory labour minister vows a new era of cooperation," Sept.26, 1984, p.17.
13. Canada, Department of Finance, A New Direction for Canada: An Agenda for Economic Renewal, Nov. 8, 1984, p.21.
14. Lorne Slotnick, "CLC official criticizes labour for ties too close to Ottawa," Globe and Mail, Nov. 29, 1984, p.1.
15. James Bagnall, "Closer, but not too close to Tories," Financial Post, Oct.13, 1984, p.9.
16. The Private Sector Advisory Committee was dominated by a majority of members from business associations. Composition of the committee was as follows: Philip Aspinall, Canadian Institute of Chartered Accountants (Chairman); Austin Thorne, Canadian Federation of Labour; Robert Baldwin, Canadian Labour Congress;

Jerry Heffernan, Business Council on National Issues; Ted Netten, Canadian Association of Management Consultants; Peter Riffin, Canadian Manufacturers' Association; Harold P. Milavsky, Canadian Chamber of Commerce; Ronald J. Farano, Canadian Federation of Independent Business; Geoffrey Hale, Canadian Organization of Small Business; Jan d'Ailly, le Conseil du patronat; Richard Bourbeau, le Groupement d'entreprises quebecoises; Louis Laberge, Quebec Federation of Labour. Canada, New Management Initiatives: Initial Results from the Ministerial Task Force on Program Review, Ministerial Task Force on Program Review, Honourable Erik Nielsen (Chairman), Ottawa: May 1985, p.51.

17. Slotnick, "CLC official ...", op.cit.

18. John Deverell, "Labour chief McDermott defends 'cozy' stance with Ottawa," Toronto Star, Dec.3, 1984, p.A14.

19. Ibid.

20. Charlotte Montgomery, "CLC to join Tory advisory committee," Globe and Mail, Dec. 6, 1984, p.16.

21. Douglas Brown and Julia Eastman, The Limits of Consultation, Science Council of Canada, Ministry of Supply and Services [Ottawa: 1981] pp.188-9.

22. Globe and Mail, "Deep rift between, business, labour revealed as economic talks begin," March 23, 1985, p.1.

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24. James Bagnall, "Wooing Labour still central in search for consensus," Financial Post, March 30, 1985, p.13.

25. Alan Toulin, "Business to Wilson: Deficit must be axed by \$5 billion," Toronto Star, May 5, 1985, p.D1.

26. Lorne Slotnick, "Labour criticizes plans as tough and unfair," Globe and Mail, May 24, 1985, p.12.

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29. Barbara Yaffe, "Weak and mighty trade phone numbers," Globe and Mail, March 25, 1985, p.5.

30. "Open letter to Prime Minister on socio-economic priorities," Canadian Labour, Vol.30, No.9, Oct. 1985 p.4.
31. Globe and Mail, "McDermott to step down from CLC post in April," Nov.23, 1985, p.A1.
32. Wilfred List, "A new broom for the CLC?" Globe and Mail, Dec.5, 1985, p.A7.
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34. Doern and Phidd, op. cit., p.441.
35. Lorne Slotnick, "CLC executive names Carr for top job," Globe and Mail, Dec.12, 1985, p.A22.
36. Charlotte Montgomery, "Government, business shun CLC talks," Globe and Mail, Jan.8, 1986, p.A4.
37. Charlotte Montgomery, "Tories attacked for refusal to join economic conference," Globe and Mail, Jan.14, 1986, p.A8.
38. Charlotte Montgomery, "Groups eye forming coalition in wake of Government snub," Globe and Mail, Jan.15, 1985, p.A5.
39. Ibid.
40. David I. Langille, "From Consultation to Corporatism?" Unpublished M.A. thesis, Carleton University 1982, pp.203, 208-9.
41. Leo Panitch, "The Tripartite Experience," in Banting op. cit., p.113.
42. Lorne Slotnick, "Brave talk closes CLC meeting," Globe and Mail, May 3, 1986, p.A20.
43. Canadian Labour Congress, Our Canada or Theirs? Workers Confront the Corporate Blueprint, Document 19: Statement on Free Trade, Deregulation and Privatization, Canadian Labour Congress, Constitutional Convention, April 28-May 2, 1986.
44. Ibid., p.2.
45. "Workers' Agenda: Full Employment and Fairness," in Canadian Labour, Canadian Labour Congress, May-June 1986, p.11.
46. Ibid., p.13.

47. Ibid., pp.12-13.

Notes to Chapter 3.

1. Not only did the Prime Minister's boyhood home benefit from American capital, but so did Brian Mulroney personally. Ron Graham recounts the anecdote that whenever the American newspaper tycoon Colonel Robert McCormick arrived to inspect his mill, he summoned the young Mulroney to sing for him. In return, the colonel gave Mulroney fifty dollars. According to the Prime Minister, "I'd go sing. I'd perform any song he'd want." Ron Graham, "Brian Mulroney Sings for David Rockefeller," Saturday Night, March 1985, p.64.

2. Wallace Clement, Continental Corporate Power, McClelland and Stewart [Toronto: 1977] p.24.

3. Stephen Clarkson, Canada and the Reagan Challenge, James Lorimer and Co. [Toronto: 1985] pp.354-5.

4. Canada, Department of Finance, A New Direction for Canada: An Agenda for Economic Renewal, Nov.8, 1984, pp.41-2.

5. Canada, House of Commons, Minutes of Proceedings and Evidence of the Standing Committee on Regional Development, Issue #2, Bill C-15, an Act respecting investment in Canada. February 5, 1985, pp.9-11.

6. Ibid., pp.11-12.

7. Canada, Investment Canada, Annual Report: 1985-86, Supply and Services, [Ottawa: 1986] pp.4-5.

8. For example, a large majority of the business executives believed foreign investment had at least a "mostly good" effect on the Canadian economy, while labour leaders generally opposed new foreign investment in key economic sectors. Michael Ornstein, "The Political Ideology of the Canadian Capitalist Class," Review of Canadian Sociology and Anthropology, Vol.23, No.2, 1986, p.200.

9. Canada, House of Commons, Minutes of Proceedings and Evidence of the Standing Committee on Regional Development, Issue #7, February 26, 1985, Bill C-15, an Act respecting Investment in Canada, pp.4-5.

10. Ibid., pp.6-7.

11. Ibid., p.4.
12. Ibid., pp.12-13.
13. To quote D'Aquino, "...In the work of our task force on industrial development and international trade and in the papers we have put together for recommendations for amendments to the Foreign Investment Review Agency, the composition of those particular task forces, particularly the task force that dealt with the issue of amendments to the Foreign Investment Review Act, was of individuals who were specifically chosen because they were not representatives of foreign-owned companies. In other words, they were made up from...Canadian-owned companies. Those individuals looked at the whole issue of R and D, management, export and investment, and concluded at that time that there was a need for change..." Canada, House of Commons, Minutes of Proceedings and Evidence of the Standing Committee on Regional Development, Issue #11, March 5, 1985. p.30.
14. Ibid., pp.29-30.
15. Toronto Star, "Wilson Reassures French Investors" Nov.18, 1985, p.B12.
16. Robert Lee, "Invest in Canada, PM urges Japan," Ottawa Citizen, May 8, 1986, p.A1.
17. Labour worked closely with a public interest group - Rural Dignity - to raise the profile of the privatization issue in smaller communities. The two postal unions and the labour central also distributed a pamphlet urging the general public to deal with the issue by changing the government in the next election. "Postal cutbacks are just part of the Tory agenda," an anti-government brochure said. The agenda also included cutbacks in social programs, transportation and communications deregulation, higher drug prices, privatizing government services, free trade, higher indirect taxes, and wasteful defence spending. The brochure targetted wider social concerns by concluding, "Mulroney's policy on the post office is just part of this broad agenda which favours big business over the needs of people - especially minorities, women and people in the rural communities." Joint pamphlet issued by the CLC, CUPW and LCU, entitled "Let's Change the Government".
18. H.V. Nelles, The Politics of Development, Macmillan of Canada [Toronto: 1974].
19. Sanford F. Borins, "World War Two Crown Corporations: Their Wartime Role and Peacetime Privatization," in Canadian Public Administration, Vol.25, No.3, Fall 1982. Gaining a "window" on industry was also one of the reasons for the creation of PetroCanada in the early 1970s.

20. Gagnon and Montcalm, Quebec..., op.cit., p.54.
21. Jeanne Kirk Laux and Maureen Appel Molot, State Capitalism: Public Enterprise in Canada, Cornell University Press [Ithaca, N.Y.: 1988] p.59.
22. Ibid., pp.59-60.
23. John W. Langford, "Privatization: A Political Analysis," in Papers on Privatization, Thomas E. Kierans and W.T. Stanbury (ed.s), The Institute for Research on Public Policy [Montreal: 1985] p.58-9.
24. Canada, Canada's Privatization Program: An Overview, Dr. Janet Smith (Deputy Minister), Office of Privatization and Regulatory Affairs [Ottawa: 1988] p.2.
25. David Heald and David Steel, "Privatizing Public Enterprise: An Analysis of the Government's Case," in Privatization and Regulation, John Day, Colin Mayer and David Thompson (eds.) Clarendon Press [Oxford: 1986] p.59.
26. Rob Atkinson, "Trade Unions...", op.cit., p.16.
27. Organized labour had a strong base in the public sector. In 1980, unionized white and blue collar workers comprised more than 90% of nationalized industries, while in the private sector, 75% of blue collar workers and only 39% of white collar workers belonged to unions. In the manufacturing sector, 98% of blue collar workers and 94% of white collar workers belonged to unions in nationalized firms, compared to 68% and 32% respectively for private manufacturing firms. Moreover, workers in nationalized industries tended to establish the trend in wage settlements because of their highly centralized bargaining process. See, David Thomas, "The Union Response to Denationalization," in Privatizing Public Enterprises, David Steel and David Heald (eds.), Royal Institute of Public Administration [London: 1984] pp.59-60.
28. Richard G. Lipsey, "Privatization: an economist's perspective," in Papers on Privatization, op.cit., pp.44-5. Professor Lipsey is not as dogmatic on this issue as, for example, the Fraser Institute. In this article he acknowledges a role for the state in arts and culture.
29. John W. Langford, op. cit., p.70.
30. Paul Martin, "Why and How to Privatize," Policy Options Politiques, March 1984, p.24-5. At present, Martin is a federal Liberal MP and is running for the Party leadership.

31. Tom Kierans, "Commercial Crowns," in Policy Options Politique, Nov. 1984, p.27. Kierans is now president of the C.D. Howe Institute.

32. Ibid., p.24.

33. Canada, Department of Finance, A New Direction for Canada: An Agenda for Economic Renewal, Nov.8, 1984, p.63.

34. Canada, Department of Finance, Budget Papers, Securing Economic Renewal, May 23, 1985. p.26.

35. Laux and Molot, op. cit., p.192.

36. G. Bruce Doern and John Atherton, "The Tories and the Crowns: Restraining and Privatizing in a Political Minefield," in 1987-88: Restraining the State, Michael J. Prince (ed.) Methuen [Agincourt: 1987] pp.134-5.

37. Laux and Molot, op. cit., p.191

38. Doern and Atherton, op.cit., p.157.

39. Canada, Department of Finance, Budget Papers, Securing Economic Renewal, May 23, 1985, p.28.

40. Ottawa Citizen, "UAW, NDP Want Sale to Boeing Stopped," Dec.9, 1985, p.A1.

41. Ron Lowman, "Emotions run high as workers at De Havilland prepare for news their firm sold to U.S. giant," Toronto Star, Dec.2, 1984, p.A12.

42. Christopher Waddell, "De Havilland sale a political gamble," Globe and Mail, Dec.7, 1985, p.A12.

43. David Stewart-Patterson, "De Havilland Deal Angers MPs," Globe and Mail, Dec.3, 1985, p.A1.

44. Canada, Department of Finance, Budget Papers, Securing Economic Renewal, May 23, 1985, p.28.

45. Jeanne Laux, "Rough Landing - the De Havilland-Boeing Deal," in Canadian Dimension, Vol.20, No.3, May 1986, p.40.

46. Les Whittington, "Tories Learn Fire Sales Can Burn You," Ottawa Citizen, Dec.7, 1985, p.B1.

47. The CDIC's Board of Directors in turn, had been advised by its private sector advisors - investment houses in New York, London and Toronto - to accept the Boeing offer. Laux op. cit., p.39.

48. Arthur Johnson, "Some Gift," Report on Business Magazine, Jan. 1988, p.71.

49. Ibid., pp.71-2.

50. Ian McDougall, president of Rimgate Holdings Ltd., charged that his company had been placed in a "catch-22" situation. According to him, the Toronto-based consortium's bid was unsuccessful because the Government refused to give the consortium financing information until it had financing for its bid in place. But Rimgate could not get financing arranged without the information. See, Stewart-Patterson, op. cit.

51. Doern and Atherton, op. cit., p.163.

52. Globe and Mail, "Canadair employees form 'survival group' to lobby government," Dec.23, 1985, p.A5.

53. Canada, Department of Transportation, Freedom to Move, Supply and Services, [Ottawa: 1985].

54. Andrew Tausz, "The high cost of failing to deregulate," Report on Business Magazine, Oct. 1985, p.102.

55. "Full speed ahead on deregulation: Tories," Canadian Railwayman, Vol.21 No.1, Jan.-Feb. 1986, published by unions representing railroad airline and other workers, Ottawa, p.2.

56. The Consumers Association of Canada, was another interest group supporting the government's proposals, giving an indication of its growing acceptance of a "free market" philosophy.

57. When the legislation was eventually passed, CNR was permitted to abandon 4% of its track per year. See, Cecil Foster, "The rule of Lawless," Report on Business Magazine, Feb. 1988 p.42.

58. Tausz, op.cit.

59. Ottawa Citizen, "Transportation deregulation should mean lower freight rates, minister says," Sept.9 1986, p.B4.

60. Val Bourgeois, "Memo to Transport Minister Crosbie," in The Machinist: Canada, The International Association of Machinists and Aerospace Workers, Ottawa, Vol.7 No.20, Feb. 1987, p.1.

61. The Machinist: Canada, Vol.7 No.17, Nov. 1986, The International Association of Machinists and Aerospace Workers, Ottawa, "Deregulation disastrous in U.S." p.6.

62. Ibid. Many "fly-by-night operations such as World Airways and Frontier Airlines, and larger carriers like People Express and Braniff, went bankrupt and laid off thousands of workers during this period.
63. Laura Eggerton, "Airline deregulation," Ottawa Citizen, Sept.16, 1986, p.B1.
64. Wilfred List, "Fears over effects of deregulation force unions into defensive mode," Globe and Mail, Dec.2, 1985 pp.B15-16.
65. The Machinist: Canada, Vol.7 No.21, Mar. 1987, The International Association of Machinists and Aerospace Workers, Ottawa, "Chasing profits and ignoring risks," p.6.
66. "CLC endorses call for safety inquiry," Canadian Railwayman, Vol.21 No.5, July 1986, published by unions representing railroad airline and other workers, Ottawa, p.1.
67. David Gersovitz, "Thousands of jobs to disappear in massive reshaping of railways," Ottawa Citizen, May 1, 1986, p.F2.
68. "CBRT fights to stop deregulation," Canadian Railwayman, Vol.21 No.5, July 1986, published by unions representing railroad airline and other workers, Ottawa, p.4.
69. The Machinist: Canada, Vol.7 No.16, Oct. 1986, The International Association of Machinists and Aerospace Workers, Ottawa, "Massive lobby opposes deregulation," p.1.
70. The Communicator, No.4, Winter 1986, The Canadian Signal and Communications Union, Ottawa, "Facing up to deregulation," p.2.
71. Canadian Labour Congress, News Release, Dec. 1, 1986, "CLC to lobby against transport deregulation".
72. The CLC leaflet invited recipients to write for a copy of labour's "good rules" alternative. See Appendix II, for the information contained on a sample leaflet.
73. See point 9 of Appendix I.
74. The Brotherhood of Maintenance of Way Employees, "Submission on deregulation," union publication (mimeo) July-Aug. 1987, p.9.
75. The Conservative government did not oppose the Crown firm's acquisitions, because to do so, would have detracted from its marketability in a future privatization sale. See, Doern and Atherton, op.cit., pp.140-1.

76. The Machinist: Canada, Vol.7 No.18, Dec. 1986, The International Association of Machinists and Aerospace Workers, Ottawa, "PWA takeover mocks Tory deregulation," p.1.
77. Carey French, "Door opened to U.S. raids by rail rules," Globe and Mail, September 19, 1986, p.B1.
78. Globe and Mail, "Railways seeking to extract stiff concessions from unions," Oct.2, 1986, p.A2.
79. Foster, op.cit., pp.40,44.
80. The Machinist: Canada, Vol.7 No.21, Mar. 1987, The International Association of Machinists and Aerospace Workers, Ottawa, "CN plans massive rail abandonment," p.1.
81. John E. Platt, "Aftermath of the railway strike," The Communicator, The Canadian Signal and Communications Union, Ottawa, No.4 Fall 1987, p.2.
82. E.G. Abbot, (executive secretary), The Railway Labour Movement: Past, Present and Future, unpublished internal study of the Canadian Railway Labour Association, 1988, p.31.
83. Ibid., pp.8-9. Examples of short lines are the Stettler subdivision of CN Rail in the province of Alberta, where track was abandoned and recreated as the Central North Western Railway Inc. In eastern Canada, CP Rail created the Canadian Atlantic Railway (CAR) on September 1, 1988, which consisted of all CP Rail lines and facilities in the provinces of New Brunswick, Nova Scotia and the state of Maine in the United States. With a new organizational structure and regional identity, the CAR was given control over marketing, service and local operations. While the CAR short line is a division of CP Rail, it was created so that its internal operating structure could be easily transformed into an independent corporate entity. The Canadian Railway Labour Association anticipates this will probably take place when CN Rail and CP Rail realize their plans for abandoning branch lines in eastern Canada. The CAR will eventually handle all rail traffic east of Quebec City.
84. Doern and Atherton, op. cit., p.141.
85. R.Y. Gaudreau, "Deregulation: They did it," The Brotherhood of Maintenance of Way Employees, union publication (mimeo) Sept.-Oct. 1987, p.4.
86. The author was one of those conducting the survey designed by Chris Chilton of the CLC's research staff. Jim Goss, of Union Communications (Ottawa), provided the response data.

Notes to Chapter 4.

1. Standing Senate Committee on Foreign Affairs, Canada-United States Relations: Volume III; Canada's Trade Relations with the United States, Supply and Services [Ottawa: March, 1982] p.18.
2. Canada, Department of External Affairs, Canadian Trade Policy for the 1980s - A Discussion Paper, Canada: August 1983.
3. Ibid., p.49.
4. Bruce Wilkinson, "Commercial Policy and Free Trade with the United States", in Canada Among Nations, 1984: A Time of Transition, Brian W. Tomlin and Maureen Molot (eds.) James Lorimer and Co. [Toronto: 1985] pp.168-9.
5. Glen Williams, "Symbols, Economic Logic and Political Conflict in the Canada-U.S.A. Free-Trade Negotiations," in Queen's Quarterly, Winter 1985, Vol.92, No.4., pp.668-9.
6. Duncan Cameron, The Free Trade Papers, James Lorimer & Company [Toronto: 1986] p.xv.
7. G. Bruce Doern, "The Mega-Project Episode and the Formulation of Canadian Economic Development Policy," in Canadian Public Administration, XXVI, 2, 1983, pp.221, 236.
8. When Bourassa used the notwithstanding clause to uphold the "signs" provision in Bill 101 which had been declared unconstitutional by the Supreme Court, the Western premiers, with the exception of Manitoba's Gary Filmon, had no objection. Filmon spoke out "not because of any burning fervor for language rights, but because Bourassa gave him a golden opportunity to save his [minority] government by withdrawing his support from Meech Lake." See, Don Braid, "Quebec, west: Canada's powerful new insiders," in Ottawa Citizen, Jan. 18, 1989, p.A9.
9. G. Bruce Doern, "The Tories, Free Trade and Industrial Adjustment Policy: Expanding the State Now to Reduce the State Later?" in How Ottawa Spends 1986-87: Tracking the Tories, Michael J. Prince (ed.) Methuen [Toronto: 1986] p.69.
10. Williams, "Symbols...", op.cit., p.671.
11. Williams, "Canadian Sovereignty...", op.cit., p.108.
12. David Langille, "The BCNI Calls the Shots," in The Facts, Spring 1988, Vol.10 No.2, p.102.
13. Ibid., p.105.
14. Williams, "Canadian Sovereignty...", op.cit., pp.106-7.

15. Williams, " Symbols...", op.cit., pp.665.
16. Langille, op.cit., p.105.
17. Williams, "Symbols...", op.cit., pp.670-1.
18. Cameron, op.cit., p.xvi.
19. "Time running out for free-trade deal: Robinson," Ottawa Citizen, Sept.3, 1985, p.A13.
20. Peter Goodspeed, "U.S. Congress in 'no mood' to tear down trade barriers," Toronto Star, Sept.27, 1985, p.A8].
21. Canada, Report of the Royal Commission on the Economic Union and Development Prospects for Canada, Volume I, Supply and Services [Ottawa: 1985] p.66.
22. Toronto Star, "Free trade talks a bid to protect 2 million workers Mulroney says," Sept. 27, 1985, p.21.
23. Laurie Monsebraaten and Heather Bird, "Free trade proposal good news to business but 'insanity' to labour," Toronto Star, Sept.27, 1985, p.A8.
24. John Deverell, "Labour divided over bid to join free-trade talks," Toronto Star, Oct.3, 1985, p.A3.
25. Lorne Slotnick, "CLC rejects federal invitation to join trade advisory group," Globe and Mail, Oct.11, 1985, p.A1-2.
26. Canadian Labour Congress, Statement..., op.cit., p.1.
27. "McKnight promises labour role in free trade talks," Ottawa Citizen, May 16, 1986, p.A5.
28. "Free trade could split labour, McKnight says," Toronto Star, May 26, 1986, p.A10.
29. David Vienneau, "Freer trade a 'hoax,' nationalist group warns," Toronto Star, Oct.13, 1985.
30. Lorne Slotnick, "Labour seeks coalition for free-trade battle," Globe and Mail, Nov.13, 1985, p.A1.
31. Jacobi, "Trade Unions...", in Jessop et al., op. cit., p.46.
32. Canadian Labour Congress, Statement..., op.cit., p.8. See points five, six and seven in appendix I.

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MICROCOPY RESOLUTION TEST CHART
NATIONAL BUREAU OF STANDARDS
STANDARD REFERENCE MATERIAL 1010a
(ANSI and ISO TEST CHART No. 2)

33. Rod Mickleburgh, "Operation Solidarity: How it was", in British Columbia's Operation Solidarity: What Can We Learn? Peter Findley (ed.), Canadian Centre for Policy Alternatives [Ottawa: 1985] p.12.

33b. This is not to imply that the Federation's leadership was in the forefront of building the B.C. coalition. Bryan Palmer says that, despite claims to this affect made in the "official" accounts of this movement, (see works cited in notes 33 and 34), it was pressure from the base within unions, popular groups and municipal politics, as well as from members of the small but significantly influential Communist Party, such as George Hewison, which led to the mobilization of the Solidarity Coalition. Solidarity: The Rise and Fall of an Opposition in British Columbia. New Star Books [Vancouver: 1987] pp.28-31.

34. Art Kube, "Operation Solidarity/Solidarity Coalition - Common Cause," in Findley (ed.), op.cit., pp.8-9.

35. Daniel Drache and Duncan Cameron, The Other Macdonald Report, James Lorimer and Co., [Toronto: 1985] pp.ix-x.].

36. Cameron, op.cit., p.xliii.

37. It is Glen Williams' opinion that free trade neither threatens nor advances Canadian sovereignty but is "an excellent illustration of how our autonomy is manifested in the management and reproduction of regional relations within empire as the continental capitalist accumulation process expands and transforms itself over time." Williams, "Canadian Sovereignty...", op.cit., p.109.

38. See the quote from Michael Walker of the Fraser Institute above, referenced in note 23. In his speech to the House of Commons, the Prime Minister tried to indicate that the pursuit of a free trade agreement was in itself a sovereign act: "We are two sovereign democracies, sharing the same continent, reaching out with maturity and strengths to seek out ways of enhancing mutually beneficial trade goals". Toronto Star, "Free trade talks a bid to protect 2 million workers Mulroney says," Sept. 27, 1985, p.21.

39. The Council of Canadians is the reincarnation of the Committee for an Independent Canada, a nationalist citizen's group formed in 1970 by Walter Gordon, Peter Newman and Abraham Rotstein.

40. James Hyndman, "Why Free Trade with the U.S. is not the Answer for Canada," background document prepared for the Council of Canadians, (n.d.), pp.6-7.

41. Ibid., p.11.

42. Unless otherwise indicated, much of the material concerning the representations of various groups to the Canada Summit, is based on notes the author made while attending the conference.

43. Gagnon and Montcalm, Quebec..., op.cit., pp.96-7.
44. Yvon Charbonneau, Gerald Larose, Louis Laberge et Jacques Proulx, "Libre-Echange: Les centrales refusent de donner carte blanche au gouvernement Mulroney," La coalition quebecoise d'opposition au libre-echange (CEQ-CSN-FTQ-UPA). Paper presented to the Canada Summit, Ottawa, April 4, 1987, pp.1-2.
45. L. Andrew Cardozo (Executive Director), The Canadian Ethnocultural Council, "Statement to the 'Maple Leaf Summit'," Ottawa, April 4, 1987.
46. Michelle d'Auray, "Free Trade and Culture - Who Cares?!" in Arts Bulletin, Vol.11, No.1, Canadian Conference of the Arts, [Ottawa: Fall, 1986] p.2.
47. See Appendix III.
48. At present the Pro-Canada Network includes the following organizations: ACTRA, Academics Against Free Trade, Assembly of First Nations, Business Council for Fair Trade, Canadian Conference of the Arts, Canadian Labour Congress, Canadian Peace Pledge Campaign, Canadian Teachers' Federation, Coalition d'Opposition au Libre-Echange, Confederation of Canadian Unions, Council of Canadians, Federation of Women Teachers' Associations of Ontario, Friends of the Earth, GATT-Fly, National Action Committee on the Status of Women, National Anti-Poverty Organization, National Farmers' Union, National Federation of Nurses' Unions, One Voice-The Canadian Seniors' Network, Pacific Group for Policy Alternatives, Toronto Coalition Against Free Trade.
49. See Appendix III.
50. National Pro-Canada Network headquarters were located in Ottawa. Other regional and local groups included the: Newfoundland Coalition for Equality; Metro Halifax Coalition Against Free Trade; P.E.I. Pro-Canada Network; New Brunswick Pro-Canada Network; Coalition Quebecoise d'opposition au libre-echange; Coalition Against Free Trade (Ontario) in Toronto; Manitoba Coalition Against Free Trade; Pro-Canada Network (Manitoba); Saskatchewan Coalition for Social Justice; Alberta Pro-Canada Network; B.C. Coalition Against Free Trade.
51. Church organizations were very active in the coalition. For example, the United Church of Canada is particularly well known for its progressive stands on social issues. At its 32nd General Council meeting in Victoria in August 1988, it passed a resolution which declared that the free trade agreement's "overall effect will not work toward social and economic justice in Canada, but, in fact, will leave the weakest and poorest among us more vulnerable." The General Council called on the government "to

suspend further steps toward the implementation of the agreement until such time as the people of Canada may be more adequately consulted and until such time as there is adequate protection of the concerns" raised by the church. The resolution also encouraged the church at all levels to "examine the issues raised by the agreement in light of our faith, fundamental values and our tradition as a church" and committed the United Church to working "in coalition with other denominations and social organizations who share our concerns." "United Church General Council Slams Trade Deal". Pro-Canada Dossier, No.15, [GATT-Fly: Toronto] Sept.13 1988, p.7.

52. Dennis Howlett, "Together We Can Win," The Facts, Canadian Union of Public Employees, Vol.10, No.2, Spring 1988, pp.119-20.

53. Pro-Canada Dossier, No.15, [GATT-Fly: Toronto] Sept.13 1988, p.2.

54. Ibid.

55. Howlett, op.cit., p.119. Some of the popular group pamphlets and literature the coalition made available to anti-free trade activists included: "Free Trade and the Social Programs" by the Canadian Auto Workers; "L'entente Mulroney-Reagan on y perdrait au change", an analysis of the deal in French focussing on its impact on Quebec by the Coalition quebecoise d'opposition au libre-échange; "The Canada-U.S. Trade Agreement - Bulletin from One Voice, The Canadian Seniors Network", an analysis of the deal and Canadian implementing legislation in Bill C-130; "What Every Woman Needs to Know about Free Trade", published by the National Action Committee, with summaries available in Spanish, Greek, Chinese, Portuguese and Italian; "Selling Canada's Environment Short - The Environmental Case Against the Trade Deal", by the Canadian Environmental Law Association; "Free Trade and Global Disparities", a speech by Bishop Remi De Roo to the Summit Citizens Conference in June 1988; and "Responding to Free Trade from a Christian Perspective: An Information and Study for Action Booklet", a summary of church positions on the agreement produced for lay congregations, with reflections on ethical and theological issues, published by the United Church Publishing House].

56. Prime Minister's Office, "Communication Strategy for Canada-U.S. Bilateral Trade Initiative," in Cameron, op.cit., pp.4-6.

57. Langille cited Ed Newall, CEO of DuPont Canada, who said business would appeal to their workers "site by site, office by office", in "The BCNI..." op.cit., p.106.

58. The Canadian Alliance for Trade and Job Opportunities, "Straight Talk On Free Trade," advertising supplement placed in the Globe and Mail, on Nov.3 1988, pp.A10-A11.

59. The Canadian Alliance for Trade and Job Opportunities, "Let Canada Grow. You Can Make It Happen," full page advertisement in Toronto Star, Nov.20 1988, p.23.

60. Janine Brodie, "The 'Free Trade' Election," in Studies in Political Economy, No.28, Spring 1989, p.179.

61. Ibid., pp.180-81.

Notes to Conclusion.

1. Wells and Swift, op.cit., p.30.

2. The Working Committee for Social Solidarity, A Time to Stand Together...A Time for Social Solidarity, a declaration on social and economic policy directions for Canada by members of popular sector groups, The Working Committee for Social Solidarity [Toronto: 1987].

3. Robert White, "Will Tories keep promises to ordinary Canadians?" Toronto Star, Nov.27 1988, p.B3.

4. Lorne Slotnick, "Angry labour leaders set to act, Carr says," Globe and Mail, Feb.2 1989, p.A12.

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9. Bill Luttrell, "Deficits, social programs, and the FTA: What do the transnationals really want?" in The Pro-Canada Dossier, No.19, [GATT-Fly: Toronto] March 1989, p.9.

10. Canada, Senate, Standing Committee on Foreign Affairs, Minutes and Proceedings of Evidence, 9 December 1980, p.14:41.

11. Luttrell, op.cit., pp.9-10.

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