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Article abstract

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The imposition of mandatory wage and price controls in 1975 by the Canadian federal government touched off a remarkable series of events. Both in public and in private, and with varying degrees of enthusiasm and commitment, leaders of the Canadian Labour Congress, the business community, and the federal government became entangled in a protracted series of negotiations aimed at replacing controls with some form of "tripartism". Although these negotiations eventually failed in bringing controls to an early end, the issue of "tripartism", if not the term itself, has proved surprisingly resilient and continues to be played out. This paper will examine the events and processes surrounding the debate on tripartism and wage controls, primarily from the perspective of the policies and strategies adopted by the CLC. This focus will allow a clarification of some of the major determinants of CLC policy, and in so doing will highlight those factors which have tended to propell the CLC leadership towards acceptance of "tripartism" and voluntary incomes policies, and those factors which constitute a significant barrier to such a course.

The term "tripartism" has, in Canada, had attached to it various meanings, leading to a certain degree of ambiguity and confusion. Thus, in the first section of the paper, the concept of tripartism will be briefly addressed, as will be the related issues of "corporatism" and incomes policies. The background to the imposition of controls and the subsequent tripartism debate will be outlined in the second section. The remainder of the paper

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will trace the main stages in the negotiations over controls and tripartism, with particular reference to major shifts in CLC policy and strategy, as well as to the critical points of agreement and disagreement between the participants. The paper will conclude with a summary of the major forces which influenced the CLC's role in the process, and an assessment of their likely impact on future initiatives.

For the sake of explicitness — and at the concomitant risk of oversimplification — the various categories of factors which are here presumed to shape the policies and strategies of trade union confederations (and have thus guided the research) should be mentioned. Any account of the policies and strategies pursued by trade union confederations must take into consideration macro-societal forces and developments, which, in this case, gave rise to the issues of wage controls and tripartism in the first instance. Within this context it is important to take account of certain other factors: the “leadership logic” underlying decisions (i.e. the constellation of personal and institutional interests, as shaped by societal constraints on trade union action); the shifting stances of other participants in the negotiations; and conflict stemming from the political crosscurrents within the Congress¹.

TRIPARTISM, CORPORATISM AND INCOMES POLICIES

Expressed at its most general level tripartism is usually taken to mean some form of organized labour-government-business interaction and co-operation which, in the first instance, can be distinguished from the equally general notion of interest group relations (involving *separate* processes of government-labour and government-business interaction). It is immediately obvious, however, that this general conceptualization of tripartism obscures a broad range of possible forms. A number of criteria may be adduced to distinguish between various tripartite arrangements²: the degree of institutionalization; the extent to which the participants are considered as formally representative of their respective organizations; the particular issues under consideration, and the depth in which they are dealt with; the extent to which a “consensus” is being sought; the extent to which the participants

¹ This paper is largely based on the author's MA thesis, *The Politics of Wage Controls: The Canadian State, Organized Labour and Corporatism, 1975-1978*, Ottawa, School of Public Administration, Carleton University, 1980. The author would like to thank the following people for their invaluable aid and advice — William Brown, G. Bruce Doern, Rianne Mahon, Gregor Murray, Gene Swimmer, Stephanie Tailby, and David Winchester. Many of the sources on which this article is based (interviews and documents) must remain confidential.

² The following are specifically related to important criteria involved in the case discussed in the paper; a more complete model would be considerably more complicated.

undertake to ensure the compliance of their members to any agreed policy; the involvement of the non-governmental groups in policy administration; and so on. Thus, at one extreme tripartism can be taken to mean an institutionalized political structure involving regular meetings of government, business and labour leaders to discuss and formulate aspects of, for example, economic, industrial relations or manpower policy; undertake to ensure their constituents' adherence to the agreed policies; and are involved in the actual administration of the policies. At the other extreme, tripartism can be taken to mean simply an informal or *ad hoc* forum wherein discussions between the groups take place with no expectation or objective beyond the exchange of "viewpoints" (and the hope of somehow influencing each others actions).

While these static distinctions are useful in highlighting the differing conceptions and goals underlying various proposals for tripartism, they are less useful in explaining the marked upsurge in interest about tripartite forms of representation in a number of countries, and the relationship of tripartism to the issue of incomes policy. To help understand these broader, dynamic aspects of the Canadian debate on wage controls and tripartism it will be useful to deal briefly with the concept of corporatism³.

One influential treatment of corporatism has defined it as "a political structure within advanced capitalism which integrates organized socio-economic producer groups through a system of representation and cooperative mutual interaction at the leadership level and mobilization and social control at the mass level"⁴. For present purposes, two important distinctions can be drawn between this definition of corporatism and the concept of tripartism outlined above. First, it is clear that corporatism implies a tripartite arrangement roughly paralleling the first of the "extreme" forms suggested above, but does not include those forms of tripartism which are largely "consultative" and not involved in policy formulation. Second, the association of corporatism with "advanced capitalism" and the reference to its integrative function raises the critical questions of the political and economic context, as well as the underlying purpose of corporatist arrangements. The remainder of this section will briefly consider these questions in order to situate the Canadian debate in its wider setting.

3 The discussion of corporatism presented here is extremely simplified; in particular it concentrates on the establishment of corporatist arrangements and ignores the many complexities involved in the actual functioning of these institutions. Fuller treatments are to be found in the various essays in Philippe C. SCHMITTER and Gerhard LEHMBRUCH, eds, *Trends Toward Corporatist Intermediation*, London, Sage Publications, 1979, 328 p.

4 PANITCH, Leo, "The Development of Corporatism in Liberal Democracies", *Comparative Political Studies*, vol. 10, no. 1, April 1977, pp. 61-90, p. 66.

Simplifying somewhat, corporatist proposals or arrangements have typically been made as a direct consequence of a perceived need to secure wage restraint — either through explicit voluntary incomes policies (e.g. in Britain in 1975-77) or through more informal arrangements (e.g. in West Germany and Sweden). Although the exact content of various arrangements has varied, they have usually involved some form of “economic planning” through the establishment of consultative, advisory or decision-making bodies on which organized labour is given formal representation *in return for a commitment to wage restraint*. Depending on the relative strength of the groups, the arrangement may involve certain governmental commitments to specific policies advocated by organized labour and/or business. Additionally, the “typical” corporatist arrangement or proposal has usually been associated with a particular set of assumptions concerning the economy, the main lines of which may be briefly summarized.

The general problem is seen as the deleterious effect of unrestrained wage militancy on the price level, and consequently on international competitiveness⁵. For various reasons — ranging from a professed commitment to full employment, to a growing appreciation of the limited effects of deflationary policies — governments have, particularly since the mid-1960s, seen incomes policies as a “solution”. Incomes policies, then, although proffered in the “national interest”, have as their main purpose the achievement of wage restraint; and, to the extent that a purpose can be imputed from a fairly consistent result, as a secondary purpose the shifting of national income from wages to profits.

Politically, it is much more desirable to attain a voluntary commitment by trade unions to an incomes policy rather than to impose mandatory controls. However, trade unions have been understandably hesitant — both in view of the obviously overriding emphasis of incomes policies on *wage restraint*, and as a consequence of the fact that wage bargaining is a crucial element in the *raison d'être* of trade unionism. Governments, when faced with this hesitancy, have attempted to win the consent of trade union leaders not only through promises of price restraint but also by offering the *quid pro quo* of some form of “tripartism” — approaching, in some cases, the “ideal” of corporatism, but more usually falling somewhat short⁶.

⁵ The wage level, of course, is not seen as the only influence on the price level and international competitiveness.

⁶ Corporatist proposals have by no means been universally successful, and in the conclusion of the paper conditions for success will be discussed. In addition, corporatist arrangements, particularly those linked to explicit voluntary incomes policies, have proven to be highly unstable. Nevertheless, it is doubtful that incomes policies as an important policy alternative will be removed from the agenda in the near future.

Tripartism, then, as used in Canada, refers to any of a fairly broad variety of arrangements involving labour-government-business "consultation"; *corporatism*, for the purposes of this paper, refers more specifically to those tripartite arrangements which involve the groups in policy formulation, and in ensuring that their constituents adhere to the agreements. However, in view of the main purpose of this paper, whether or not a particular proposal meets the exact definition of corporatism is relatively immaterial; much more important is the general association between tripartism and incomes policies, and their significance to trade unions.

PRELUDE TO CONTROLS: THE TURNER CONSENSUS EXERCISE

During the 1960s and early 1970s the issue of inflation and incomes policy was examined by several bodies, including the National Productivity Council, the Royal Commission on Banking and Finance, the Economic Council of Canada, the Task Force on Labour Relations, the Prices and Incomes Commission, and the Senate Committee on Banking and Finance. The only serious attempt to achieve a voluntary incomes policy was that of the Prices and Incomes Commission in 1969-70⁷. This attempt, coming on the heels of the failure of the government's deflationary policies in 1967-68 to significantly reduce the rate of inflation, foundered on the opposition of the CLC and the Confédération des Syndicats Nationaux. The government reconsidered formulating an incomes policy in 1973, but again rejected the idea.

Then in the context of the highest rate of inflation since the Korean war, the issue regained prominence during the election campaign held in the Spring of 1973 (see Table 1).

One of the most contentious issues of that campaign was the Conservative party's proposal for a mandatory wage and price control programme, a proposal which Pierre Trudeau and the Liberal party campaigned vigorously against. Heaping ridicule on the Conservative's plan, Trudeau claimed that controls would be "unjust" and had never been successful in other countries. Trudeau's arguments during the campaign paralleled the then-dominant view of the federal Department of Finance, namely, that the current inflation was the product of largely international factors and that, consequently, a domestic incomes policy was inappropriate.

⁷ See G. BERGER, *Canada's Experience with Incomes Policy, 1969-70*, Ottawa, Prices and Incomes Commission, 1973, 86 p., and George HAYTHORNE, "Prices and Incomes Policy: The Canadian Experience, 1969-72", *International Labour Review*, vol. 108, no. 6, December 1973, pp. 485-503.

TABLE I
Inflation, Unemployment and Wage Settlement, 1973-1978

| Year and Quarter | CPI Rate of Change (%) | Unemployment Rate (%) | Increase in Wage Settlements | | |
|---------------------|------------------------------|-----------------------------|------------------------------|-----------------------|------|
| | | | Commercial (%) | Non-Commercial (%) | |
| 1973 | I | 6.0 | 5.5 | 9.4 | 7.3 |
| | II | 8.1 | 5.3 | 9.0 | 8.3 |
| | III | 5.5 | 6.0 | 10.2 | 8.9 |
| | IV | 9.1 | 5.4 | 9.1 | 11.7 |
| 1974 | I | 10.4 | 5.4 | 11.6 | 8.3 |
| | II | 11.4 | 4.9 | 9.9 | 9.3 |
| | III | 10.9 | 5.5 | 10.3 | 9.3 |
| | IV | 12.4 | 6.0 | 9.1 | 11.2 |
| 1975 | I | 11.3 | 7.2 | 16.7 | 18.7 |
| | II | 10.3 | 7.2 | 15.1 | 23.1 |
| | III | 10.6 | 7.2 | 13.0 | 20.8 |
| | IV | 9.5 | 7.0 | 14.9 | 13.6 |
| 1976 | I | 9.0 | 6.8 | 12.5 | 16.0 |
| | II | 7.8 | 7.0 | 10.3 | 11.3 |
| | III | 6.5 | 7.2 | 8.9 | 9.6 |
| | IV | 5.8 | 7.5 | 7.2 | 8.5 |
| 1977 | I | 7.4 | 8.1 | 8.0 | 8.6 |
| | II | 7.8 | 7.9 | 7.6 | 8.3 |
| | III | 8.4 | 8.3 | 7.5 | 7.4 |
| | IV | 9.5 | 8.5 | 8.1 | 6.4 |
| 1978 | I | 8.8 | 8.6 | 6.9 | 6.3 |
| | II | 9.2 | 8.5 | 6.4 | 6.6 |
| | III | 8.6 | 8.5 | 7.1 | 6.8 |
| | IV | 8.4 | 8.1 | 8.5 | 7.0 |

Source: Allan M. MASLOVE and Gene SWIMMER, *Wage Controls in Canada, 1975-78: A Study of Public Decision Making*, Montréal, The Institute for Research on Public Policy, 1980, 182 p., p. 17.

Following the election, however, concern mounted over inflation; the Finance Department's view shifted to concern with domestic cost-push factors; and by September the government was laying plans to seek a "national consensus about what the various groups can safely take from the economy over the next few years". Twenty-three meetings were held between January and March 1975, five with the labour movement (one each with the CLC, CSN, CSD, the Building Trades and the Teamsters), nine with various groups of business executives, and the remainder with groups representing

other “interests” (professionals, consumers, agriculturalists, and such like). The discussions during this first round remained purposely general, and in the end the government concluded that although there was disagreement on some issues (notably, and portentously, on the best way to promote private investment), there was sufficient unanimity on the need to “take action against inflation” to warrant further discussions.

In early April several cabinet ministers presented the CLC Executive Committee⁸ with a relatively detailed proposal concerning wage and salary restraint, and a more general proposal for limiting business profits, professional fees and rents. The ministers and the Executive Committee agreed to establish a joint working group composed of senior staff from each side to deal with the “technical aspects” of the proposal. The working group met several times during April and it quickly became apparent, that, while both the government and Congress could agree on the objective of restraining inflation, their respective views diverged considerably on the means. First, the Congress was unhappy about the apparent bias of the government’s proposals, that is, the fact that the proposal concentrated on outlining wage and salary restraints, and paid only vague attention to profit and price control. Second, although accepting the need for wage and salary restraint in the context of an overall programme, the CLC negotiators objected to the lack of equity inherent in the government proposal; specifically, the applicability of the proposed percentage limits to all levels of income. On this matter the Congress presented a counterproposal: that a negative income tax or tax credit be given to all those whose earnings fell below the industrial composite, and that an upper limit be attached to permissible salary increases. In addition to these central criticisms the Congress representatives opposed the concept of tax concessions to bolster investment (unless the concessions were attached to specific re-investment projects), raised the question of prices determined on world markets, expressed concern over mortgage and consumer interest rates, and sought assurance that the provincial governments would act on rents, professional fees and land speculation.

⁸ The Executive Committee is composed of the four full-time officers and six general vice-presidents (usually the leaders of the largest affiliates). The Executive Council is composed of the members of the Executive Committee, ten vice-presidents, and the ten provincial vice-presidents (the presidents of the provincial Federations of Labour). The other important decision-making level to which reference will be made is occasional meetings of ranking officers — the leaders of all the affiliated unions. In this paper, “the leadership” of the Congress refers to the Executive Committee and the most important staff members. This group, of course, is not homogeneous. Indeed, one of the full-time officers was opposed to tripartism; and several members of the Executive Committee at least publicly stated their misgivings (largely due to the internal politics of their own unions).

On 1 May the government responded to the CLC's concerns by proposing that, notwithstanding the percentage guidelines, a \$600 minimum increase was to be allowed in all cases and \$2,400 was to be the upper limit. This concession fell considerably short of the Congress's previous counter proposal, and the CLC negotiators reported to the officers that the government seemed preoccupied with achieving wage restraint and little else. In the view of the negotiators, the programme as it stood then did not offer sufficient concessions to warrant agreement to restrain wage income.

Then, on 6 May the Executive Council met to prepare for a ranking of officers meeting scheduled for the following day. At the Council meeting, CLC president Joe Morris, apparently argued in favour of the controls programme, or, at least, in favour of continuing discussions⁹. However, resistance proved too strong and the Council drafted a statement for the ranking officers meeting which effectively closed the door on voluntary restraint¹⁰. Although technically leaving open the possibility of further discussions, the statement stressed that the exercise had so far revealed a bias against wage earners, and made the continuation of discussions contingent on the consideration of a broad range of other policies¹¹. Despite at least one subsequent meeting later on in the month, the consensus exercise had come to an abrupt end.

Two significant lines of conflict seem to have split the Executive Council. One line of division ran between the public and private sector unions¹². This split was a consequence of the relative gains at the time of public sector wages, and the growing conviction of government decision-makers, business spokespersons, and some private-sector union officials, that public sector wage increases were a prime source of inflation. (See Table 1) Thus, the public sector leaders voiced strong opposition to voluntary restraint, with some private sector leaders lining up on the side of continuing discussions. Not all private sector leaders favoured restraint, however, for the deep com-

⁹ MASLOVE, Allan and Gene SWIMMER, *Wage Controls in Canada, 1975-78: A Study of Public Decision Making*, Montréal, The Institute for Research on Public Policy, 1980, 182 p., argue that Morris and other Congress leaders supported the actual guidelines proposed by the government.

¹⁰ CLC, *Executive Council Statement Prepared for Meeting of Ranking Officers of Canadian Labour Congress*, Ottawa, 7 May 1975.

¹¹ These other policies comprised the "Nine-Point Programme" (later expanded to a "Ten-Point Programme"). The nine points included: housing supply; rent controls; control of land speculation; regulation of oil and gas prices; negative income tax or tax credit system; full employment policies; professional fees; pension increases; and the linking of corporate tax concessions to specific investment proposals.

¹² See MASLOVE and SWIMMER, *op. cit.*, pp. 5-6.

mitment of “free collective bargaining” and affiliate autonomy made the idea of voluntary restraint repugnant to a significant group.

One other factor contributed to the decision: the publication of the leaked 1 May proposals in the *Toronto Star* on 5 May probably hardened the positions of the Congress and the government (compromise being digestible in private, but tending to stick in the throat if carried out publicly), and certainly aroused the fears of the ranking officers before the supporters of restraint could put their case. However, the basic cause of the CLC’s refusal was the opposition of the public sector unions, and of those most committed to free collective bargaining. Besides, had not Trudeau campaigned *against* a mandatory programme?

The failure of the Turner consensus exercise draws attention to several important points. The government’s actions accorded fairly well with the view of the development of corporatism outlined above. Based on the premise that wage increases, especially in the public sector, were significantly contributing to the level of inflation, and that this in turn was damaging international competitiveness, the government proposed a voluntary restraint programme. Although the clear objective was to restrain wages, the government also offered price restraint, suggested that organized labour be represented in the programme’s administration, and also undertook to initiate tripartite discussions on labour-management relations.

While the Congress representatives most closely connected with the negotiations — the full-time officers and staff — obviously accepted the fact (but not the form) of an incomes policy, they were unable to convince the major affiliates to go along. Broadly, the government’s concessions were simply “not enough”. But more specifically, the opposition of the large public sector unions, and the hesitancy of those most committed to free collective bargaining to relinquish their primary base of power, proved too great — especially in light of the government’s avowed commitment to avoid a mandatory programme.

THE CLC ON THE WARPAT: THE INITIAL RESPONSE TO CONTROLS

Following the breakdown of the consensus exercise, the federal government grew increasingly concerned with inflation, and over the summer and early autumn decided to institute mandatory controls. The programme, announced on 13 October, was to last three years and was to be administered by an independent Anti-Inflation Board. Allowable wage increases were to decline from 8-12 *per cent* in the first year, to 6-10 *per cent* in the second,

and to 4-8 *per cent* in the third. (The variations within each year being determined according to previous gains and losses around a norm.) A \$600 minimum increase was to be allowed in all cases, and \$2,400 was to be the maximum. Prices were to be controlled through limitations on profits¹³.

The Congress's public response to controls was hostile and vociferous. Within several weeks the ranking officers had ratified an Executive Council policy statement condemning controls, and reiterating the ten-point programme of the previous May¹⁴. Also adopted was a Programme of Action outlining the objectives and means to guide a "nation-wide campaign to fight the injustice of the legislation now before parliament"¹⁵. The Congress, it seemed, was intent on oiling the rusty wheels of political protest.

A close reading of the policy statement, and other Congress statements¹⁶, reveals that the CLC's principal objections were four: that the government had imposed controls without attempting to continue discussions; that the provisions for wage and salary controls did not adequately protect the real income of unionists and people on low or fixed incomes; that the programme did not encourage income redistribution; and that prices would not be adequately controlled. Further, although the Congress warned that "the labour movement is not prepared to accept Bill C-73 in principle or in practice", it also claimed that it "will in the future be prepared to seek solutions in cooperation with government and industry".

The Congress's campaign against controls consisted of several activities. First, a publicity campaign was launched to explain organized labour's position to its membership and to the public at large. The campaign slogan — "Why Me?" — did not meet with resounding success and was eventually replaced by a "Price Watch" campaign. Second, between November 1975 and March 1976, almost 200 meetings and seminars were organized by, or coordinated with, the CLC campaign team. Third, a fund raising drive ini-

13 For a discussion of the federal government's decision and a fuller description of the programme see MASLOVE and SWIMMER, *op. cit.*, and AIB, *Chronicles of the Anti-Inflation Board*, Ottawa, Ministry of Supply and Services, 1979. The actual operation of the controls programme will not be discussed further in any detail; suffice it to say that, not surprisingly, wages were restrained much more than profits. See Reginald S. LÉTOURNEAU, "Inflation and Incomes Policy in Canada", Conference Board in Canada *Executive Bulletin* no. 9, May 1979.

14 CLC, *Policy Statement Adopted by the Executive Council of the Canadian Labour Congress on the Federal Government's Wage and Price Control Programme*, 24 October 1975.

15 CLC, *Canadian Labour Congress Programme of Action, Re. Anti-Inflation*, 24 October 1975.

16 CLC, *Submission to the Committee on Finance, Trade and Economic Affairs on Bill C-73 (An Act to Provide for the Restraint on Profit Margins, Prices, Dividends and Compensation in Canada) by the Canadian Labour Congress*, 18 November 1975.

tiated to finance the campaign raised about \$220,000 by February. Fourth, legal advice was retained to investigate the possibility of a court challenge to the controls legislation¹⁷. Fifth, vis-à-vis the administration of the controls programme, the Congress and its affiliates refused to nominate labour representatives to the AIB; generally refused to second staff to the Board; and refused to participate in AIB informational seminars. And, finally, the CLC advised its affiliates that in line with the announced policy of ignoring the controls programme, "normal collective bargaining" should be continued. Under pressure from union negotiators, however, this tactic was tacitly abandoned after a short time.

The range of activities enumerated above seem to have only marginally contributed to the growth of reaction against controls which appeared to gain strength in the early months of 1976. Indeed, in retrospect the Congress's Director of Legislation, Ron Lang, has argued that there was a growing "credibility gap" between the leadership and the rank-and-file, since the leadership was not successful in proposing a viable alternative to controls¹⁸. Perhaps the most important factor responsible for galvanizing opposition to controls was the actions of the AIB itself. Maslove and Swimmer have argued that the hesitant and conciliatory start of the AIB was replaced, after a period of consolidation, by a tougher line¹⁹. In addition, as it was not until April 1976 that the first price actions were announced, there was a growing perception that the Board was biased against wage increases. If there was a "cause célèbre" during this period it was the outcome of the AIB's review of the Canadian Paperworkers Union agreement with Irving; for the Board not only rolled the settlement back from 23.8 *per cent* to 14.0 *per cent*, but also ordered the workers to repay the "excess payments" (since the contract as originally negotiated had been implemented immediately). This case provoked angry reaction and is generally held to have been instrumental in generating opposition to the programme²⁰.

17 The eventual legal challenge is dealt with in Peter RUSSELL, "The Anti-Inflation Case: The Anatomy of a Constitutional Decision", *Canadian Public Administration*, vol. 20, no. 4, Winter 1975, pp. 632-665.

18 LANG, Ronald W., "Remarks to the Conference Board in Canada's Session on 'Formal Consultation: A New Era in Public Policy Formulation?'" at the Conference on *Consultation and Advocacy: Influencing Public Policy*, Ottawa, November 20, 1979. Also see the remarks of Lang and others in CONFERENCE BOARD IN CANADA, *Consultation and Consensus: A New Era in Policy Formulation?*, A Round Table Discussion held in Ottawa, June 7 and 8, 1978, Canadian Study 54, Ottawa, the Conference Board in Canada, 1978, 152 p.

19 MASLOVE and SWIMMER, *op. cit.*

20 See AIB, *op. cit.*, pp. 51-52; *Financial Times*, 16 February 1976; *Toronto Star*, 23 February 1976.

Other indications of growing pressure for action were manifest during this period. The railway negotiations had broken down; boycotts and rallies became an increasing occurrence; and several labour leaders were making comments similar to Shirley Carr's that the CLC was "actively considering" a one-day general strike²¹. Finally, the CLC was scheduled to present its annual memorandum to the federal cabinet on 22 March, a ritual which had been recurring with peaceable regularity since before the turn of the century. However, the 1976 session had a marked difference: largely due to the organizing efforts of a group of Ottawa unionists, a large demonstration was planned, the enthusiasm for which initially surprised the Congress. On 22 March some 20,000 unionists arrived from across the country to demonstrate on Parliament Hill. Inside the Parliament Buildings Joe Morris took advantage of the heightened attention to lambaste the government for its "attack on working people", nevertheless reiterating that the Congress would cooperate with the government in developing policies to "solve the problems of inflation and unemployment and to set the economy on a basis from which all groups can receive an equitable share of stable and sustained growth" — if controls were abandoned²². The next day the Congress appeared to escalate the confrontation by declaring a "diplomatic freeze" on relations with the government, withdrawing its representatives from the Economic Council of Canada and the Canada Labour Relations Council.

In retrospect these events signalled the high point of official political militancy during the controls programme. In fact, while Morris undoubtedly meant what he said during the presentation of the memorandum, the assembled cabinet ministers were well aware that the Congress's seemingly confrontational tactics were more a product of internal politics than they were a threat to the government's programme. Moreover, the ministers were appraised of this fact by a quite reliable source — the Congress leadership itself. For there was a second dimension to the Congress' response to controls, a dimension which had purposely been kept quiet. In a series of private meetings commencing shortly after the announcement of controls, Congress and government representatives had been striving to reach an accommodation on the controls issue. It is only in the context of this process that the emergence of the *Manifesto* can be understood.

²¹ *Ottawa Citizen*, 16 February 1976; *Toronto Star*, 24 February 1976; *Toronto Star*, 8 March 1976; *Montreal Gazette*, 4 May 1976.

²² CLC, *Memorandum to the Government of Canada, The President's Introductory Remarks*, 22 March 1976.

THE STRATEGY OF CORPORATISM: LABOUR'S MANIFESTO FOR CANADA

The federal government's reaction to the CLC's response to controls was critically important in shaping the Congress leaders' subsequent thinking. Despite publicly scoffing at the CLC's fervent opposition, the government was genuinely surprised at the intensity with which it was voiced. Among some senior civil servants and politicians there was real concern over the possibility of a general strike and the consequent political repercussions. Additionally, there was concern that labour's hostility might impair the implementation of the promised "structural changes" during the breathing space provided by controls²³. At the initiative of the government, then, three meetings with Congress representatives were held within a month of the announcement of controls. During the course of these meetings Congress leaders reiterated many of their by then standard complaints about the controls programme, essentially arguing that organized labour's participation in a voluntary programme was still contingent upon the adoption of a significant portion of the ten-point programme. In addition, Congress leaders stressed that the private sector unions would only participate if they were assured that public sector wages were adequately controlled. The government representatives could not see their way clear to adopting the CLC's ten-point programme, and instead stressed the need for continuing consultations in view of the desirability of implementing structural changes for the "post-controls society". This theme was also pursued in informal discussions between the federal Department of Labour and the Congress in late 1975 and early 1976.

Besides these discussions, several other indications convinced the Congress leaders that a substantial shift in government policy direction was afoot: open speculation in the media about Trudeau's plans for a "corporatist society"; the speeches and public statements by such people as Ian Stewart and Bryce Mackasey, hinting at a corporatist strategy; and Trudeau's year-end interviews, in which he appeared to favour a much larger role for trade unions in economic policy. All these indications seemed to be in logical harmony with the apparent ascendancy of Galbraithianism in policy-making circles²⁴.

²³ This theme was enunciated in Trudeau's announcement of the programme, and in the government's policy statement, *Attack on Inflation: A Program of National Action, Policy Statement tabled in the House of Commons by the Honourable Donald S. Macdonald, Minister of Finance*, October 14, 1975, Ottawa, Department of Finance, 25 p.

²⁴ See in particular an article by Wayne CHEVALDAYOFF, *Globe and Mail*, 10 December 1975.

The Congress and government representatives met again on 9 March, at which time the CLC leaders made clear that the upcoming presentation of the memorandum, and the accompanying demonstration, was an "obligation". Although the Congress was therefore forced to accommodate itself to the growing militancy of its members, the militancy was not entirely unwelcome, since it demonstrated to the government that the reaction against controls was not simply confined to the labour leadership. In any case, at the 9 March meeting both sides agreed that the evolving discussions on post-controls had been "fruitful" and were sufficiently promising to be continued.

*Labour's Manifesto for Canada*²⁵, then, was drafted in this context of conflicting pressures. The government appeared to be willing to initiate some manner of consultative process, a process which held the attraction of substantial labour input into state policy. But, simultaneously, significant pressure was emerging within labour's ranks to go beyond the relatively passive negativism which initially characterized the Congress's stance. The *Manifesto* was the Congress leadership's response.

The *Manifesto*, on which work began in late December 1975, was primarily the creation of Ron Lang and Joe Morris. The Executive Council saw a draft in March, and between March and May the document was refined and put into final form. The Executive Council was shown the final draft one week before the convention opened, and adopted it unanimously. On the evening of 16 May, the night before the Convention opened, the ranking officers met and were told of the *Manifesto* and its sister document, the *Programme of Action* for the first time. The documents were handed out to convention delegates only a short time before the debate actually started on Monday morning.

The *Manifesto* contained two major interrelated themes — (1) an analysis of the economic situation and of the government's presumed policy directions, and (2) organized labour's stance with respect to both. The CLC essentially concurred with what it perceived to be the government's general analysis of the economic situation: fiscal and monetary policies were not sufficient in the context of the 1970's and it was therefore necessary to bolster these traditional "arm's length" policies with more direct intervention. However, the *Manifesto* argued that the current policies of the government — a combination of wage controls and cutbacks on social programmes — were inappropriate. And the *Manifesto* laid greatest stress on what it feared was a movement by the government towards "liberal corporatism":

²⁵ The *Manifesto* is contained in CLC, *Eleventh Constitutional Convention, May 17-21, 1976, Quebec P.Q.: Report of Proceedings*, 1976, pp. 8-13, 192 p.

Decontrols may mean a kind of liberal corporatism in which organized labour cooperates with the state and business to establish guidelines for our respective demands on the economic system and to determine our respective shares. It may include a small dose of economic planning but is unlikely to involve more than systematizing the present substantial but fragmented assistance provided to industry by government.

Although the *Manifesto* rejected this liberal corporatist variant of tripartism, it advocated instead a system of tripartism which was termed “social corporatism”²⁶. Social corporatism, it was argued, would have to be based on the abandonment of controls and the acceptance, by government and business, of tripartite arrangement “where only half the income equation, i.e. wages, is to be determined” would be to use “the union organization as an arm of both business and government to restrain the workers”. In order to ensure the adoption of social tripartism, and to avoid being co-opted into liberal corporatism, the *Manifesto* argued that wage controls would have to be successfully resisted; thus, “organized labour needs to develop national bargaining power to deal with the national economy managers and a national social and economic programme — a bargaining position”. And this, in turn, would require the development of “collective strength” and a “cooperative and coordinated” effort; in other words, a more centralized structure, with an increase in the authority of the Congress executive to be formally exercised through the Executive Council.

Linked to the *Manifesto* was a second policy document — the *Programme of Action*. In the event that wage controls were not withdrawn, the *Programme* authorized the Executive Council “to organize and conduct a general work stoppage, or stoppages, if and when necessary”. Despite a good deal of criticism, both policies were passed by large majorities.

In succeeding sections the Congress’s pursuit of tripartism will be outlined. It is important here to briefly summarize the main determinants behind the emergence of the *Manifesto*. The core argument — that controls should be replaced with tripartite policy formulation, or social corporatism — stemmed from what may be termed the “leadership logic” of the Congress. Congress leaders were caught between the horns of the classic dilemma facing union leaders: to pursue a militant course in opposing the state, especially in the absence of wholehearted and committed rank-and-file support, was to run the risk of losing whatever legitimacy and influence they already possessed vis-à-vis the government: but to capitulate to controls was equally unthinkable, for the leaders genuinely (and, as it turned out, cor-

²⁶ During the course of the debate Joe Morris changed “social corporatism” to read “social democracy”, *ibid.*, p. 22.

rectly) believed that the policy was biased against the working class. With these routes closed off, the government's apparent intention to move towards tripartism, coupled with the obvious allure of participation in public policy formulation, turned the Congress leaders toward the option of tripartism.

However, internal differences also shaped the Congress's strategy. Perhaps the most serious challenge, at the time, was in dealing with the militants who were sure to be calling for a general strike. The leadership anticipated and circumvented this by linking the *Programme of Action* to the *Manifesto*, and by their stage management of the convention. In addition, the likely fears of those opposed to voluntary restraint and to a centralization of influence in the movement were, for the moment, stilled by avoiding explicit reference to wage restraint and by expressing the need for increased coordination in voluntary terms.

THE GOVERNMENT REJECTS "SOCIAL CORPORATISM"

Following the adoption of the *Manifesto* and the *Programme of Action* a series of CLC-government meetings was quickly arranged. At the first of these meetings, on 17 June, the Congress presented the *Manifesto* as an alternative to controls, but were told by the ministers that the proposals were too vague and, moreover, seemed to run counter to the principle of parliamentary sovereignty. At a Congress Executive Committee meeting on 5-6 July the government's objections were considered and a position paper was drafted²⁷. In the position paper the Executive Committee attempted to dispel the contention that tripartism was an infringement on parliamentary sovereignty by arguing that, just as parliament delegated authority to other bodies (such as marketing boards) it could delegate authority within certain terms of reference to a tripartite board or agency. Positively, the paper proposed the establishment of a Council for Social and Economic Planning to serve as an umbrella body overseeing various subordinate boards and agencies "which would be responsible to the Council and would be carrying out the administrative functions over the areas for which the Council had responsibility..." In the paper it was also suggested that one of labour's main concerns, the labour market, could be met by the formation of a Labour Market Board, with responsibility for labour market forecasting, training, mobility, immigration and unemployment insurance. In order to fulfill these responsibilities the CLC proposed that the Board "must have the

²⁷ CLC, *Position Paper for the Meeting with the Prime Minister and Members of the Cabinet on July 12, 1976*, 12 July 1976.

power and authority to channel investment funds, both public and private, or to hold back on proposed projects so that cyclical and regional unemployment can be evened out”.

Finally, the Executive Committee addressed the minimum conditions under which the CLC would enter into a tripartite arrangement, of which there were two: “the removal of the present wage controls”, and “a commitment by the government to legislate a tripartite structure” vested with certain powers, including: responsibility over income distribution (through an incomes policy), social policies (through active participation in such policy areas as pensions, workers’ compensation, minimum wage levels, etc.), and the development of an industrial strategy.

The position paper can clearly be interpreted as a response to the government’s objections; but it can also be seen to have been influenced by internal political considerations. Of chief concern was the issue of wage restraint, for, as a discussion paper (prepared for the Executive Committee) noted:

We want a say over other forms of income including investment but we have not as yet acknowledged that we are also talking about labour’s share of the national income. This is a question which we can expect the government to put to us and the political realities within the movement are such that this is the most tender area for the CLC to tackle¹².

Thus the position paper presented to the government stressed that although the CLC would be willing to “work in this area”, it would only do so in the context of the overall proposal — the formation of a tripartite council responsible for investments and profits as well as wages.

The 12 July meeting between the Congress and the government ministers was largely taken up with the presentation of the Executive Committee’s position paper. The ministers (privately) considered the position paper as “less radical” than the *Manifesto* and promised the CLC a response by early August.

During this period pressure was mounting on the Congress to undertake more concrete action in opposition to controls. Bitter strikes, directed at employers attempting to adhere to the AIB guidelines, or at the AIB itself, demonstrated that opposition to controls was still relatively strong. And several unions and union leaders continued their calls for a general

¹² CLC, “The *Manifesto* and the Structure and Functions of Tripartism, Document for consideration of the Executive Committee, July 5 and 6, 1976”, 29 June 1976.

strike or other form of mass action²⁹. In this context the CLC Executive Council met on 29 July to hear a report from the Executive Committee on the discussions with the government, and to consider what course of action to follow.

The meeting focussed on several broad questions, including the meaning of tripartism and the question of a general strike. In regards to tripartism a discussion paper written for the meeting noted that "from the many reports, discussions and conversations that have been filtering back to the Congress since the Quebec convention it is becoming clear that some reservations and uncertainty prevails at all levels of the movement regarding the *Manifesto*"³⁰. The discussion paper attempted to clarify the institutional implication of tripartism, summing it up as a demand for a "fundamental restructuring of Canada's institutions", with particular reference to the process of state policy-making. Furthermore, the paper suggested that tripartism would promote centralization of authority and power within the business community and the labour movement. The question of a general strike was also reviewed, and was linked with the *Manifesto*: "The Trudeau government will not be moved unless confronted by power. Labour's power to conduct a successful national strike is also the kind of naked power which government respects. The national strike and the *Manifesto* are mutually dependent objectives. Our opposition to wage controls is also the method for achieving the *Manifesto*."

Despite the pressure for immediate mass action — that is, the calling of a general strike — Morris and the moderates on the Executive Council were successful in delaying a final decision until after the upcoming meeting with the cabinet. The hesitancy of the moderates was grounded in an unease over the legitimacy of a general strike, in uncertainty over the reaction of employers, and in doubts concerning the likely response of the rank-and-file; the advocates of a general strike were basing their position on the lack of success of the labour-government talks, pressure from sectors of the rank-and-file, and the internal legitimacy of the labour leadership arising from their continued inaction. These positions were resolved by delaying a final decision until the government responded to the CLC's position paper in August.

On 6 August the CLC leaders again met with several cabinet ministers. The government representatives did not reject the 17 July position paper out

²⁹ See *Montréal Gazette*, 31 May 1976, 14 June 1976, 12 July 1976; *Montréal Star*, 3 June 1976 and 30 June 1976; *Toronto Star*, 11 June 1976, and 29 July 1976; *Calgary Herald*, 26 June 1976; *Financial Times*, 19 July 1976.

³⁰ CLC, "Discussion Paper on the *Manifesto* and the *Programme of Action* for the Executive Council Meeting", 29 July 1976.

of hand, but expressed hesitation, and a need to engage in “further consultations”. The CLC responded by suggesting that if the government would undertake to terminate the controls programme at a significantly earlier date than originally planned, then organized labour would not engage in any further pressure and would “cooperate” in post-controls arrangements along the lines set down by the *Manifesto*. The government’s response was that decontrol mechanisms would have to be developed and consented to *before* an end to controls could be announced. While the moderates on the CLC executive would probably have agreed to this — or, at least, would have agreed to a postponement of the calling of the Day of Protest — the government’s position, emphasizing as it did the necessity to agree to wage restraint above all else, was impossible to meet.

The Day of Protest was eventually held on 14 October and was at best a qualified success³¹. While approximately one million workers stayed off the job — an unprecedented political step in historical terms — it was sufficiently disappointing for the CLC to squash any notion of a repeat performance. If the Day of Protest has attracted more support, the CLC could conceivably have had its bargaining strength expanded; or if it had attracted less support, the Congress would have been discredited; however, as it turned out, the balance was left more or less the same.

While the actions of the CLC following the May convention — the adoption of an explicitly position paper, and the subsequent termination of negotiations with the government under pressure from militant factions — seem relatively clearcut, it remains to explain the government’s actions. It is tempting to conclude that the government’s professed interest in “consultation” stemmed mainly from a strategy of forestalling labour militancy. This conclusion is lent some credence by the initiation of formal discussions with business leaders in September 1976, at a time when opposition to controls from this quarter was growing³². As well, the federal government working paper, *The Way Ahead*, published a few days prior to the Day of Protest, seemed in some respects considerably at odds with the assumptions animating the *Manifesto*. Finally, by the second half of 1976 the rate of inflation

31 CRISPO, John, “Some Reflections on Canada’s Wage and Price Controls”, *Labour and Society*, vol. 2, no. 3, July 1977, pp. 253-267.

32 Business reacted generally favourably to controls in the initial phase; but when the government attempted to tighten profit controls in 1976 (in an attempt to make the programme appear more equitable) support began to dwindle. The government’s proposals were contained in *Outline of Proposed Modifications in Price and Profit Guidelines under the Anti-Inflation Act*, Ottawa, Department of Finance, May 1975. On business hostility to these proposals see AIB, *op. cit.*, pp. 81-86; *Toronto Star*, 26 July 1976. The proposals were eventually softened and put into effect in September 1976. Another cause of business hostility was the speculation about “corporatism” and about the need for more state intervention.

and wage settlements had declined perceptibly (a trend actually begun before controls were introduced: see Table 1).

However, several groups within the government — particularly in the Department of Labour and the Privy Council Office — were convinced of the long-term benefits to be gained through the initiation of a “consultative process”, if not of tripartism à la *Manifesto*. This, coupled with a continuing though vague commitment to “structural reform” led the major policy-making organ of cabinet, the Committee on Priorities and Planning, to decide in early November to proceed with consultation.

AN UNHOLY ALLIANCE? THE CLC AND THE BCNI

Following the government’s decision to renew the consultative process, official contact was reestablished with the CLC, and the Congress Executive Committee again met with several cabinet ministers on 30 January 1977. At this meeting it was agreed that the issue of decontrols should be discussed on a tripartite basis, but when a February tripartite was suggested the CLC representatives demurred and suggested a later date. The government also raised the possibility of introducing a system whereby public sector pay would in the future be based on comparisons with the private sector, a proposal which the CLC rejected. As well, Trudeau agreed to respond formally to the CLC’s 12 July 1976 proposal, and subsequently sent a letter to Morris proposing a multipartite advisory forum rather than a tripartite decision-making body.

Following the January meeting, CLC strategy took what seemed to be a strange twist. Several representatives of the Congress met, in February and then in March, with representatives of the Business Council on National Issues³³. The first of these meetings was exploratory, and designed to search for common ground. The discussants came to the conclusion that although they had considerable differences, they could at least agree “that there could be some real value in getting together to develop a better understanding of each other’s views. Also, if we could avoid the usual knee-jerk opposition to the views of the other side, it might be constructive in terms of the development of economic policy”³⁴. From the perspective of the Con-

³³ The business people involved in the government-business talks had decided to use the BCNI as a secretariat to coordinate their participation. Subsequently, the BCNI acted as the central business organization in the consultations. The CLC-BCNI meeting was arranged through the C.D. Howe Research Institute, which limited its participation to arranging the meeting.

³⁴ The comment is Alfred Powis’ (of Noranda) in CONFERENCE BOARD IN CANADA, *op. cit.*, p. 38.

gress, Ron Lang saw three purposes in pursuing a “business-labour dialogue”: to “make an end run around the government by meeting with the same business group with which the government was holding discussions”; to “achieve a business/labour position of opposition to wage controls”; and, to “begin a permanent dialogue between the CEO’s of the business world and the leadership of the labour movement”³⁵.

The CLC-BCNI meeting on 18-19 March produced more substantive results. Although the first day of discussions involved an expected degree of fencing and attempts to blame the other group for the controls programme, the second day saw the emergence of a common position which shifted blame onto the government’s doorstep. The newly-found common position revolved around two proposals: an immediate end to controls; and the creation of a “meaningful ongoing bipartite and tripartite relationship”³⁶. This position was presented to Trudeau the following week, and shortly afterward the first full-fledged tripartite meeting was scheduled for 22 April.

The 22 April meeting was largely taken up with the government’s presentation of a Green Paper (eventually released as *Agenda for Cooperation*). The government took the position that an immediate end to controls was only possible if business and labour undertook to exercise voluntary restraint. Additionally, a tripartite or multipartite monitoring agency would be established and public sector wages would continue to be controlled in order that they neither “fall behind nor get ahead of” private sector wages. The BCNI and CLC representatives took issue with these proposals, reiterating their demand for an immediate abandonment of controls “with no strings attached”. The labour representatives in particular stressed that the form of voluntary restraint envisaged by the government was impossible: “This was obviously an approach to which we could not agree, because it would be replacing government controls with a system of trade union controls, and we refused to enter into a discussion on this question, as did business.”³⁷

In line with Trudeau’s earlier proposal to Joe Morris, the government also proposed the establishment of a multipartite consultative forum composed of 40-50 people, stressing, however, that responsibility for public

³⁵ LANG, *op. cit.*

³⁶ BARCLAY, Ian, “Notes for an Address” to the Conference Board in Canada’s Conference on *Consultation and Advocacy: Influencing Public Policy*, Ottawa, November 20, 1979.

³⁷ *Report on Tripartite Meeting, Ottawa, April 22, 1977*, appended to letter dated 20 May 1977, Morris to Ranking Officers of Affiliated Organizations, Executive Council, Provincial Federations of Labour, Labour Councils, CLC Regional Directors and Staff.

policy must be retained by the government. To this proposal the CLC also responded negatively, arguing that the body should be tripartite and that the persons on the body should be considered as "institutional representatives": "To labour, consultation means that we should have people who are able to reflect the position of those they represent."³⁸

On 26 April representatives of the Congress and the BCNI met to consider their next move. During this meeting, or shortly thereafter, a joint response to the government's position was drafted and arrangements were made to meet with Trudeau. Joe Morris and Peter Gordon (of Stelco) presented the document to Trudeau in a private meeting on 16 May. On the key question of the termination of controls, the BCNI-CLC position was still that controls should be ended instantaneously; and, on the government's demand for a pledge of voluntary restraint, Morris and Gordon went further than either had before:

This consensus (to terminate controls immediately) is supported by our undertaking to make voluntary efforts to make de-control work... We ourselves are prepared to make personal commitments and seek to persuade others that this collective action is in the interests of Canada³⁹.

Finally, on the issue of the proposed monitoring agency, Morris and Gordon proposed a tripartite agency headed by a three member board, empowered to "solicit information and exercise moral suasion, but without authority for roll-back or for establishing guidelines". The agency would be "responsible to the public for scrutinizing price increases and wage settlements" and "should terminate as early as possible but no later than December 31, 1978".

Trudeau had several objections regarding the proposed monitoring agency: that the agency *should* issue guidelines; that its proposed life span was too short; and that it should be a "public interest" board rather than a representative tripartite board. Morris and Gordon also urged Trudeau to ensure that their position was taken into account in the soon-to-be-released *Agenda for Cooperation*; however, it had already been printed and all Trudeau could say was that the BCNI-CLC position would be "taken seriously" in the upcoming negotiations.

The Congress's position, between January and May, had undergone a significant shift: the emphasis of the *Manifesto* and the 12 July 1976 position paper on "decision-making" and "equal power sharing", had been

³⁸ *Ibid.*

³⁹ *Termination of Controls*. Statement signed by Joe Morris and Peter Gordon. No date (May 1977?).

replaced by an emphasis on “advice” and “consultation”. Additionally, Morris’s private commitment to Trudeau concerning voluntary decontrol was a significant, if somewhat vague, concession. This shift was partially the result of the government’s continued intransigence, but more importantly stemmed from the alliance with the BCNI (since business leaders consistently stressed that they had no desire to assume any policy or administrative responsibilities). The CLC’s position, however, was also shaped by internal differences of opinion, primarily over the issue of voluntary restraint⁴⁰; thus Congress representatives argued that, although some form of voluntary restraint commitment might be given to the government, this could only occur in the context of a withdrawal of wage controls and the institution of some form of consultative body. However, the pursuit of *social corporatism* had clearly been abandoned.

THE DISINTEGRATION OF CONSENSUS

The next step in the process was the release of *Agenda for Cooperation*⁴¹ outlining the government’s position with respect to controls and consultation. Through the bureaucratic prose may be discerned a response to the BCNI-CLC position. The *Agenda* laid great stress on the necessity to reduce inflation (which was then rising despite declining wage settlements), and thus argued that “real incomes will have to grow more slowly. Indeed, the increase in real income per capita may have to be less than the growth in average productivity”⁴². More important, the *Agenda* outlined the major conditions for an instantaneous (as opposed to phased) end to controls: that a representative monitoring agency, with business and labour participation, would be established to “scrutinize” wage and price movements; that an answer to what “precisely would constitute voluntary restraint” would have to be arrived at; and that commitments to adhere to this would have to be made by business and labour. The *Agenda* also reiterated the government’s intention to institute a scheme of public sector wage restraint based on comparability. Finally, on the issue of the “consultative process”, the government proposed a 40-50 person multipartite forum, with no policy- or decision-making role.

From the perspective of the Congress, the message was starkly clear: the *sine qua non* for an immediate and instantaneous abandonment of con-

⁴⁰ See below.

⁴¹ CANADA, *Agenda for Cooperation: A Discussion Paper on De-Control and Post-Control Issues*, Ottawa, Ministry of Supply and Services, 1977, 63 p.

⁴² *Ibid.*, p. 8.

trols was a pledge of voluntary restraint; and there was to be no substantive labour or business participation in the exercise of state power.

It should be noted that the government's stubbornness was not the only problem facing the proponents of tripartism among the Congress leadership at this time. General uneasiness within the movement began to make itself felt as early as during the CLC-cabinet talks in the summer of 1976. Following the Day of Protest, more overt opposition appeared — for example, at the Saskatchewan and Ontario Federations of Labour conventions⁴³. This early opposition focussed on several aspects of tripartism: the potential impairment of the CLC-NDP relationship; the possibility of CLC acquiescence to a voluntary incomes policy; the centralization of power in the movement implied by the *Manifesto*; and the possibility of leadership "co-optation". These criticisms were addressed by the proponents of tripartism at an Executive Committee "Think-In" and at a subsequent Executive Council meeting in December 1976, the outcome being that the pro-tripartism faction was successful in regenerating support for — or at least preventing the unceremonious abandonment of — the *Manifesto* and the 12 July position paper⁴⁴.

During early 1977 the opposition did not dissipate: CUPW leaders were making speeches harshly critical of the CLC's pursuit of tripartism; the CSN was advocating a work stoppage for 14 October and was criticizing the CLC for "giving up the fight"; an economic statement opposing tripartism was passed (over the objections of the leadership) at a Steelworkers convention in May; and several CUPE provincial divisions were debating the issue of tripartism and voting on resolutions explicitly repudiating any support⁴⁵. While the pro-tripartite faction was not taking these criticisms lying down⁴⁶, they were well aware of the continuing dissension over the issue and recognized that their bargaining position was accordingly circumscribed.

On 22 July a particularly important meeting was held. The meeting was of a tripartite subcommittee (appointed at the 22 April meeting) charged with discussing the issue of the consultative forum and the question of representation. Although the subcommittee reached agreement on several

⁴³ *Saskatoon Star-Phoenix*, 30 October 1976; *Globe and Mail*, 23 November 1976.

⁴⁴ GONICK, Cy, "On the Road to Tripartism", *Canadian Dimension*, vol. 12, no. 1, January 1977; CLC, "Discussion on the *Manifesto* for the 'Think-In' of the Executive Committee, December 7 & 8, 1976, Toronto, Ontario", December 1976.

⁴⁵ See CUPW, vol. 7, no. 4, June 1977; *Toronto Star*, 23 May 1977; *Canadian Press Telex*, 5 May 1977 and 9 June 1977.

⁴⁶ See, for example, J. MORRIS, *Speech to the Canadian Delegation of the 25th Constitutional Convention of the United Autoworkers by Joe Morris, President of the Canadian Labour Congress, Los Angeles, California, 18 May 1977*.

matters — notably, the size of the proposed forum (30), the government's participation (the Prime Minister and five "economic" ministers), the use of the Economic Council of Canada in a staff capacity, and several procedural issues — there was a difference of opinion on two broad sets of considerations. On the question of representation the CLC and BCNI were each seeking a representational monopoly, and were demanding (at the insistence of the CLC) that the forum be tripartite rather than multipartite. The government, for its part, remained opposed to granting representational monopolies to the CLC and BCNI, and remained insistent that the body be multipartite. On the question of the substantive matters with which the body would deal, and the powers which it would exercise, the CLC-BCNI representatives argued that the body should meet regularly to review economic policy and should be empowered to review pertinent draft legislation. The government representatives were not opposed to the forum considering economic policy, but their emphasis was on generating a consensus or commitment to the government's budget plans rather than on giving the body a role in policy formulation. As well, the government rejected the idea of empowering the body to review draft legislation, trotting out the worn argument that this would infringe upon "parliamentary sovereignty".

On 29 July the second formal tripartite session was held, and again the meeting was largely taken up with a government proposal. The government proposed that a *phased* de-control process could begin as of 14 October *if* "there is a reasonable degree of assurance that this will not lead to any interruption of our progress in bringing down the rate of inflation"⁴⁷. In addition the government proposal "invited" business and labour to "commit themselves" to voluntary restraint, which was defined as ensuring "that the increase in money incomes and prices charged by business be lower than is provided by the guidelines in force for this year"⁴⁸. The voluntary restraint programme was to be supervised by a monitoring agency, and the government indicated that it "would ensure that people of stature with recognized experience in business and labour would be included"⁴⁹. Finally, a 30-member consultative forum would be established, of which ten would be from the business community (five from the BCNI), ten from organized labour (six of which would be chosen "in consultation with" the CLC), five from "other interest groups", and five government ministers.

47 CANADA, *Decontrol and Post-Control Arrangements, Statement by the Government of Canada to Business and Labour Leaders*, Ottawa, Department of Finance, 29 July 1977.

48 *Ibid.*

49 *Ibid.*

It will be noticed that the government's position had altered somewhat on the issue of voluntary restraint. As a consequence of the Department of Finance's imposition of a "hard line", the government had dropped its offer of an instantaneous (rather than phased) end to controls, *even if* a voluntary restraint agreement could have been worked out. In addition, Congress and BCNI participants have claimed that the government's tone during the meetings on 22 June and 29 July indicated a staunch refusal to bend any further; government participants, however, have claimed that the 29 July proposal was only a bargaining position open to further negotiation⁵⁰.

In any case, the 29 July meeting represented the end of this round of attempts to institute tripartism. Although following the 29 July meeting the BCNI urged Congress leaders not to reject the government's proposal out of hand, the pro-tripartite group in the CLC was sufficiently weakened by the government's apparent hard line on voluntary restraint to spell the end of the current effort. In early August, the Executive Council of the Congress adopted a position paper outlining its position⁵¹. The Council's position paper was ratified by the ranking officers on 17 August.

The Council's position should be interpreted with care. It is obvious that the government's hardened terms antagonized even some of the supporters of voluntary restraint, whom clearly did not think that the government's position was negotiable. The most critical factor, then, was the government's position on voluntary restraint, which undermined the support of those pressing for a continuation of discussions. Additionally, the government's proposal for a scheme of public sector wage determination through "comparability" could not be accepted. But it is important to notice that the Council did not reject the aim of tripartism; indeed, the statement reiterated the demand for a Council for Social and Economic Planning (including a Labour Market Board). Thus, those broadly opposed to tripartism were not successful in having the policy abandoned; although they had an impact through their general criticisms of tripartism, the specific resistance to voluntary restraint ran much deeper⁵².

⁵⁰ See the comments of T. Shoyama, the then — Deputy Minister of Finance, in CONFERENCE BOARD IN CANADA, *op. cit.*, p. 83.

⁵¹ CLC, *Position Paper of the Executive Council*, 11 August 1977.

⁵² Several additional factors contributed to organized labour's distrust of the government during this period: the threat to legislate striking air traffic controllers back to work; the revelation of the existence of a Solicitor General's "blacklist" of union officials; and the recent tightening of the UIC regulations. See *Toronto Star*, 23 August 1977.

THE FATE OF TRIPARTISM

Tripartism was a notion, a concept. I see nothing wrong with it. It got a lot of people excited, who normally get excited about things that are none of their dammed business.

Those people in universities, who have nothing better to do than poke their noses into other people's business, they're the people who really destroyed the tripartite concept, gave it a sinister connotation before anyone had a chance to even try it out. (Dennis McDermott, 8 May 1978)

Despite the new CLC president's dissembling, the issue of tripartism did not sink into oblivion following the termination of the 1977 negotiations. Indeed, on one level it became more prominent as the failure served to intensify opposition within the Congress between August 1977 and the April 1978 convention. And on another level, Congress leaders, the BCNI and some groups within the federal government continued to work toward increasing business and labour input into state policy-making. This latter effort — which is still underway — is being pursued with far less fanfare than the discussions around wage controls in 1975-78. Tripartism — by whatever name — seems not to have lost its allure.

During the autumn of 1977 open opposition to tripartism began to surface. Delegates at the provincial labour federation conventions in Quebec, Ontario, Manitoba, Saskatchewan and British Columbia voted against the strategy of tripartism⁵³. Individual unions also joined this wave or protest — the most notable being CUPE⁵⁴. And, by the spring an extraordinarily large number of resolutions condemning tripartism were being received by the Congress for debate at the upcoming convention. The supporters of tripartism — Joe Morris being the most out-spoken — attempted to mount a defence, but the momentum seemed to be running in the opposite direction.

The Congress leadership, however, was determined to prevent tripartism being excised from their range of options. Thus, at the April 1978 convention several strategies were adopted to circumvent the expected opposition. First, well before the convention the ranking officers were consulted on the policy papers being prepared. This exercise was presumably mounted in an attempt to meet opposition before the convention; and indeed, in

⁵³ See *Labour Gazette*, vol. 78, no. 1, January 1978, p. 17 and no. 2, February 1978, p. 2; *Winnipeg Tribune*, 26 September 1977; *Canadian Press Telex*, 2 November 1977.

⁵⁴ See CUPE, "An Agenda for Action", *Policy Statements: 77 Convention*, Ottawa, CUPE, 1977; and John CLARKE, "Does CUPE's Decision Spell the End of Tripartism?", *Labour Gazette*, vol. 78, no. 1, January 1978.

March the ranking officers insisted on the removal of a reference to a proposed Labour Market Board, a decision indicative of the continuing feeling against (or at least sensitivity to) the issue of tripartism. Second, the official policy paper studiously avoided reference to tripartism, focusing instead on the need for “social democratic planning” and an “industrial strategy”. Many of the documents contained oblique references to the desirability of institutional change, however it was *An Economic, Political, and Industrial Strategy for Labour*⁵⁵ which most carefully treaded the line between tripartism and “planning”: repeatedly the document emphasized that “social and economic planning” was a legitimate objective; that labour should develop its power “on all fronts and at all levels”; and that the unilateral power of capital should be attenuated. However, nowhere does the document state the *mechanisms* through which those objectives were to be achieved.

During the convention itself the leadership advanced a particular line which ultimately proved successful. It was admitted that tripartism had so far failed; that is, as a strategy to bring about an end to wage controls, tripartism had failed. But as an option to be possibly pursued in the future, tripartism was not ruled out. In his presidential address, Joe Morris argued that the Congress policy outlined in *An Economic, Political and Industrial Strategy for Labour* “concentrates on building up the power of the CLC and the trade union movement, but leaves the mechanism for exercising the power to be developed in the fullness of time and as the occasion warrants. It therefore alters the *Manifesto*, in that it does not tie the movement to a single decision-making structure such as tripartism”⁵⁶. But tripartism was not to be ruled out, for as Morris added, “It is obvious the Congress must use any and every opportunity to advance the cause of our people in the economic, social and political sphere.” Finally, the explicit criticism aimed at tripartism in the form of resolutions was successfully deflected through the skillful — although transparent — drafting of a composite resolution which admitted that tripartism had failed, but avoided repudiating it as a long-term goal⁵⁷.

Since the 1978 convention the debate within the Congress over the issue of tripartism has all but disappeared. This has been partly due to the leadership’s banishment of the word from the Congress’s approved lexicon, and due to the secrecy shrouding recent developments (see below). More importantly, the end of wage controls in 1978 broke the associative link between the replacement of controls with voluntary restraint and the development of tripartite and bipartite forums. Thus, although several left groupings at-

⁵⁵ In CLC, *Twelfth Constitutional Convention, April 3-7, 1978, Quebec, P.Q.: Report of Proceedings*, 1978, 233 p., pp. 12-16.

⁵⁶ *Ibid.*, p. 4.

⁵⁷ *Ibid.*, pp. 93-94.

tempted to raise the issue of tripartism and Congress-business initiatives at the 1980 convention⁵⁸, the absence of any overt threat to free collective bargaining sapped the critique of the force it possessed during controls.

While internal dissension has, since the 1978 convention, been stilled, it is important to see why the Congress leaders clung so tenaciously to the tripartite option. The reason is simply that tripartism remains very much on the agenda. Even before the April 1978 convention the Congress appeared to be scoring some small gains: the government offered the CLC a consultative role in the GATT negotiations; the powers of the planned post-controls monitoring agency were reduced under pressure from the Congress and other groups⁵⁹; organized labour was offered a role in the ITC-sponsored sectoral task forces created to examine problems in several manufacturing sectors; and the government — particularly the Minister of Labour — continued to propound the notion of consultation⁶⁰.

Of these events the creation of the sector task force exercise was perhaps the most important, for it seems to have born fruit with a flavour similar to the *Manifesto*. The twenty-three task forces (together known as “Tier-1”) finished their reports and forwarded them to a “Second Tier Committee” which was to “identify and make recommendations about factors and policies that cut across sector lines... and to pull together the common threads running through the reports to make recommendations on broad economic policy”⁶¹.

Two events associated with the Tier I and II process are important⁶². First, stemming from the Tier II report was the creation of a “Major Projects Task Force” comprised of business and labour representatives and supported by the government. The Task Force’s purpose, according to Ron Lang, is to “examine all major projects coming on stream in the next decade with the view to recommending policies to maximize Canadian content, both in the construction phase and in long-term down-stream benefits to strengthen secondary manufacturing and to create jobs”⁶³. Although not much is known about the Task Force’s work it is indicative of a continuing enthusiasm among CLC and business leaders to have a more direct and

58 The author attended the convention and saw the efforts at first hand.

59 *Financial Post*, 18 February 1976.

60 See, for example, John Munro’s comments in *Financial Post*, 26 November 1977.

61 *A Report by the Second Tier Committee on Policies to Improve Canadian Competitiveness*, Ottawa, Department of Industry, Trade and Commerce, October 1978, 34 p., p. 2.

62 For a more extensive treatment of the following topics see “Slipping in the Back Door: Tripartism Today — Corporatism Tomorrow?”, *Canadian Dimension*, vol. 15, no. 3, December 1980, pp. 30-36.

63 LANG, *op. cit.*, p. 12.

joint input into state policy. The second significant development stemming from the Tier II process in the development of a joint CLC-BCNI proposal for the formation of a national manpower body⁶⁴. Although this too has not garnered much publicity, the proposal calls for a bipartite agency (i.e. BCNI-CLC) supported financially by federal and provincial governments. The manpower body would presumably be expected to have a significant impact on public policy.

These developments indicate that the Congress continues to be committed to advancing the role of organized labour, and the Congress's role, into the field of public policy formation. While caution has replaced brashness, the essential goal has not undergone much change. Moreover, there appears to exist considerable sympathy for this agenda within the government⁶⁵, and on the part of the Congress's newfound allies in the business community.

CONCLUSION

It is unremarkable that the Congress leadership desires more input into public policy; the reverse would indeed be remarkable. However, the willingness of governments generally to offer trade union confederations more power, that is, some form of tripartism, has not stemmed from a sudden change of heart concerning the legitimacy of working class organizations. Rather, tripartism has been intimately and directly associated with the objective of achieving wage restraint. The position of the federal government, from the Turner consensus exercise to the breakdown in negotiations in the summer of 1977, hinged on the argument that any significant concessions to organized labour would have to be met with a commitment to voluntary restraint. The CLC leaders could not meet this condition. Despite the shift away from the explicitly corporatist vision of the *Manifesto*, opposition within the Congress — emanating from groups opposed to the broad conception of tripartism, and from those concerned to avoid a voluntary commitment to restraint — was sufficiently strong to prevent the Congress leaders from acquiescing.

Corporatism, or even a milder form of tripartism, thus did not become established in Canada during the period of controls; and developments since, while not without meaning, have not represented a significant advance in this direction. While the immediate cause of the "failure" was the

⁶⁴ See *Globe and Mail*, 30 April 1980.

⁶⁵ Especially within the Departments of Labour, and Industry, Trade and Commerce, and the Ministry of State for Economic Development.

conflicting stances which emerged in the process of negotiations, these should be interpreted somewhat more broadly. Three main factors may be suggested here⁶⁶. First, the ideological complexion of the party in power — the Liberals — was not well suited to tripartism. Although social democratic governments have not held a monopoly on corporatist initiatives, their political reliance on organized labour and ideological commitment to full employment is generally more conducive to a corporatist strategy to contain wage militancy. Second, the political influence of the CLC, for a range of historical reasons, has never been great. This has not only contributed to the NDP's relative weakness, but has also meant that governments have not had to pay the CLC's position as close attention as might otherwise be the case. Third, authority in the CLC is comparatively decentralized⁶⁷, which has meant that Congress leaders have not possessed enough internal influence to override the policy objections of the larger affiliates.

Despite these — and other⁶⁸ — formidable barriers, the issue of tripartism has not withered away. The broad economic conditions which prompt consideration of incomes policies continue to exist. In a recent speech uncannily reminiscent of speeches made by John Monro in the mid- to late-seventies, the present federal Minister of Labour, Gerald Regan, has raised the issue again:

Keeping in mind the fiercely competitive economic environment that is emerging... you can well appreciate the need for more sophisticated consultative structures that bring the economic partners together to discuss projects and priorities, exchange information, set economic targets, and generally decide on the future direction of economic policy⁶⁹.

In the present context of high inflation and rising wage settlements⁷⁰, history may well repeat itself in the form of an attempt to gain voluntary restraint, accompanied by the *quid pro quo* of tripartism — undoubtedly suitably renamed. Several factors make present circumstances more favourable than in the past — the current participation of many labour leaders in con-

⁶⁶ See Leo PANITCH, *op. cit.*, and *idem*, "Corporatism in Canada", *Studies in Political Economy*, vol. 1, pp. 43-92.

⁶⁷ For a comparative study see John WINDMULLER, "The Authority of National Trade Union Confederations: A Comparative Analysis", in David B. LIPSKY (ed.), *Union Power and Public Policy*, Ithaca, New York, ILR/Cornell, pp. 71-107.

⁶⁸ For example, PANITCH, "Corporatism in Canada", *op. cit.*, mentions the federal system of government in Canada, which may help explain corporatist developments at the provincial level, on which see "Slipping in the Back Door...", *op. cit.*

⁶⁹ REGAN, Gerald, "Notes for an Address by the Minister of Labour, the Honourable Gerald A. Regan, P.C., Q.C., M.P., to the Second Canadian Convention of the Building and Construction Trades Department; Calgary Convention Centre, Calgary, Alberta, July 14, 1980", Ottawa, Department of Labour, 1980.

⁷⁰ See *Financial Post*, 3 January 1981.

sultative exercises, the believability of controls in light of the previous programme, the advocacy of tripartism by various components of the federal government. However, the inescapably important question which the labour movement will have to confront remains unchanged: should a commitment to wage restraint be traded for a possibly ethereal increased influence over public policy? The question requires careful, and democratic, consideration.

Le Congrès du travail du Canada et le tripartisme

Quels sont les événements et le processus qui ont entouré le débat sur le contrôle des revenus et le tripartisme au Canada, principalement en ce qui a trait aux politiques et aux stratégies du Congrès du travail du Canada?

Le tripartisme peut avoir plusieurs sens. Par exemple, il peut revêtir l'aspect d'une structure institutionnelle qui consisterait, pour le mouvement syndical, les groupements d'employeurs et le gouvernement, à mettre au point conjointement les politiques qu'ils désirent appliquer en certains secteurs et à s'assurer que ces ententes sont acceptées. Il peut aussi ne consister qu'en des discussions à trois sans autre objet que d'échanger des points de vue. Le premier type de tripartisme se rapproche du «corporatisme». On interprète les initiatives en vue d'établir le tripartisme comme si elles étaient surtout associées aux efforts du gouvernement pour s'assurer le contrôle des salaires.

L'article traite ensuite de l'origine, du fonctionnement et du résultat des débats sur le tripartisme au cours de la période de l'application du programme de contrôle des prix et des salaires de 1976 à 1978. Il décrit aussi les efforts qui ont été faits en vue d'instituer une politique volontaire de restriction des revenus avant l'imposition des contrôles ainsi que des événements majeurs qui ont suivi la période des contrôles.

Durant cette période, le gouvernement fédéral s'est montré disposé à accorder des concessions aux employeurs et aux dirigeants syndicaux en retour de leur engagement à restreindre les hausses de revenus. Même si les concessions proposées par le gouvernement et les formes d'engagement qu'il souhaitait ont varié beaucoup, il faut conclure que l'on ne peut tendre au tripartisme que dans la mesure où le mouvement syndical accepte les contraintes qu'il veut et qu'il est capable de les faire appliquer.

D'une façon générale, le Congrès du travail au Canada a fait pression pendant toute la durée du programme de contrôles pour que le gouvernement les abandonne et les remplace par une forme quelconque de tripartisme. Cette pression découle de plusieurs facteurs. L'action des forces sociales a amené le gouvernement à établir une politique de contrôles. À l'intérieur de ce contexte, le désir des dirigeants du Congrès du travail du Canada d'obtenir le retrait des contrôles aussi bien que leur volonté d'exercer une influence plus grande sur le gouvernement et sur le mouvement ouvrier lui-même les incita à suggérer le tripartisme. Finalement, le consentement du gouvernement à remplacer les contrôles par une certaine forme de consultation porta les dirigeants syndicaux à estimer que cette stratégie en valait la peine.

Bien que la stratégie d'ensemble du Congrès du travail du Canada soit demeurée stable pendant toute la période des contrôles, plusieurs changements se sont produits. Ces modifications résultent de trois groupes d'éléments. En premier lieu, les politiques du gouvernement fédéral ont eu un poids considérable principalement à cause de son insistance auprès du Congrès du travail du Canada pour que celui-ci s'engage dans une politique de restriction volontaire des salaires. Deuxièmement, le point de vue des dirigeants du Congrès du travail du Canada a influencé les milieux d'affaires, ce qui a entraîné comme conséquence leur alliance contre le gouvernement. Enfin, l'opposition au tripartisme de la part de différents groupes à l'intérieur de la centrale syndicale a une influence marquée en limitant la possibilité de faire certaines concessions au gouvernement. L'importance de ces facteurs a varié selon les époques, mais ils ont joué continuellement.

On peut conclure que la tendance au tripartisme est reliée à la politique du contrôle des revenus de la part du gouvernement. Les perspectives de développement du tripartisme au Canada, du moins au niveau du gouvernement fédéral, sont soumises à trois contraintes spéciales: l'idéologie de deux des principaux partis politiques fédéraux, la faiblesse relative du Congrès du travail du Canada dans le domaine politique et la structure décentralisée du pouvoir au sein du mouvement syndical.

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