THE VIABILITY OF SECTORAL CORPORATISM IN CANADA

THE VIABILITY OF SECTORAL CORPORATISM IN CANADA: AN ANALYSIS OF THE STEEL, ELECTRICAL AND ELECTRONIC AND, AUTOMOTIVE PARTS TRAINING COUNCILS

By

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ABSTRACT

Steady and rising rates of unemployment continue to be a fundamental policy problem to the federal and provincial governments in Canada. As a result, business and labour interests in conjunction with the federal and provincial governments have begun to formulate and implement labour adjustment policy, specifically training, through sectoral corporatist adjustment boards. The resulting 'success' of these corporatist initiatives remains too premature to analyse, however, the viability of the structures currently in place are a cogent basis for analysis. This thesis seeks to sketch out what structural viability for sectoral based corporatist adjustment boards looks like and how structural variables may be an indication of future policy success or failure. Finally, this thesis attempts to answer the following research hypothesis: can the labour market partners design consensus based governance structures that permit cooperation in the formulation and implementation of training policies and programs? The research hypothesis will be answered through the analysis of three sectoral based corporatist initiatives in the steel, electrical and electronics and automotive parts manufacturing sectors.

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LIST OF ABBREVIATIONS

APMA	Automotive Parts Manufacturing Association
APSTC	Auto Parts Sectoral Training Council
CARS	Canadian Auto Repair and Service
CAW	Canadian Auto Workers
CEC	Canadian Employment Centre
CEP	Communication and Energy Paper Workers Union
CJS	Canadian Job Strategy
CLC	Canadian Labour Congress
CLFDB	Canadian Labour Force Development Board
CLMPC	Canadian Labour Market and Productivity Centre
CSAGIT	Canadian Sectoral Advisory Group on International Trade
CSTEC	Canadian Steel Trade and Employment Congress
CSTC	Canadian Steel Trade Congress
CUPE	Canadian Union of Public Employees
CWC	Communication and Electrical Workers
EEMAC	Electrical Electronics Manufacturing Association of Canada
EIC	Employment and Immigration Canada
HRDC	Human Resources Development Canada
IAM	International Association of Machinists and Aerospace Workers
IBEW	International Brotherhood of Electrical Workers
IFPTE	International Federation of Professional and Technical Employees
JWT	Joint Training Committees
JWTC	Joint Workplace Training Committees
LFDB	Labour Force Development Board
LFDS	Labour Force Development Strategy
LIU	Laborer's International Union
NBLFDB	New Brunswick Labour Force Development Board
OECD	Organization of Economic Development and Cooperation
OFL	Ontario Federation of Labour
OPSEU	Ontario Public Service Employees Union
OTAB	Ontario Training and Adjustment Board

LIST OF ABBREVIATIONS

SIC	Standardized Industrial Classification
SPI	Sectoral Partnership Initiative
SSC	Sectoral Skills Council
UFCW	United Federation of Canadian Workers
UI	Unemployment Insurance
UIDU	Unemployment Insurance Development Uses
USWA	United Steel Workers of America
WIFM	What's In It For Me
WITT	Women In Trade and Technology

Introduction

The globalization of business, the rapid adoption of new information and the acceleration of technological change have increased the need for innovative training and retraining techniques in the labour market. In conjunction with the globalization of business and technological change has been the recession of the late 1980s and the continuation of harsh economic times, which have had devastating effects on the Canadian labour market and economy. The changes associated with globalization and technology are not specific to the Canadian labour market, but have also had significant implications on the global community. Economies throughout the globe have been and continue to be shaped by the rapid growth towards a globally integrated economy based on market principles. The emergence of highly dynamic Third World economic nations have also played a role in the shift of production and economic demand within the global community. Furthermore, the technological revolution associated with microchip and related innovations has placed knowledge and information at the cutting edge of economic progress. The implications of these "defining trends are the backdrop of the government's policy to foster economic growth and job creation."[1] At the centre of the federal government's policy to promote economic growth and job creation has been active adjustment policy, specifically training.

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[1] Department of Finance Agenda: Jobs and Growth (Canada: Ministry of Supply and Services Canada, 1994), p. 1.

As the Canadian experience with training has been minimal, the move to what some would call a 'training culture' has not been without problems such as: jurisdictional disputes between the federal and provincial governments, economic difficulties and budget reductions, the move from the formulation and implementation of policy through a bureaucratic model to a neo-corporatist model, historically antagonistic relations between business and labour, and changes in government at both the federal and provincial levels. The difficulties that Canada has experienced in its attempt to establish a training culture, have created what observers from the public and private sector refer to as a 'training deficit.' This deficit or inadequacy of public training programs in Canada is "confirmed by the fact that, in 1990, (Canada) ranked 16th among the 23 OECD countries, down from 11th place in 1989."[2] The training deficit has become even more profound as recent studies indicate that nearly two thirds of all of the jobs created in this decade will require "more than 12 years of education or training, while almost half will call for more than 17 years. It follows, therefore, that the unemployed, more so than in the past, are likely to be without the skills that match the openings."[3] This mismatch between skills, training and employment demands has caused the labour market partners to reevaluate Canadian labour adjustment

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2 Peter Lusztig, "Education, Training and Labour Markets" in Policy Options Vol 15 No. 6 (July-August 1994), p. 47.

3 Lusztig, "Education, Training and Labour Markets," p. 46.

policy.[4] The result has been the creation of neo-corporatist labour adjustment boards at the federal, provincial and sectoral level.

The focus of this thesis is on the viability of the neo-corporatist labour adjustment structures that have emerged in the secondary manufacturing sector over the past ten years. The research question is as follows: can the labour market partners design consensus based governance structures at the sectoral level that permit cooperation in the formulation and implementation of training policies and programs? Sectoral training initiatives, as well as, federal and provincial training initiatives, have experienced problems in coming to terms with the creation of neo-corporatist structures. It has been argued that Canada does not represent a fertile ground for corporatist type initiatives, so we should expect that difficulties have been experienced and failure is more likely than success.[5]

This thesis will test the research question by examining three sectoral training initiatives; The Canadian Steel Trade and Employment Congress (CSTEC), The Sectoral Skills Council (SSC) and The Automotive Parts Sectoral Training Council (APSTC). Of some importance as well are the federal and provincial adjustment boards such as the Canadian Labour Force Development Board (CLFDB) and the Ontario Training and

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4 The labour market partners consist of men and women representing different interests within the Canadian labour market. The partners include: government, business, labour, women, visible minorities, aboriginal peoples, Francophones and people with disabilities. In this thesis, the labour market partners will refer to government, business and labour unless otherwise specified.

5 Leo Panitch, "Corporatism in Canada" in Studies in Political Economy: A Socialist Review Number 1 (Spring 1979).

Adjustment Board (OTAB), and these too will be profiled and analysed. The purpose of analysing the structures that have emerged at the national and provincial levels is to illustrate the evolution of training structures over the last decade in Canada and to observe the move to sectoral corporatism on the one hand and the viability of the sectoral structures on the other. This thesis will not examine or attempt to evaluate the current content of training programs. Moreover, the purpose of this thesis is not to analyse the viability of policy or discuss the social and economic impacts of training. The purpose is, however, to evaluate whether the labour market partners can create viable meso-corporatist structures for training in Canada.

The literature on Canadian training, especially sector based training, currently suffers from a lack of clarity. Most of the literature in the area of training has tended to focus on either specific training boards or on the issue of who should be trained and how the programs should be designed and delivered. This has led to a gap in the training literature. First, the nature of labour adjustment in Canada has evolved from programs directed towards the unemployed workforce to new programs directed towards the employed workforce. This evolution has resulted in a change of ideology in terms of who should be funded, which level of government should provide the funding, and if the government should provide funding at all. Second, training has taken on a more international scope both in terms of the type of training being provided (portable, incremental and high-level skills) and in terms of the model of training adopted. This can be seen in the movement from a pluralist/bureaucratic governance structure to the adoption of a neo-corporatist governance structure. Finally, the

governmental level at which training programs have been implemented has also changed. Both federal and provincial governments have historically been responsible for the formulation, implementation and funding of training programs. However, this arrangement has been altered as more and more financial responsibility and accountability is being placed at the sectoral level and onto the labour market partners. Although the federal and provincial governments are currently involved in the initial costs of establishing a Canadian training culture, it has been suggested that once the initial structures are established the federal government will remove themselves from training altogether while the provincial governments will reduce their involvement in training policy and programs. The withdrawal of state funding will result in the emergence of quasi-privatized boards where business, labour and other sectoral interests have control - both financially and in terms of decision making power - while the government will maintain a 'managerial' role. Consequently, it is this lack of clarity and communication from the public to the private sector, in terms of understanding the future role of the labour market partners, the sector councils and the role of the government in the training initiative which remains problematic.

Through a brief examination of the Canadian Labour Force Development Board, the Ontario Training and Adjustment Board and a more extensive study of the Canadian Steel Trade and Employment Congress, the Sectoral Skills Council and the Automotive Parts Sectoral Training Council, I will endeavour to defend the following argument: that the current sectoral training initiatives should possesses certain characteristics and qualities to achieve structural viability and eventual policy success, but must undergo structural changes

to reduce the costs associated with the programs.

The thesis will be divided into seven chapters. Chapter one focuses on elements of economic restructuring which have affected the Canadian labour market and the types of labour adjustment policy which have been implemented in Canada. A discussion of why the state has changed its historical reliance on passive forms of adjustment policy (unemployment insurance) to active adjustment policy (training) and what this means to the Canadian labour market, will also be presented. The primary focus of this thesis will be on active adjustment policy which consists of training employed workers to maintain and increase their skills level and sustain their employability. The distinction between upside, downside, active and passive adjustment policies will be clarified in chapter one.

Chapter two examines the adjustment policy options the Canadian federal government has adopted. More importantly, chapter two discusses the training structures adopted by the federal and provincial governments throughout the last decade. The creation of neo-corporatist bodies represents a fundamental commitment on the part of business, labour and government to develop programs that will meet the changing skills and occupational requirements necessary to remain an economically competitive nation. Chapter two discusses the structures of governance in place for the formulation and implementation of training in Canada; the emergence of the Canadian Labour Force Development Board and the Ontario Training and Adjustment Board. Finally, this chapter examines the sectoral training councils in general and their position in the training and adjustment arena.

Chapter three begins with a brief review of corporatism. Corporatism at the macro

level, arguments against corporatist initiatives in Canada and why corporatism can work at the meso level, will be explored. Chapter three also considers the criteria for a viable meso corporatist training structure. This section will present a definition of viability as well as develop the criteria for viability, that is to say, the qualities and characteristics of these structures that will permit the development of a viable structure. The criteria of viability will be used in the following substantive chapters to evaluate the three sectoral arrangements.

The Canadian Steel Trade and Employment Congress and the Sectoral Skills Council are the subjects of chapters four and five. Industry, labour and government representatives have unanimously agreed that both CSTEC and the SSC represent genuinely viable structures and potentially successful policy initiatives. This will be illustrated through a discussion of the history of the councils, the structural composition, the commitment of the sectoral partners, policy goals, training programs offered and the costs of providing sectoral training. The viability of a sectoral council is dependent on the variables which are outlined in chapter three such as grass-roots structure, sector driven and industry buy-in.

Chapter six examines the Automotive Parts Sectoral Training Council and questions why the Automotive Council is on the verge of collapse. The discussion of the problems of the APSTC leads into a final discussion on whether the labour market partners can design consensus based sectoral governance structures that permit cooperation in the formulation and implementation of training policies and programs. This is discussed in the following concluding chapter.

An appraisal of the future of sectoral councils in Canada is the focus of the final chapter. This section attempts to answer the following questions: Do the neo-corporatist sectoral councils represent a viable option for the development and maintenance of Canadian training policy and programs? Can these structures be adopted in other sectors? And, will the sectoral initiatives continue after governments withdraw financial assistance?

A Note on Sources

Elite interviewing, and primary and secondary research were used for this study. Secondary material such as books and journal articles, were used for background information on training in Canada and other countries. Primary information was gathered through government documents and commissioned sectoral studies which were acquired through requests for information and in-person communication. Most of the material was derived through in-person interviews, as the literature within the area of training, especially sectoral training, is quite limited. Some of the graphs for the study were obtained through the Internet and down loaded from the federal government's web site maintained by the Department of Finance and Human Resources Development Canada (HRDC). A conference on January 1996 also provided invaluable primary information for this work.

Elite interviewing was conducted using open-ended and unstructured personal interviews.[6] The elite interviewing began with a request for interviews from individuals

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[6] The dates and the names of the interviews can be found in Appendix A.

involved in the sectoral initiatives, specifically those involved in the electrical/electronic and steel sectors. Forty-six letters were sent out requesting an hour to an hour and a half interview to discuss training in Canada and their specific involvement in the training initiative (Appendix B). Follow-up telephone calls were made to coordinate available times and locations for the interview. Through a snowballing technique, the initial interviews provided access to both individuals at the management level in the sectors, the automotive (autoparts and repair) sectoral councils, labour unionists, middle and senior level bureaucrats from the federal and provincial governments. Nineteen interviews were conducted between June and November 1995 in Hamilton, Toronto and Ottawa. The breakdown of individuals interviewed are as follows: federal officials - 5; provincial officials - 5; business representatives - 3; labour representatives - 3; sectoral managers - 4; academics - 1.[7]

Questions for each interview began with general questions about the interviewee and their organization.[8] The questions for each interview were adjusted somewhat according to the person being interviewed, their position in the labour market (business, labour or government) or their employment position (director, policy/training coordinator, civil servant, etc). To reduce redundancy, some questions were changed according to previous

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7 Many of the individuals interviewed played more than one role. As an example, one individual is the educational co-ordinator of the OFL, but also sits on the CLFDB and OTAB.

8 A copy of the questions can be found in the Appendix C of the thesis.

information obtained. Additional questions were subsequently added to the questionnaire as an information base developed. Overall, the average length of each interview was an hour. The interviews were taped with the consent of the interviewee. The tapes were subsequently transcribed verbatim and bound. The resulting descriptions and discussions were reviewed. This analysis was primarily done to increase the level of understanding of the training initiative in Canada, to understand who the key players are, the relationships that have developed between each organization and the common issues and difficulties with the sectoral training initiative in Canada.

At the federal level, interviews were conducted with senior and a mid-level officials in the department of Human Resource Development. A recently retired Deputy Minister was also interviewed. The Director, labour and business co-chairs were interviewed at the Canadian Labour Force Development Board (CLFDB). Unionists from the CLC, CUPE, CAW, UFCW and the OFL were interviewed as to their perspective on the training initiatives in Canada and for information about their involvement on the adjustment boards. At the provincial level, the labour co-chair of the Ontario Training and Adjustment Board was interviewed, as was the policy coordinator and sectoral coordinator. Finally, at the sectoral level, members of the Sectoral Skills Council, CSTEC, Autoparts Training Council and CARS were interviewed as to the role of government, the 'success' of their particular initiative and problems within the sectors and on the sectoral councils. [9]

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[9] The interviews were mostly conducted by myself, but occasionally Dr. Michael Atkinson was able to participate. When Dr. Atkinson accompanied me to an interview, I asked the core questions while Dr.Atkinson picked up on the key terms and concepts.

Chapter One
Labour Market Adjustment in Canada

This chapter focuses on past and present labour adjustment policy in Canada. An in depth analysis of the changes in the labour market is beyond our scope, but this chapter will provide a brief overview of the programs and structures that have been developed in the labour market in the past decade. This chapter will address both passive and active adjustment and upside and downside adjustment. The goal is to understand what forms of adjustment are currently being pursued.

Labour adjustment policies have played a significant role in sustaining the livelihood of thousands of unemployed workers affected by the changing means of production and the structure of the labour market. Over the last decade, the state, business, labour and other labour market interests have begun to realize that active policies such as training and retraining programs, not only benefit employers and employees, but also contribute to the long-term needs of the labour market.

Primarily as a result of economic globalization and technological advancements, employment has substantially declined in the secondary manufacturing sector. On the other hand, the level of employment in the service sector, in particular trade, finance, insurance and business services, has increased. The difficulty is that Canada cannot afford, either socially or economically, to leave the manufacturing of good to other countries, nor can the Canadian economy survive primarily as a service sector. Canada must increase the skills

level of the workers within all sectors of the economy, especially the manufacturing sector, and continue to produce high quality products. Consequently, the skill level requirements are clearly shifting upwards, not only in Canada, but in all other G7 countries. The speed of technological change and the internationalization of markets and investments are occurrences that effect all globally competitive countries, displace workers and force people and companies to constantly adapt.

The changes to the economy and the shift in the labour market are the result of a number of factors: the rapid technological change in production methods, an increasingly competitive economic environment which is both national in scope and international, the growth in production in newly industrialized countries, and concern with the early 1980s rise in unemployment rates which reflect structural, as well as cyclical factors. Changes to the economy and labour market have forced a considerable shift in the type of employment and the duration of employment available to Canadian workers. Economic restructuring has created the need for a new, highly trained and highly skilled labour force. This is true for all of the labour market partners; from line-workers to presidents of corporations. As a result, the educational, training, and employment development services will be the most important policy levers for the Canadian labour market and long term economic competitive advantage.[10]

In the 1990s, according to the Department of Employment and Immigration Canada,

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[10] Canada, Human Resources Development, Improving Social Security in Canada (Ottawa: Supply and Services Canada, 1994).

"failure to invest in human resources - in education, training and skills - can have severe consequences for individual workers, for companies, and for the nation as a whole."[11] In Canada, establishment of a 'training culture' which values lifelong learning and skills development, has barely begun. According to data collected in the early 1990s, "Canadian business and industry invest [in training] about one half as much as American business on a per employee basis. Comparisons with European countries and Japan are even less favourable."[12] Consequently, the state, business and labour interests have begun to reevaluate the process of labour adjustment in Canada by observing the driving forces behind economic restructuring and the changing needs of the state, society and the labour market.

i. Driving Forces of Economic Restructuring

Adjustment refers to the process by which the economy responds to changes in its environment. There are two primary forces driving economic adjustment: the globalization of business (economic change) and technological change. Technological change "enables society to produce more goods and services within its limited resources. In the Pareto sense,

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11 Canada, Employment and Immigration, Partnership for the Future: Implementing the Labour Force Development Strategy (Ottawa: Supply and Services Canada, May 1991), p.3.

12 Ibid.

society is unambiguously made better off by technical change."[13] Craig Riddell has argued that the global community is in the midst of a

> wave of technological change that is unparalleled in history. Innovations in areas such as computers, telecommunications, microelectronics, robotics, and bio-technology [are having] such profound effects on society, including effects on the nature of work, the location and organization of production, the skills demanded by employers, and living standards of the population.[14]

Labour market adjustment policies can be seen as an equalizing agent that creates social and economic equilibrium.

Increased international competition and the reduction of international trade barriers, resulting in a relatively free flow of goods and services, have forced many of the top grossing firms into a position of internal reorganization and downsizing. This has affected both the number of jobs available to those individuals entering the labour force for the first time, as well as those with a lifetime of work experience. Downsizing, not to mention complete plant or company closure, has forced many workers, especially in the secondary manufacturing sectors, onto government assistance programs. The result has been an increased difficulty in the government's ability to provide interim income support services.

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13 W. Craig Riddell, Adapting to Change: Labour Market Adjustment in Canada (Toronto: University of Toronto Press, 1986), p. 3.

14 Riddell, Adapting to Change, p. 20.

In Canada, the current level of unemployment fluctuates between 9.4 and 9.6 per cent.[15] At a time when deficit and debt reduction have caused the state to reduce overall levels of funding to social programs, the need to find alternative forms of labour adjustment policy is deemed to be essential.

ii. Adjustment Policy

In the larger context of macroeconomics adjustment policies influence employment levels and "affect the development of specific sectors and firms, the educational and regulatory environment that influences skills development and the regulatory environment governing the way in which business and labour can operate."[16] By definition, an adjustment policy is a government program "which facilitates the transfer of workers and capital assets to their most productive uses during periods of economic and technological change."[17] The Canadian Labour Market and Productivity Centre further defines labour market adjustment

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15 According to The Globe & Mail (April 2, 1996) the unemployment rate in Canada stands at 9.6 % while according to Statistics Canada (April 10, 1996), the unemployment rate is at 9.4 per cent. It is noteworthy that there was an increase in job creation in the 1995/1996 fiscal year, but there was also an increase in the number of people looking for employment and, as a result, the unemployment rate has risen since the beginning of the 1996 year.

16 Ontario, Premier's Council Report, People Skills in the New Global Economy (Ontario: 1990), p. 181.

17 Kumar Pradeep, et al., Canadian Labour Relations: An Information Manual (Kingston: Industrial Relations Centre, Queen's University, 1991), p. 13.

as the "adaptation and/or movement of workers to alternate employment, or retirement."[18] Adjustment policy is a broad and complicated policy area, therefore, the following section will only discuss some dimensions of labour adjustment.[19]

Economic and technological development positively and negatively affect the labour market. Both types of development decrease the demand for some skills and occupations and increase the demand for others. Adjustment policies, as a result, typically focus on those members of the labour market who are negatively affected by change. In the 1950s and 1960s labour adjustment was of little concern to the average citizen as employment opportunities were more available. However, significant changes to the labour market have occurred so that life long and guaranteed employment are no longer feasible in the 1990s. The table below illustrates the causes and consequences of labour market adjustment.

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18 Canadian Labour Market Productivity Centre, Labour Adjustment in Canada: A Report to the Board of Directors of the Canadian Labour Market Productivity Centre (Ottawa: June 1986), p. 2.

19 Riddell, Adapting to Change, p. 12. As Craig Riddell notes, "Much of what is called industrial policy or industrial strategy is in effect adjustment policy. It involves issues such as whether "sunrise" and "sunset" industries can be identified and how the economy can best shift - or avoid shifting - out of declining sectors and into expanding sectors. Trade policy also has important implications for economic adjustment. Similarly, much of what is called regional development policy is also adjustment policy."

Table 1.1
Causes and Consequences of Labour Market Adjustment [20]

Causes		Determinant of Adaptability		Consequences
Economic and technological changes	➡	Economic and labour market institutions Social legislation Nature of labour force Social attitudes and Expectations	➡	Shifts in the industrial, occupational and regional composition of output and the labour force Transitional income loss and/or unemployment Growth in real income and output

According to Steven McBride, labour market policies include at least four major elements:

> actions to improve the way labour markets function, such as provision of the job-placement services, vocational counselling and collection and dissemination of labour-market information to both prospective employers and employees; actions to influence the supply of labour, including mobility assistance, job training and basic skills development; measures to influence the demands for labour such as direct job-creation projects and wage recruitment subsidies; and provisions of unemployment benefits for those who become jobless.[21]

As labour market adjustment policies have costs as well as benefits, the changes associated with them are not always welcome by the government and the citizenry. An example of this are the costs associated with unemployment insurance. Money spent on funding UI could

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[20] Riddell, Adapting to Change, p. 8.

[21] Steven McBride, Not Working: State, Unemployment, and Neo-Conservatism in Canada (Toronto: University of Toronto Press, 1992), p. 118.

be re-channelled if the unemployment rate were lower. The cost, in this case, is the loss of funding to other social programs, such as health care or post secondary education. The benefits are obvious; unemployed Canadians will not starve and they will be provided with a basic living allowance that allows them to seek employment and continue to purchase necessary products for their livelihood.

In order that the government remain legitimate and accountable to the citizenry, it is necessary for the state to counter uncontrollable shifts in the domestic economy with policies and programs such as social assistance, job creation and job training. The ultimate goal of adjustment policies is to provide universal and accessible programs in response to the needs of those requiring assistance. Labour market policy in Canada has focused primarily on short-term income maintenance which has principally been in the form of unemployment insurance and social assistance. As a result, short term income maintenance has historically been viewed as a legitimizing function for the government. However, as the economy and the demands of the labour market have changed from a decade ago, the state has been driven to shift its reliance on short term income maintenance to active adjustment. What follows is a brief discussion of passive and active adjustment policy and how they are implemented - upside or downside.

iii. Passive and Active Adjustment Policy

The Canadian system of labour market adjustment "heavily skews public

expenditures towards programs that offers short-term income maintenance."[22] This model of adjustment policy reflects "a hold-over from a period in which social spending in the labour market was targeted to the fall-out from a relatively stable labour market."[23] Passive adjustment policies, such as unemployment insurance and social assistance, provide the unemployed with a basic living allowance. They are termed 'passive' policies because they assist individual workers, but "do not alter the demand for, or the supply of labour."[24] These policies were initially created as short-term income support mechanisms which could help the unemployed worker survive until they were able to find employment. The focus on short-term maintenance however, "does little to provide the worker with the level of ongoing skills development needed to facilitate adjustment during periods of economic restructuring."[25]

Active adjustment policies also provide basic income maintenance. The difference is that while unemployed workers collect government assistance, they are also enrolled in a training program, such as computer literacy or basic literacy and numeracy, which may improve their employability. Active policies are not just training programs. They also

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22 David A. Wolfe and Armine Yalmizyan, Target on Training: Meeting Workers Needs in a Changing Economy, Ontario: Social Planning Council of Metropolitan Toronto, February 1989, p. 77.

23 Ibid.

24 Wolfe & Yalmizyan, Target on Training, p. 17.

25 Premier's Council, Skills in New Global Economy, p. 108.

include job creation programs and employment preparation programs. Current models of active adjustment attempting to train workers for future labour market needs by replacing short-term income maintenance programs with long-term active policies. The difficulty associated with the change from a reliance on short-term income maintenance programs to programs which emphasize training is twofold.

First, the globalization of business and the acceleration of technology have altered every aspect of production. Advances in technology and globalization have changed the skill requirements of workers and have destroyed job security. In many cases, the changes in technology have altered the need for skills which have taken a lifetime to master. Although active policies provide an unemployed worker with the ability to meet the changing needs of the labour market, the programs offered are unable to predict what these changes may look like. As a result, workers who complete a training program may find that their employability remains similar to that prior to the completion of the program. During the time taken to complete a training program the skill trained for is no longer in demand.

The second difficulty is the absence of a "coherent theory or policy with which to assess and prioritize the different needs for adjustment occasioned by the requirements of a rapidly changing labour market."[26] In other words, it is difficult to predict future economic trends and provide training programs which may produce workers for possible future openings in the labour market. The limitation on the scope of labour market programs is due

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[26] Wolfe & Yalmizyan, Target on Training, p. 39.

to a "lack of agreement, and hence, cooperation between governments in the construction of labour market adjustment policies and in the [continual] investment in `passive' income support, rather than in `active' training programs."[27] Training and retraining programs, which provide skills upgrading, are still relatively uncommon in the development of Canadian adjustment policies. Although this trend is slowly changing, there is still a heavy reliance on passive policies in Canada.

iv. Upside and Downside Adjustment

The implementation of adjustment policy has also changed from a reliance on downside to upside adjustment. Upside adjustment programmes occur in the workplace where workers are retrained to meet the changing technological and economic needs of the industry. Upside adjustment provides workers with the ability to augment their skills' level so that their skills do not become obsolete and they are able to retain employment. Furthermore, upside adjustment is also a means of enhancing a firms productivity by increasing the skills available to the firm, as well as the firms ability to compete through the use of new technology. This is a relatively new concept. Currently, most of the sectoral initiatives implement their adjustment programs through upside adjustment.[28]

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[27] Ibid.

[28] CSTEC and SSC are the only sectoral initiatives that use both upside and downside adjustment. Upside adjustment initiatives follow the same format as in-house company training programs. In this case, programs are offered by government or programs are created with the assistance of the government.

Training programs are also implemented through downside adjustment. Downside adjustment programs train workers after displacement and/or layoffs has occurred. The programs offered retrain people in areas requiring new techniques or provide programs which develop existing skills to meet new technological requirements. Downside adjustment is offered through community colleges or through private training institutions. Furthermore, downside adjustment is either funded through a company fund or through Canadian Employment Centres. Until the emergence of the training structures at the national, provincial and sectoral level in the mid to late 1980s, downside adjustment was the most common form of training offered by the state.

v. The Movement Away From Passive Downside Adjustment Policies

As the rate of unemployment has risen in the late 1980s and early 1990s and has remained relatively stable in the mid-1990s, funding available for passive adjustment programs such as unemployment insurance has been slowly diminished. Coupled with the high and steady level of unemployment has been slow economic recovery and labour market production transformation. The result has been the need to reconsider the states historic reliance on passive short-term income maintenance programs and develop the necessary active policies. It should be emphasized that the creation of active adjustment policies must also be coupled with job creation programs, otherwise once training has concluded, the retrained worker has no other recourse, but to recommence their reliance on social assistance

programs.[29] Government, business and labour are attempting to work together to formulate adjustment policies that meet the demands of the changing labour market.

Training for the purpose of improving the skills level of the labour force is increasingly recognized by government as a viable adjustment policy. The labour market partners believe that the creation of a training culture in Canada, may dampen unemployment levels and reverse the displacement of workers, especially workers employed in the secondary manufacturing sector. Business, labour and government realized that to remain globally competitive, technological change has dictated that workers must upgrade their skills level "to allow both workers and firms to gain the greatest possible advantage from expensive new capital investment and to improve quality and customer service."[30]

As the Canadian economy changes, the need for a highly skilled and diverse workforce remains constant. Labour market adjustment policies, which stress job training and retraining, seem to be more viable than policies that support unemployment. Short-term income maintenance policies, initially created in the 1960s, have been unable to manage the sheer numbers requiring assistance today. According to a senior government official interviewed for this study, the previous reliance on unemployment insurance has proven so

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29 With the current fiscal restraints and cut-backs in both the public and private sectors, long-term job creation programs are not likely. Both proponents and advocates of training programs maintain that job creation programs are essential to effective training programs.

30 Canadian Steel Trade and Employment Congress, CSTEC: Skills Training Program 1994. (Toronto: CSTEC 1994), p. 1-2.

ineffective in the current labour market, that the labour market partners have been forced to rethink how labour adjustment should be formulated and implemented in Canada. This has resulted in a number of structural and policy changes. The history of labour adjustment policy and the movement to a sectoral approach is the focus of Chapter Two.

Chapter Two
From Macro Institutions to Meso Institutions: Changes in the Delivery of Training in Canada

The Canadian experience with downside labour adjustment programs has produced some inconclusive results. The lack of coordination at the national level and the continued resistance by both labour and business to a national training board with substantial power has been one of the causes of the slow emergence of effective training programs.[31] Another cause has been the inability to forecast job availability. Additionally, the slow recovery of the Canadian economy has placed enormous pressure on the Liberal government to fulfil their promise of job creation programs. Without job creation, job training/retraining programs (whether federal, provincial or sectoral) do not provide positive labour force outcomes. This chapter will trace the development of training structures in Canada from the early 1980's to the present. This chapter will not discuss training in Canada, but will discuss the movement from pluralist macro training structures such as the Canadian Job Strategy, to meso corporatist structures such as the Canadian Steel Trade and Employment Congress.

Business, labour and government agree that a training culture has to be created and sustained in Canada. Furthermore, the labour market partners and the academic community

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31 This resistance by business and labour to a powerful training board, has also played a role in the development of boards at the provincial level. It seems that it is only at the sectoral level that business and labour have been able to reach amicable agreements, as to the creation and coordination of training programs and to the "division" of powers between business, labour and government.

agree that the available data on training in Canada offer a "strong sense that Canadian firms train less than their counter parts in other major industrialized countries."[32] According to Gordon Betcherman, the conclusion that Canada trains less than other countries such as the United States and Great Britain is based on "a range of indicators [standardized across countries to the extent possible] including the percentage of employees receiving employer-based training, the percentage of enterprises providing training, private-sector expenditures on training, and the incidence of apprenticeship."[33] The insufficient level of training in Canada has resulted in the introduction of programs and structures which reflect an increasing commitment by the labour market partners to the creation of a training culture. The result has been a shift in terms of how labour adjustment policy, specifically training, is formulated, implemented and delivered. Furthermore, this has also resulted in a shift in the terms of the level (macro to meso) and type of policy network (pluralist to corporatist) adopted for labour adjustment policy.

Before examining the changes in structure and content of training programs in Canada, it must be stressed that although it is part of a full-employment strategy, "training cannot substitute for economic policies that create jobs. Nor is training a substitute for UI

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32 Gordon Betcherman, "Research Gaps Facing Training Policy-Makers" in Canadian Public Policy, (X1X:1 1993), p. 22.

33 Ibid.

benefits."[34] The involvement of the labour market partners with training programs must be in conjunction with Unemployment Insurance and job creation initiatives. Without job creation and financial assistance through the UI Act, training on its own could not accomplish the end goals of business, labour and government; primarily the decrease in the level of unemployment in Canada. Consequently, upside or downside adjustment should be complemented with job creation to ensure that there is employment for workers after training programs are completed. Unemployment Insurance is also necessary to guarantee financial assistance to individuals waiting to find employment or waiting to enroll in a training program.

Training for the purpose of job security has been a political and labour market adjustment issue since Leonard Marsh's 1943 Report on Social Security in Canada. This report recommended policies of full-employment, occupational training, as well as general welfare assistance, social and medical insurance and family allowance. Since the 1960s, the federal government has become increasingly involved in training programs. One of the first federally funded training initiatives was *The Technical and Vocational Training Act*. Under this Act, "the federal government initially paid 75% of the costs of the training, while the provincial governments retained the responsibility for the type of training offered and its

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34 Canadian Labour Force Development Board, Putting the Pieces Together: Toward a Coherent Transition System for Canada's Labour Force (Ottawa: CLFDB April 1994), p. 55.

administration."[35] The relationship established between the federal and provincial governments for the purpose of training still exist in some training programs such as funding relations for OTAB and the SPI.[36] The federal government provides the provincial governments with conditional fiscal transfers for the purpose of training initiatives, while additional financing for sectoral and provincial programs is provided by the provinces.[37]

There are numerous objectives involved in a training initiative: decreasing individuals' dependence on unemployment insurance, to increasing economic activity by getting people back to work, to ensuring economic stability, to attracting foreign investors to a highly skilled and job-ready economy. According to Kari Dehli, training and retraining are:

> thought capable of serving both economic and social ends, first by enhancing

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35 Michael J. Trebilcock, Political Economy of Economic Adjustment: The Declining Sectors (Toronto: University of Toronto Press, 1986), p. 46.

36 An example of this relationship can be seen with the Ontario Training and Adjustment Board (OTAB). This is a provincially administered adjustment board which receives partial funding from the federal government through Human Resources Development Canada. Provincially, the programs are funded by the former Ministry of Skills and Development Ontario which was amalgamated with other Ontario Government Departments under the OTAB umbrella. In 1991 the federal and provincial governments spent $ 1.5 billion on training in Ontario. Other relationships have been developed involving the federal and provincial governments and sectoral boards. This can be seen with the sectoral initiatives, which are federally funded, specific provincial program funding from Ontario and administered by a Committee which is composed of labour and business representatives from the each sector.

37 The conditional transfer payments are based on national training guidelines set by the CLFDB.

> the qualifications of the labour force [hence improving competitiveness and the province's ability to attract investment], and second by providing avenues towards equity and employment opportunities for groups and individuals that have hitherto been relegated to low-paid and insecure jobs, or excluded from the labour market altogether.[38]

Accordingly, training can be used to maintain and obtain employment for workers, especially those in the secondary manufacturing sector in Canada. Training can also further the economic objective of growth and (although speculatively) reduce the overall level of unemployment in Canada.

The original objective of the federal government regarding the creation of training programs is unknown, but according to the Economic Council of Canada, "the federal government chose to use training primarily to serve economic growth. To the extent that stability is comparable with growth the Economic Council considered this to be a secondary objective of adult occupational training."[39] Regardless of the federal government's original objectives, it has continued to commit itself to the human resource side of labour market adjustment programs. The federal government believed that a better trained workforce would mean more productivity, a more competitive economy, lower unemployment, faster growth and a higher standard of living. As a result, the federal government believed that if

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38 Kari Dehli, "Subject to the New Global Economy: Power and Positioning in Ontario Labour Market Policy Formation" in Studies in Political Economy. (Summer 1993), p. 86.

39 J. Stefan Dupre, et al., Federalism and Policy Development: The Case of Adult Occupational Training in Ontario (Toronto: University of Toronto Press, 1973), p. 117.

these objectives were to be met, they would have to provide incentives to the labour market partners to increase the training of their own workers, and eventually assist in the augmentation of a training culture and creation of a coherent labour market policy for Canada.

The federal government and research organizations such as Ekos research have found that about "65 to 70 per cent of Canadian workers receive no formal training in any given year."[40] As a result, the federal government, in the early 1980s began to invest in the future quality of the Canadian workforce by increasing the overall funding level of labour adjustment policy and programs, specifically training. In the early 1980s, the federal government began to "integrate unemployment benefits with labour-market policy through the developmental uses of unemployment insurance funds."[41] More than 70 per cent of the funds designated as developmental use were spent specifically on training which amounted to over "20 percent of the total federal training budget."[42] By 1989, approximately $ 1.3 billion was saved by tightening the purse strings and regulations of unemployment insurance. Of this, $ 775 million was transferred to training programs and the Labour Force

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40 Human Resources Development Canada, Improving Social Security in Canada: From Unemployment Insurance to Employment Insurance: A Supplementary Paper (Ottawa: Ministry of Supply and Services, 1994), p. 88.

41 Stephen McBride and John Shields, Dismantling a Nation: Canada and the New World Order (Halifax: Fernwood Publishing, 1993), p. 73.

42 Ibid.

Development Board.[43]

Currently, the federal government channels funding for training initiatives from two sources. First, funding is provided through "Unemployment Insurance Development Uses (UIDU) with a budget of $1.9 billion in 1994, paid for by the same employee and employer premiums which finances all of the Unemployment Insurance claimants."[44] The second source of funding for HRDC training programs comes from a $1.4 billion Consolidated Revenue Fund (CRF).[45] The CRF or general revenue funds are monies available to all Canadians who are unemployed or are facing potential employment difficulties. Since the early 1980s, the Canadian federal government has funded and established many different training programs. One of the first attempts by the federal government at the creation of a 'training strategy' can be seen through the creation of the Canadian Job Strategy (CJS).

i. The Canadian Job Strategy (CJS)

Established by the Conservative government in June 1985, the main objective of the CJS program was to create a much "tighter connection between training and job creation, an overwhelming emphasis on human resource development rather than the 'community benefit' that had been a feature of predecessor programs, and a much greater emphasis on

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43 Ibid.

44 HRDC, Improving Social Security, p. 89.

45 This is a 1994 figure.

private sector involvement and direct assistance to business."[46] The Canadian Job Strategy was also introduced to "improve the capacity of the federal officials to adapt federal labour market expenditures to changing economic circumstances and, in so doing, reduce provincial influence over training, even in provincially-administered institutions."[47] The Conservative government believed that an emphasis on labour market policy through the CJS would serve as a "key instrument in the battle for better productivity and greater international competitiveness."[48] The CJS was created to focus funding and programs to six areas of the labour market: job development, job entry/reentry, skill investment, skill shortages, innovations, and community futures. In total the federal government spent more than $ 74 million dollars on the range of CJS programs.

Programs under the CJS umbrella were designed to target the severely unemployed or underemployed such as women, Native people and people with disabilities. In this sense the program was successful. However, CJS did not meet its other goal of funding human-resource development which would reduce the concentration on high skills training and

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46 McBride and Shields, Dismantling a Nation, p. 75.

47 Rodney Haddow, "Canada's Experience with Labour Market Neo-Corporatism: Institutional, Societal and Programmatic Constraints on Organizational Innovation." Unpublished paper, St. Francis Xavier University, p. 4.

48 McBride and Shields, Dismantling a Nation, p. 75.

create programs for the workers of the secondary manufacturing sector.[49] With a lack of adequate funding for human resource development, "(l)abour-market expenditures fell in both absolute and relative terms after the introduction of the CJS."[50] The federal government found that "large-scale training programs devoted to the uneducated, unskilled and jobless might hope to make a bigger difference - but as the evidence shows, do not."[51] What the federal government felt did work, however, was on-the-job training which could bring "clear improvements in productivity and wages. This is true even for low-wage jobs." [52]

Funding for the CJS, training and job creation programs diminished by 1988, which "suggests that it may have served to rationalize expenditure reduction in a field the Conservatives had increasingly come to view as a variant of social policy."[53] This was especially true of funding towards job training and job creation programs which were discretionary rather than statutory and provided easy federal savings. In addition to the federal funding cuts to the CJS program, three fundamental problems existed which contributed to the collapse of the CJS.

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49 High skills training programs are programs such as computer training programs or technician training. They are not programs which assist in maintaining a level of expertise for people who are employed or programs which assist most unemployed workers with finding employment.

50 McBride and Shields, Dismantling a Nation, p. 75.

51 "Training and Jobs: What Works?" The Economist, (April 6, 1996), p. 21.

52 Ibid.

53 McBride and Shields, Dismantling a Nation.

The first problem was state goals versus labour market needs. Under the CJS program, the federal government used their resources to put people back to work rather than improve the long-term skills necessary for a changing economy. This left a skills shortage in terms of future labour market needs as the programs did not facilitate the changing skills mix needed to match market demand. Secondly, CJS lacked business and government coordination in the formulation and implementation of programs. This was primarily the result of the CJS being a federal initiative created by the Conservative government as a way of putting "their own stamp" on labour market policy.[54] The Conservatives did not get the initial buy-in by business or the provinces and, as a result, were in able to coordinate both groups after the initiative was implemented. Finally, there was strong provincial resentment of the federal government's encroachment into the area of training which the provincial governments regarded as their sole jurisdiction. This resentment created "a period of considerable jurisdictional acrimony."[55] With the inability of the CJS to truly come to fruition, government began looking at different alternatives for providing training initiatives.[56] The Labour Force Development Strategy was one such alternative.

ii. The Labour Force Development Strategy (LFDS)

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54 McBride and Shields, Dismantling a Nation, p. 74.

55 Haddow, "Labour Market Neo-Corporatism," p. 4.

56 The CJS program is still operative, but has taken a secondary position to the CLFDB in terms of coordinating and implementing training programs.

In April 1989, the federal government under Conservative leadership, established the Labour Force Development Strategy (LFDS). The LFDS was funded directly from an accumulated $ 1.3 billion dollar UI fund which represented a 50 per cent increase in federal expenditures for labour market adjustment. The LFDS had three main goals. First, to bring the labour market partners together to address human resource issues and become more directly involved in the design and delivery of adjustment programs. The labour market partners, as well as, other interest groups, members of minority groups, trainers and educators were brought together. The second goal was to, "mobilize the efforts of organizations and individuals to increase the skills of our workplace."[57] Finally, the LFDS was designed to create and develop policies and programs essential to goals of "full potential in the competitive, skills-intensive marketplace of the 1990s."[58] The inclusion of the labour market partners was a real departure in terms of the previous pluralist CJS structure which was a state-directed initiative with some advisory capacity build in for business. Prior to the creation of the LFDS, business, labour and other interest associations dids not have a clear role in the development or delivery of policies and programs which were to address the needs of the labour market. The LFDS provided the labour market partners with the ability to work on important labour market issues together and to find agreeable solutions to problems such as the implementation of a training strategy. Furthermore, the LFDS

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57 Employment and Immigration Canada, Partnership for the Future: Implementing the Labour Force Development Strategy. (May 1991), p. 4.

58 Ibid.

established new structures and avenues for the private sector to "ensure that federal programs are truly responsive to labour market needs at the national, provincial/territorial and sub-regional levels."[59]

In 1991, the LFDS created The Canadian Labour Force Development Board (CLFDB). The initial role of the CLFDB was to increase "more private-sector money into training by inviting non-governmental actors to assume key decision-making roles in training policy."[60] The CLFDB was also created to set national skills training guidelines with private sector input which would augment the legitimacy and decision-making power of the Board with members of the labour market. The CLFDB represents a critical departure in terms of how labour adjustment policy has been formulated and implemented in Canada.

iii. The Canadian Labour Force Development Board (CLFDB)

The Canadian Labour Force Development Board was established to provide consensus-based recommendations on labour market policy to the federal government. Recommendations were to come equally from business and labour as well as from educational institutions and the four equity groups: women, Francophones, aboriginals and people with disabilities. The CLFDB was the first attempt at a federally funded neo-corporatist board, created to provided consensus based recommendation to the government

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59 Ibid.

60 Haddow, "Labour Market Neo-Corporatism," pp. 1-2.

on issues affecting the labour market.

The CLFDB has multiple purposes. It provides recommendations for the allocation of unemployment insurance funds, purchases training for programs and is currently developing national standards. The Board also assesses labour market needs and anticipates future economic trends. The CLFDB is responsible for providing sectoral and provincial based training initiatives with the training information for the future needs of the economy. If the Board, for instance, through research and consultation between the labour market representatives, finds that in three years there would be a need for mechanics, then retraining initiatives would help some of the displaced workers become mechanics. By attempting to forecast future labour market demands and emphasizing the requirements for certain skills, the Board could reduce (in theory) an oversupply of individuals trained for one specific area.

The CLFDB consists of twenty-two Board members each of whom represent business, labour, educators/trainers, the four equity groups and government. Representation on the Board is as follows: two co-chairs, one from business, one from labour,[61] eight representatives from business and eight from labour, two representatives from the education and training community, one representative from each of the four equity groups and ex officio seats for the federal and provincial government. Board members are nominated by their constituencies which consist of more than 89 national organizations.

Funding for the CLFDB comes from the federal government through Bill C-41 which

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[61] According to a confidential interview, as of July 1, 1995 the co-chair structure has been abolished. The CLFDB has an executive director only - Lenore Burton.

provides up to 15 per cent of unemployment insurance money for the support of training programs. In recent years, the funding and role of the CLFDB has changed. Funding was initially set in 1991 at $15 million dollars over a five year period. In 1996, the funding agreement was renewed with some changes. Human Resources Development Canada has guaranteed $ 1 million a year for five years and up to another million each year for projects. According to the renewed agreement, CLFDB projects have to be accepted by the Minister of HRDC.

The role of the CLFDB has also changed since its inception in 1991. Initially created as a direct advisory board to the Minister of Employment and Immigration Canada, the advisory capacity of the Board has been reduced. The Board members of the CLFDB were recently told by Minister Axworthy that he would seek the advice of other interests and not rely solely on the labour market advice of the CLFDB.[62] Furthermore, the advisory capacity of the Board has now been limited to the area of national standards development from the previous role of advising the Minister on key labour market concerns. The reduced role is the result of a change in government,[63] funding reductions for government boards and agencies and both the creation and adoption of the sectoral approach and the devolution of

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62 Confidential interview of a federal civil servant.

63 Since the inception of the CLFDB in 1991, the Board has had to deal with two governments, five Deputy Ministers and four Ministers. This has resulted in the creator of the CLFDB, Deputy Minister Arthur Kroeger's vision being changed and somehow lost. Since writing this thesis, the Minister of HRDC has changed from Minister Axworthy to Minister Young. To date Minister Young has not made substantial changes to the role and funding of the CLFDB.

federal power to the provinces in the area of training and labour adjustment.

Three primary reasons exist for the reduced role of the CLFDB. First, during the initial stages of the Boards development, business was very weary of the 'collectivist' approach to labour adjustment and did not make a concerted effort during the crucial initial development stages of the CLFDB. Prior to the creation of the CLFDB, business groups were already consulted on labour market issues and felt that their strength of voice would be diminished with the voices of the other labour market interests on the board. Furthermore, business felt uncomfortable sitting at the same table with the numerous interests and 'sharing' the same power and authority. Second, the federal government over estimated the "capacity of the Canadian private sector to rise to the opportunities they were being given through the interest representation of the Board."[64] The Board initially provided business and labour especially, but also women, aboriginals, Francophones and people with disabilities, with a real say in the formulation and implementation of labour adjustment policy in Canada. According to a confidential interview, when you look at the neo-corporatist structure of the Board, it is not surprising that the Board ran into initial development problems, as Canada does not have a lot of experience with neo-corporatist approaches. Hence, the federal government should "not have anticipated that they could assemble 22 people around a table who have a history of poor relations and expect them to

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[64] Confidential interview of a federal civil servant.

instantaneously get along."[65] Finally, the four equity groups, who had limited experience with this type of advisory position, tended to regard the CLFDB as a forum that they could use to lobby the government on all issues and not just on adjustment issues. After about a year of considerable growing pains, the Board members finally began to work with one another and create clear and coherent policy recommendations.

The federal government was not the only government working in the area of labour adjustment. Numerous adjustment boards had begun to emerge at the provincial level in the late 1980s and early 1990s. Provincial boards included: British Columbia, Saskatchewan, Ontario, Quebec, New Brunswick and Nova Scotia. Below is a brief discussion of the Ontario provincial board; The Ontario Training and Adjustment Board.

iv. The Ontario Training and Adjustment Board (OTAB)

Provincial governments involved in labour adjustment have also adopted neo-corporatist arrangements for the implementation of training policies. Each of the six provincial boards mentioned above have initiated training and retraining programs similar to those found at the national and sectoral levels. Although each of the provincial board's approach to adjustment policies are different, they have all designed neo-corporatist boards, co-chaired by business and labour, to develop and oversee the creation and implementation

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65 Confidential interview of a federal civil servant.

of training initiatives.[66] As the provincial programs are still new, assessment of their effectiveness relative to the national and sectoral boards is still unknown, but recent events indicate that the OTAB structure is in the process of being dismantled.

Bill 96, an Act to Establish the Ontario Training and Adjustment Board, was passed on 1 September 1993. Designed by the provincial Ministry of Skills and Development under the newly elected NDP government, OTAB was granted the responsibility and authority for labour adjustment programs, such as training. These responsibilities would be taken out of the provincial ministries and through OTAB, placed into the hands of the labour market partners. The provincial government would still maintain broad policy responsibility, particularly in the area of federal/provincial relations, but OTAB would be an independent and self-governing provincial Crown Agency with complete responsibility for all training and labour force adjustment initiatives in Ontario. According to the OTAB "Fact Sheet", OTAB was created to

> Reduce overlaps and gaps in programs and services and improve links among them; increase employer investment in workplace training; expand the role for apprenticeship that links school with the workplace; provide more comprehensive labour market data to target needed skills and resources; evaluate programs to ensure they are meeting the needs of [the citizens] of Ontario; and improve access for everyone to training and adjustment programs and services, by better accommodating cultural, socioeconomic or

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66 A discussion of other provincial boards is beyond the scope of this thesis. For additional information on provincial training boards see Haddow, "Labour Market Neo-Corporatism," and Haddow and Sharpe, "The Emergence of Labour Force Development Boards in Canada: An Overview. Paper presented at the Annual Meeting of the CPSA. (St. Catharines: June 3, 1996).

physical needs.[67]

OTAB was seen as an innovative approach to adjustment programs at the provincial level as it represented a bottom-up approach to labour adjustment which involved "representatives of societal and governmental interests that had little previous occasion to discuss human resource issues together [and] became much more familiar with each other's perspective on labour market issues, and more likely to regard these perspectives as legitimate."[68]

The corporatist structure of OTAB is similar to the CLFDB, but smaller in composition. The central Board is composed of eight representatives from business and labour, including Co-chairs. Labour representatives are also members of labour and trade associations: Ontario Federation of Labour (OFL), International Brotherhood of Electrical Workers Construction Council of Ontario, Ontario Public Service Employees Union (OPSEU), United Steelworkers of America (USWA), and Canadian Union of Public Employees (CUPE). Business associations are not represented on the Board. However, seats have been distributed to both small and large business representatives and members of the business community who have previously been involved with training and education initiatives. Additional seats have been allocated to a representative from each of the four

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67 Ontario, OTAB Fact Sheet. What is OTAB?

68 Rodney Haddow, "The Saskatchewan Labour Force Development Board: Reforming Labour Market Governance in a Cold Climate." Paper presented at the annual meeting of the Canadian Political Science Association, (St. Catharine: June 3, 1996), p. 24.

equity groups and trainers/educators and three ex officio seats to representatives from the municipal, provincial and federal governments.

Funding for the Board is provided by the federal government through HRDC and the province through the Ministry of Skills and Development. On an annual basis, OTAB will be allocated between 400 and 500 million dollars for their programs.[69] According to David Wolfe, the total budget for OTAB in its first fiscal year of operation, 1994-1995, "amounted to $442 million of public expenditures. This total was allocated between $59 million for employed workers, $77 million for apprenticeship, $162 million for employment preparation, $64 million for foundation skills training, $62 million for adjustment programs, $5 million for local board development and support, and $13 million for administration."[70]

OTAB's mandate was seen as an innovative approach to labour adjustment polices. The Board's mandate stressed the need to create training programs that were portable, generic and industry demand-driven. The OTAB programs were meant to meet the needs of the labour market and the different sectors and regions within the province. Programs under OTAB fell into four key areas of labour force development: sectoral training; apprenticeship, labour force entry and reentry, and adjustment. OTAB programs are

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69 In 1994/1995, OTAB received approximately $450 million. Ontario, OTAB Fact Sheet. Questions and Answers about the Ontario Training and Adjustment Board (Summer 1994).

70 David A. Wolfe. "The Ontario Training and Adjustment Board: An Evolving Institutional Framework for Labour Force Development," Paper presented to the 32nd Annual Conference of the Canadian Industrial Relations Association, (Montreal: May 29, 1995), p. 18.

formulated and implemented through five OTAB agencies which are independent and self-governing: Sectoral Training Committees, Regional Training Committees, The Ontario Apprenticeship Board, the Learning Network, and Adjustment Services. The creation of the agencies represent a reduction in program overlap and bureaucratization as OTAB is an amalgamation of "forty-eight training, adjustment and access programs [operating] under ten different Ministries."[71]

In 1995, the Harris Conservative government came into power in Ontario with the mandate to reduce the provincial deficit and cut government spending. As of April 1996, the OTAB structure has been dismantled. All of the program responsibility has been redirected to the Ontario Ministries.[72]

v. The Emergence of the Sectoral Approach to Training

A task force commissioned by the CLFDB found that retraining initiatives in Canada, were poorly organized and did not provide workers with programs relevant to the current needs of the labour market.[73] This was especially true of programs provided by the federal government through the CEC. However, the task force found that government supported programs have succeeded where they have been small and concentrated, focusing on

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71 Ontario, Skills to Meet the Challenge, p.7.

72 Office for Partnerships for Advanced Skills, OPAS Newsletter. May 1996.

73 Employment and Immigration Canada, Partnership for the Future, p. 11.

assisting people search for work, or else they have equipped people with basic skills such as reading and writing. Government programs and funding for skills upgrading and retraining programs have also been successful where the full support of the labour market partners was gained. There was also a growing awareness which

> led to a perception that the sectoral level is a more effective forum for dealing with training-related issues than the narrower firm or plant-based approach. It was at [the sectoral] level that most of the restructuring, training and adjustment issues [should be] confronted; it is also where management and labour both have knowledge of the problems facing the industry, the backing of their own organizational resources and a vested interest in solving the problems.[74]

Researchers and individuals who work within the area of labour adjustment have found that the key to a coherent labour market policy, the creation of a training culture and lower levels of unemployment in Canada, is a sectoral based approach to labour adjustment which involves the labour market partners in a corporatist governance structure.

Although this is speculative, I believe that there was a secondary reason for the introduction of the sectoral initiative. This was a result of the positive feedback the federal government received from the two established sectoral councils: The Canadian Steel Trade and Employment Congress, established in 1985 and the Sectoral Skills Council, established in 1990. Both councils played a pivotal role in the federally guided sectoral initiative. The federal government, observed the establishment of a viable corporatist policy network at the

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[74] David Wolfe, "Human Resources Think for Themselves: The Role of Unions in Sectoral Training," Paper prepared for the 48th annual meeting of the Industrial Relations Research Association. (San Francisco: June 5-7, 1995), p. 3.

sectoral level, through the two councils. The CLFDB also observed that the labour market partners, especially business and labour, provided financial and time commitment to the sector council and to the establishment of programs within their respective sector.

Through the positive results of CSTEC and SSC, the federal government saw that the sectoral approach could provide two benefits to the state and the economy. First, the federal government would be able to get business, labour and other interests involved in the formulation and implementation of training programs at the sectoral level. Second, their involvement would mean financial contributions, especially from business, to the sectoral approach resulting in a reduction in the overall expenditure by government. The federal government could 'sell' this approach to adjustment to other sectors by using the positive and potentially viable examples of the CSTEC and SSC. As a result, the federal government undertook the promotion of a sectoral-corporatist approach to labour adjustment and viewed it as the next phase in the establishment of a training culture in Canada and in balancing the supply and demand for skills. The meso-corporatist initiative was named the Sectoral Partnership Initiative or SPI.

Before an examination of the sectoral approach in Canada, it is important to briefly discuss the theory or logic behind the shift from macro labour adjustment structures such as the CLFDB to more meso forms of adjustment through the SPI. As the federal government and people who work in the area of labour adjustment have found, it is extremely difficult to predict what employment positions will be available in the next two to five years time. Most government sponsored training programs take about two to five years and as a result,

a majority of individuals who were receiving training through avenues such as the CEC were unable to find employment even after they were trained or retrained. Even people who made attempts to upgrade their skills were unable to find employment, generating widespread scepticism about training initiatives in Canada. The cycle was discouraging workers who were receiving training and it was expensive to the Canadian state and society.

In the early 1980s, researcher and academics from the educational community and individuals who worked with the federal government found that the answer may be to increase the skills level of individuals who were currently working and not solely train the unemployed workers. If skills upgrading were concentrated on a sectoral basis and programs were created by the sector and for the sector, the theory was that this would increase the overall levels of production and result in an increased demand for labour. This strategy would be preferable to predicting where the next wave of employment demand would be and training the workers for the anticipated employment shortage. The results have been inconclusive.

Previous HRDC Minister Axworthy commented in early 1996, that the training of the unemployed for the most part seemed to be a waste of money. The government, he suggested, might as well give the unemployed income supplements and call it a day.[75] However, the sectoral initiative gets a much better return on the federal dollar as it is jointly funded by the federal and provincial governments and the labour market partner. According

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[75] Confidential interview of a senior federal civil servant.

to a confidential interview, Axworthy stated in a closed meeting that the degree to which the government wants to stay in the training initiative is through the sectoral initiative.[76] The following is a brief examination of the sectoral based labour adjustment initiative in Canada. This section outlines what the sectoral approach is and how it is operated in Canada. Chapters four to six discusses, in detail, three specific sectoral approaches and their viability.

vi. Sectoral Based Training in Canada: The New Initiative

Sectoral based training initiatives have been emerging at a rapid pace. The sectoral initiatives have been defined as the representation of "the private sector (employers and employees) on a national basis, whose main role is to provide a central focal point for an industry to resolve its human resource issues through human resources planning and development initiatives."[77] The federal government requires sectoral councils to develop national standards, get the training dollars where they think they will do the most good (sectoral level), create a training culture and increase the involvement of the provinces and business and labour in the funding and delivery of training programs in Canada.

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[76] This information on Axworthy came from a confidential interview of a sector council executive.

[77] Jock Finlayson, "A Canadian Business Perspective on Sectoral Human Resource Councils," Paper presented to the Conference on the Emergence of Sectoral Councils in Canada, (Montreal: Centre for the Study of Living Standards January 12-13, 1996), p. 1.

Broad criteria exist for sectoral council funding eligibility. The sector council must be national in scope, both employers and employees should be equally represented, and equity principles must be exhibited. Sectoral councils represent a new method where business and labour are able to discuss workplace related issues and create sector based human resources programs that assist in meeting the needs and demands of the industry. The message that the sector councils are getting, according to a council official, is that HRDC "regards us [councils] as the single most efficient method for training delivery in the country to date."[78]

The Sectoral Partnership Initiative (SPI) which began in the Fall of 1992,[79] was created with the following objectives:

- to improve access to economic opportunity through better skills;
- to improve cooperation and communication between partners within a sector;
- to encourage the creation of self-sufficient partnerships devoted to long terms human resource planning and development in order to build a training culture and mobilize workers and employers to take responsibility for training;
- to provide data bases to assist sectors to plan for skills of the future;
- to develop and implement occupational/skill standards (if needed) to improve the functioning of the labour market; and

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78 Confidential interview of a sector council executive.

79 Although the SPI began in 1992 the approach to sector training had been practised in a number of sectors since the mid 1980s. However, it has been since 1992 that the federal government has heavily promoted the national sectoral training approach as a means of establishing a training culture and increasing the skills level in Canada.

- to encourage private sector involvement in training, skills upgrading, and development of occupational skill standards.[80]

The training provided through the sectoral approach is strategic training only. This means that in order for the sector to receive state funding, the sector council must create a "strategic plan" for a training initiative in their sector and the training programs must be portable and generic. Furthermore, the training must increase the overall general skills level of the workers involved in the sector. Government funding does not cover legislated training, such as Health and Safety which the company is legally required to provide or company specific training such as company orientation, product information and sales.

A majority of the sector councils represent both business and labour in an equal partnership. Labour is generally represented by trade unions unless the sector is not unionized. In the case of a non-unionized sector, the workers represent themselves on the sectoral board. Other interests such as professional associations or equity groups may also be represented on the board if the councils wish to have additional representation. Although, HRDC does not get involved or "hung-up on the equity of other group [other than equal business and labour] representation on the councils. The councils that wish to address the issues of sectoral equity and want to reserve a chair for someone or a representative from a particular group can do it, but it has not been an issue."[81] However, each sectoral board

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80 Human Resources Development Canada. Sector Council Steering Committee, The Sectoral Partnership Initiative. Information Sheet.

81 Confidential interview of a senior civil servant.

must have equal business and labour representation as a requirement of the Sectoral Partnership Initiative.

Each sectoral initiative receives "financial support from the federal government to cover administrative and operating costs, and/or to fund various programs."[82] Funding is received by the government through four channels. The first is funding for a sector analysis, where the strategic sector studies branch of HRDC analyses the human resource needs of the sector. The second is the creation of the sector council "which has a developmental phase of 6 months to 1 year in which the private-sector partners develop a business plan (100% government funding) and a 3-year operational phase with annually decreasing contributions by government (90%, 70% and 50%)."[83] After the third year of federal government contributions, sector council self-sufficiency is expected. Funding components three and four are the development of occupational and skill standards and skills upgrading. The federal government insists that the development of occupational standards must be "industry driven and have genuine buy-in from the private sector."[84] Both components are cost shared for three years with the federal government and the private sector. Additional funding for specific programs is cost-shared with the provincial government.

The provincial government matches the amount of the industry, but the funding from

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82 Finlayson, "Canadian Business Perspective," p. 1.

83 Canadian Labour Force Development Board, Second National Industrial Sector Conference (Toronto: CLFDB, November 8-9, 1993), p. 19.

84 Finlayson, "Canadian Business Perspective," p. 9.

the provincial government goes directly to the funding of specific programs within the sector and within the province. The provincial government also offers money to assist in the initial formulation and implementation of the training programs. Under the federal SPI, each council is expected to be self-sustaining by the end of a three year period. Subsequent funding arrangements are then made on an individual program basis using federal and provincial funds.

Sectoral councils are no longer restricted to the traditional sector classifications which were defined by the standard industrial classifications or SIC codes. According to Gunderson and Sharpe, only "about one half of the councils are organized around traditional sectoral lines, as defined by the SIC system."[85] The newer councils that cross the traditional sectoral classifications, represent about a quarter of the total number of sectoral councils. These councils are organized around a particular occupation such as Women in Trade and Technology (WITT) and the Canadian Professional Logistics Institute. The remaining quarter of sectoral councils are organized around the non-traditional or emerging industry such as environment, tourism, culture, and software. Together, there are currently 25 sector councils in operation nationally with an additional 8 to 10 boards in the developmental phase. In total, there are about 50 sectors where the federal government is involved in

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85 Morley Gunderson and Andrew Sharpe, "Lessons from the Canadian Experience with Sector Councils," Paper presented to the Conference on the Emergence of Sectoral Councils in Canada, (Montreal: Centre for the Study of Living Standards January 12-13, 1996), p. 7.

various activities.[86]

There are two basic types of sectoral organizations that involve neo-corporatist arrangements. The first is an advisory body to the federal government on sectoral policy issues. The federal government, generally through the CLFDB, has established these advisory boards to obtain the input of the interests of the sector in the development of policy. At the national level some of these boards include: the Sectoral Advisory Groups on International Trade (CSAGIT'S), the Automotive Council and the committees set up as part of the Department of Industry Science and Technology, which is associated with the Prosperity Initiative.

The second type, which is the focus of this thesis, represents a relatively new approach to active labour adjustment policy in Canada. Developed in the late 1980s, the sectoral initiative arose as a response to the overall impact of economic restructuring. Economic restructuring was the result of a number of "inter-related factors - increased international competition, changes in the international trading environment, rapid technological change, rising skill requirements, changes in demand conditions for particular products."[87] The federal government and the labour market partners involved in the creation of the sectoral approach, believed that an initiative established at the sectoral level and which involved the labour market partners in the policy making process, would assist

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86 HRDC, Sectoral Activities: Update Report (Spring 1995).

87 Gunderson and Sharpe, "Canadian Experience with Sector Councils,"pp. 4-5.

in providing the necessary training to workers. The idea behind the initiative was that ownership of the agenda and policy process at the sectoral level would increase the commitment and involvement of the sectoral interests, primarily business and labour. This commitment and involvement were not always possible with previous state-directed initiatives.

There may be some inherent limits and weaknesses to the sectoral approach. Examples of possible limitations are:

- the existence of inconsistencies between the collective interests of business and labour at the sectoral level and the overall national interest;
- an inability of certain sectors to move beyond issues such as training and retraining where the 'mutual interest' between business and labour is easily perceived, to issues where a commonality of interests is less obvious or is lacking. Furthermore, there is the inability of interests to move beyond their historical antagonism;
- structural impediments to the establishment of sectoral initiatives in certain sectors; and
- a limited number of policy levers available to the labour market partners at the sectoral level. Certain sectoral problems may require policy solutions which may well be beyond the scope of the labour market partners in particular sectors.

On a financial level, there is disagreement as to who should fund the sectoral initiatives. The federal government has guaranteed funding for at least another three years, at which point they would like to begin phasing out their financial responsibility. This, of course, would leave the provincial governments, business and labour with the bulk of the training expenses. The provincial government, at least in Ontario, has guaranteed only a small portion of its OTAB budget for training programs, although this too may change with

the dissolution of the OTAB structure. The funding which is already in place is mostly for upside adjustment initiatives.[88]

Labour has been adamant about their inability to fund training initiatives. The money simply is not there. However, labour does continue to support the necessity of worker training/retraining programs, insisting that it is the responsibility of business to pay for training initiatives through a business tax. Business opposes a mandatory training tax approach, suggesting that funding for training should be a voluntary contribution, shared by business, labour and government. Business has also suggested that any additional "training tax" should be deducted from workers' pay. Such a tax would ensure the workers' job security and provide them with access to valuable and necessary training programs. Given the continuing debate over the source of revenue, it stands as a problematic issue at the forefront of training initiatives.

The use of UI monies has provoked additional funding disagreements. In the past, developmental uses of UI funds did not include grants to the sectoral level initiatives. However, in October 1990, Bill C-21 was passed, allowing for up to 15 per cent of UI revenues to be used for non-income support related functions. Business and especially labour representatives of the CLFDB have unanimously supported the idea that UI funds should only be used for income support purposes. Business believes that UI is for the income

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88 Ontario provides funding for downside adjustment programs offered by OTAB. They also provide funding to the CSTEC initiative for their upside adjustment programs.

maintenance of the unemployed and that the developmental uses fund should be built up through a percentage deduction of workers' pay. Labour agrees with business that unemployment insurance should be used only for the income maintenance of the unemployed. Again, labour representatives have asserted that businesses should pay for the training of their own workers. It is this strong opposition to the use of the UI funds for adjustment initiatives, especially at the sectoral level, that makes funding of the programs particularly problematic.

The following chapters will detail the structural composition and programs of three sectoral adjustment councils. Two of the councils examined are observed as successful initiatives and viable structures. The third council is on the verge of dissolution. The probable rationale for the viability of two councils and the termination of the third council examined will be discussed in the concluding chapter. As the core of this research is to examine what makes a sectoral council viable for labour adjustment in Canada, it is necessary to first begin with a discussion of what a viable sectoral policy looks like. Chapter three will discuss 'viability' and describe the elements which together comprise a viable labour adjustment initiative.

Chapter Three
The Viability of Sectoral Corporatist Structures: A discussion of the indicators of meso corporatism and structural viability

This chapter will discuss the characteristics of a viable sectoral corporatist approach to the formulation and implementation of training policy in Canada. It will be divided into three sections. Section one will define what corporatism is in a Canadian context; what macro level corporatist is and why Canada, according to Leo Panitch, does not represent fertile ground for corporatism. This section will also discuss meso-corporatism and why corporatism at the sectoral level is more likely to work.[89]

Section two will briefly discuss policy success and why, at least in the policy field of labour adjustment, the indicators of policy success are weak. This weakness is especially evident when analysing sector based training programs in Canada as each sector represents very different interests, processes of production and industrial needs. Current indicators available for the measurement of success in training paint a dimensional picture. They tend to be quantitative and generally assume the displacement of workers and employ a cost-benefit type of analysis. Most of the current literature does not explore the structural characteristics and relations which have evolved at the sectoral level in the area of labour adjustment. It is noteworthy to recognize that many of the problems associated with the

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[89] Meso corporatism and sectoral corporatism will be used interchangeably throughout this thesis.

research and indicators of policy success in the area of sectoral training are the result of the newness of sectoral initiatives in Canada.

The final section discusses the indicators of a structurally viability sectoral based corporatist initiative. Throughout this section and the remainder of this thesis, the reference to structure will be understood to mean both a sector based (level of industrial production) and corporatist (governance arrangement) initiative. Sectoral, or the more conventional use of 'sector,' will be understood in this thesis as equivalent to a branch of industrial production and will make use of the "various standard industrial classifications to describe the sectoral differentiation of industry."[90] The three councils analysed in this thesis are differentiated through the standard industrial classification (SIC). Corporatism, on the other hand, is not so easily defined.

CORPORATISM: WHAT IS IT?

Corporatism can be viewed both as a political structure within capitalism and a policy network that "denote[s] relations between the state and organized interests in the private sector."[91] A policy network is a structural arrangement of actors who collectively

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90 Alan Cawson, "Varieties of Corporatism: The Importance of the Meso-level of Interest Intermediation," in Alan Cawson ed., Organized Interests and the State: Studies in Meso-Corporatism (London: SAGE Publication Ltd., 1985), p. 13.

91 Michael M. Atkinson and William D. Coleman, "Corporatism and Industrial Policy," in Alan Cawson ed., Organized Interests and The State: Studies in Meso-Corporatism (USA: Sage Publications Inc., 1985), p. 24.

pursue similar policy objectives. These objectives, the strengths of both the state and interest associations, and the relationship of the interest associations to the state indicate the type of policy network employed in the policy-making community. Let us consider three types of policy networks: pluralist networks, state-directed networks and corporatist networks.

In a pluralist network, both the state and the interest associations are weak and groups compete within this network to lobby government. Pluralist networks are characterized by the "predominance of 'pressure group' politics and the lobbying of government agencies and parliament by fragmented and competing interest groups, and by a low degree of effective participation by unions in policy-making."[92] The pluralist network "gives rise to a model of group state relations where groups approach the state independently, often competing for the ear of the state."[93] In Canada, pluralist networks are the most predominant form of state-interest relations, where fragmented and competing interests lobby the state to obtain influence in the policy making process.[94]

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92 Gerhard Lehmbruch, "Concertation and the Structure of Corporatist Networks," in John H. Goldthorpe ed., Order and Conflict in Contemporary Capitalism (New York: Oxford University Press, 1984), p.65.

93 William D. Coleman and Grace Skogstad, "Policy Communities and Policy Networks: A Structural Approach," in William D. Coleman and Grace Skogstad, Policy Communities and Public Policy in Canada: A Structural Approach Mississauga: Copp Clarke Pitman Ltd., 1990) p. 27.

94 Michael M. Atkinson and William D. Coleman. The State, Business, and Industrial Change in Canada (Toronto: University of Toronto Press, 1989).

A state-directed network is one where interest associations are poorly developed, the state asserts a strong and autonomous position and in "which the state directs the interest associations."[95] The policy making process is dominated by autonomous state control which may formulate policy without consulting interest associations.

Corporatist networks involve both strong state actors and interest associations. Corporatist arrangements involve the consensus of interest associations and the state, in a political exchange for the purpose of policy formulation and implementation. Corporatism is distinctive in that it involves "the process of closure [rather than competition] which can lead to monopoly interest representation, and the form of the political exchange [representation/ control/ delegated self-enforcement] which takes place between corporatist associations and the state."[96] Corporatism also differs from the other two types of policy networks in that associations are vertically integrated and hierarchically structured. This means that interests are represented through concentrated peak associations that are centralized and maintain a monopoly on representation. This vertical dimension is strong and formal as opposed to the horizontal dimension between the groups and government which is less formal. As such, interest associations lose some of their autonomy in a corporatist network, but gain privileged access to the state.

Corporatism can develop at the macro, meso or sectoral level and involve interest

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95 Cawson, "Varieties of Corporatism," p. 7.

96 Cawson, "Varieties of Corporatism," p. 9.

associations which represent different membership and levels of interest in the policy making process. At the macro-level, corporatism has been defined by Philippe Schmitter as

> a system of interest representation in which the constituent units are organized into a limited number of noncompetitive, hierarchically ordered and functionally differentiated categories, recognized or licensed [if not created] by the state and granted a deliberate representational monopoly within their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and supports.[97]

Leo Panitch has also defined corporatism as a "political structure within advanced capitalism which integrates organized socioeconomic producer groups through a system of representation and cooperative mutual interaction at the leadership level and mobilization and social control at the mass level."[98] Panitch continues by stating that corporatism is the association of "business and labour representing the two main classes of this stage of capitalism, which are the central [although not necessarily exclusive] ones in the corporatist political structure."[99] Peter J. Williamson identifies six key characteristics of a formal macro model of corporatism. These characteristics are:

1. Organized interests representing functional interest show a tendency towards a position of monopoly.

2. Certain functional interest are granted privileged access to the state's authoritative decision making process and in other was supported by the state, but such 'licencing'

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97 Philippe C. Schmitter, "Still the Century of Corporatism?" in Philippe C. Schmitter and Gerhard Lehmbruch eds., Trends Toward Corporatist Intermediation (USA: Sage Publications Ltd., 1979), p. 13.

98 Panitch, "Corporatism in Canada," p. 44.

99 Panitch, "Corporatism in Canada," p. 45.

is granted on the basis of adherence to certain norms.

3. Membership of such associations may cease to be wholly voluntary, while the associations' privileged monopoly position deprives the member of alternative effective channels.

4. In addition to performing a representative function, interest associations also perform a regulatory function over their members on behalf of the state.

5. Interest associations and state agencies show increasing bureaucratic tendencies so sectors in society tend to be regulated through hierarchical structures.

6. Functional interest associations and state agencies enter into a closed process of bargaining over public policy where consciously or not the associations do not fully pursue their immediate advantages but act in a 'system-regarding' manner.[100]

The central theme of all of these definitions and characteristics provided above, is that corporatism (macro and meso) represents an institutional arrangement where the state and functional interest associations work together, through consensus, to formulate and occasionally implement public policy.

A corporatist policy network can be created by the state (state corporatism) or it can evolve voluntarily through the influence of interest associations from below (societal corporatism). Societal corporatism "is found in political systems with relatively autonomous, multilayered territorial units; open, competitive electoral processes and party systems; ideologically varied, coalitional based executive authorities - even with highly 'layered' or 'pillared' political structures."[101] Such corporatist networks "usually arise when a particular

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100 Peter J. Williamson, Corporatism in Perspective: An Introductory Guide to Corporatist Theory (London: Sage Publications, 1989), p. 68.

101 Schmitter, "Still a Century of Corporatism?" p. 22.

group finds its very viability threatened by impending economic or social change and responds by developing a highly integrated associational system to defend its interests against perceived economic or social opponents."[102] The state responds by pulling together these interests inside the policy making process to achieve consensus in the policy making community. Interest associations and the state coordinate their objectives for the purpose of policy and enforce the outcome of their compromise on their members. Such interests may receive delegated authority by the state to implement and oversee policy and to ensure that the outcome of the policy is observed. This relationship between autonomous and monopolistic interests and the autonomous state is based on a political exchange between the state and interests as well as between conflicting interest associations.

Corporatist networks are further characterized by a strong state which has sufficient power so that it is not captured by interest associations. The state is able to "bargain in a situation where its partners know that the alternative to reaching agreement may be coerced compliance or legal-bureaucratic direction."[103] However, the state is not "powerful enough, or has insufficient specialized knowledged, to formulate and implement policy without the agreement of the partners."[104] Corporatist networks generally involve more than one organized peak association with privileged access to the state. These peak associations

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102 Coleman and Skogstad, "Policy Communities," p. 28.

103 Cawson, "Varieties of Corporatism," p. 7.

104 Ibid.

consist of antagonistic interests (usually the peak associations of business and labour) who are forced to manage their conflict within a bipartite or tripartite structure. Thus, corporatism involves state directed intermediation between conflicting interests and policy formulation.

It has been argued that Canada does not represent fertile ground for corporatism. Leo Panitch states that the variables necessary for the existence of corporatism do not fully exist in Canada. Panitch cites five main barriers to corporatism in Canada. First, Panitch has observed that the high degree of cooperation and consultation between the state and functional associations required in a corporatist network, does not exist to the same extent as within liberal corporatism. Consultation and cooperation between the state and key interest associations does, of course, exist in any capitalist democracy, but it is the very high level of cooperation among the interests themselves that Canada does not possess.

The second explanation for the relative weakness of corporatism in Canada is the "absence of strong centralized associations of business and labour."[105] As can be seen in the definitions of corporatism, strong peak associations are requirements of corporatism at the macro-level. In Canada, the "system of business associations is not well organized to provide the systematic consultation the state needs. The result is that the natural tensions between business and the state are likely to be exacerbated, not lessened, when attempts at

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105 Panitch, "Corporatism in Canada," p. 78.

consultation are made."[106] As a result of the weakness of Canadian business associations the extent to which business plays a role in the policy making process is limited. A requirement of corporatism is the inclusion of strong centralized peak association in the policy making process. Canada does not possess this necessary requirement at the macro level.

Following from the second explanation, Panitch asserts in his third point that it is the weakness of the labour movement in Canada which also creates problems for the establishment of corporatism. The "weakness and decentralization of labour in Canada must certainly be seen as a much more important factor in any explanation of the historical absence of corporatist arrangements in Canada and any consideration as a means of integration for capital and the state."[107]

Fourth, Panitch explains that the most significant barrier to corporatist arrangements in Canada results from the "dependent nature of the Canadian economy and the federal political system. In terms of foreign ownership of manufacturing and resource industries, and in terms of trade, Canada is massively dependent on the American economy."[108] This dependency weakens the Canadian state's ability to control the economy and the labour

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106 William D. Coleman, "Canadian Business and the State," in Keith Banting ed., The State and Economic Interests. (Toronto: University of Toronto Press, 1986), p. 247.

107 Panitch, "Corporatism in Canada," p. 80.

108 Panitch, "Corporatism in Canada," p. 82.

market. Corporatism demands a strong state.

Finally, Panitch notes that it is also the weakness of the state in terms of the balkanized nature of the Canadian state that is a further factor attenuating corporatist developments. Whereas among capitalist societies there has been a tendency, accompanying corporatist developments, towards the centralization of state power at the expense of sub-central institutions, this is not the case in Canada where provincial state power has historically been strong and has become increasingly more so in recent years.[109] The weak state tradition in Canada, resulting from the relative strength of the provinces and the economic dependence on the United States, are significant obstacles to macro-corporatist arrangements in Canada.

In contrast, academics such as Michael Atkinson, William Coleman and Alan Cawson have asserted that corporatism at the meso or sectoral level can and does work in Canada.[110] At the meso or sectoral level, the purpose of corporatism remains the same as the macro-level, which is to "mediate political differences and achieve consensus on economic goals among major producer groups."[111] Sectoral corporatism represents a particular kind of governance arrangement with certain requirements built into it such as business and

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109 Panitch, "Corporatism in Canada," pp. 82-83

110 Michael Atkinson and William Coleman argue that corporatism in Canada can exist at the sectoral level in Atkinson and Coleman, State, Business and Industrial Change and Alan Cawson also states that corporatism can exist at the meso level Canada in "Varieties of Corporatism."

111 Atkinson and Coleman, "Corporatism and Industrial Policy," p. 27.

labour interests working together with the state to formulate policy for their sector.

According to Cawson, meso-level corporatism refers to the "fusion of the processes of interest representation, decision-making and policy implementation with respect to a more restrictive range of issues than the 'system-steering' concerns of macro-corporatism."[112] Similar to the macro-level, interests are incorporated into the policy-making, specifically policy formulation, process. The difference is that at the meso-level, the interest associations are less likely to be peak associations. A further difference between macro and meso corporatism is that at the meso-level, the policy goals are more narrowly constructed which grants to the interests involved in the policy-making process, the ability to fulfill their policy goals more readily than at the macro level, where the policy goals are broader and more convoluted. The result is that there is greater consensus building between the dominant interest groups. The organization of interest at the sectoral level is also granted more latitude in that interests do not have to be organized in a multipartite manner, but can be and often are organized in a bipartite structure. This means that business and labour may be able to formulate policy with the state without (necessarily) taking into account the other interests of the sector. This is not possible at the macro-level where there are numerous interests which must be accounted for. Furthermore, the difference between macro and meso-corporatism is in the relationship that prevails between producer groups and political parties. In the macro version, corporatism requires a degree of coordination and leadership

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[112] Cawson, "Varieties of Corporatism," p. 11.

exchange between a social-democratic party and the representatives of organized labour. At the sectoral level, however, coordination with the party system is more likely to involve informal arrangements between the socio-economic partners and groups of legislators drawn from a range of parties who represent the territory relevant to the sector.[113]

Corporatism at the sectoral level requires a "high degree of state authority and a highly mobilized business community, it may also require high levels of industrial concentration, low levels of foreign ownership, and a political commitment to negotiation with the highest levels."[114] Atkinson and Coleman have argued that

> corporatism will develop in those sectors in which there is a strong demand for industrial policies, where the state bureaucracy is centralized and autonomous, and where the political organizations of the private sector permit major socioeconomic producer groups to contribute to the development and implementation of these policies.[115]

Consequently, it is the degree of foreign control, international competitiveness and concentration of associational systems at the meso level that will further define the success of corporatist networks. Corporatism may also emerge when demands for government action and strong state directives necessitate coordination and consensus between government and interest associations. On the other hand, sectoral corporatism may only possess one organized interest which works with the state for the purpose of policy making. In this case,

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113 Atkinson and Coleman, State, Business, and Industrial Change, p. 85.

114 Atkinson and Coleman, "Strong States and Weak States," p. 54.

115 Atkinson and Coleman, "Corporatism and Industrial Policy," p. 24.

two competing and adversarial interests may not exist and the state may be represented through some level of sub-government. Such arrangements can still be viewed as corporatist as they involve interest intermediation and "the representation of interests and state intervention through interest association."[116] Regardless of the level of the arrangement, (macro, meso or sectoral) corporatism exists when the state and interests work together in a consensus-based relationship for the purpose of the formulation and implementation of policy. What remains the variables of corporatist analysis are the various forms of relationships which occur between the state and societal actors and the level at which these relationships takes place.

Before a discussion of the requirements for sectoral-corporatist structural viability can commence, it is necessary to clarify why corporatism at the sectoral level can work in Canada. This will be done by utilizing Panitch's five barriers to corporatism in Canada which were discussed above.

Meso or sectoral corporatism in Canada possesses most of the necessary definitional characteristics for a corporatist arrangement. Sectoral corporatism in comparison to macro-corporatism "tends to be much more stable because of the greater degree of convergence of the interests involved."[117] Furthermore, sectoral corporatism seems "not to require the same degree of associational capacity on a class basis that is a prerequisite for macro-

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116 Alan Cawson, Corporatism and Political Theory (New York: Basil Blackwell Inc., 1986), p. 76.

117 Lehmbruch, "Corporatist Networks," p. 63.

corporatism."[118] Arrangements at the sectoral level between the state and organized interests are more likely to be informal, while arrangements between interests within the sector will generally arise from a shared common interest in seeking state assistance in response to a sectoral specific issue. Issues such as the decline of "traditional industries particularly if they are major employers, industries facing serious foreign competition, and new industries held to be of strategic economic importance are also likely candidates for intervention and meso-arrangements."[119] It is the fact that the interests come together to resolve a common issue that increases the high degree of cooperation among the groups themselves.

The strength and organization of business and labour at the sectoral level also provided fertile ground for corporatism. Neither labour nor business are well organized at the macro level in Canada. However, in some sectors business and labour, as well as other interests within the sector are able to organize themselves and attain powerful bargaining chips in the process. As an example, the ability to organize a strike at a sectoral level is easier than at the macro level and is directly threatening to the other interests, such as business.

Panitch refers to foreign ownership and the weak Canadian state tradition as the two most formidable barriers to the establishment of corporatism in Canada. Foreign ownership does play a significant role in the establishment of corporatism at the sectoral level.

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118 Cawson, "Varieties of Corporatism," p. 14

119 Williamson, Corporatism in Perspective, p. 162.

However, not all sectors are equally affected by foreign ownership and for those sectors which do not face significant foreign ownership, this is obviously not a barrier to the establishment of sectoral corporatism. Finally, the weak Canadian state tradition, while hindering the development of corporatism at the macro-level, it does not have the same effect at the sectoral level. As Atkinson and Coleman have argued, "a wide variety of political arrangements become possible in different sectors of industry."[120] Where the possibilities at the macro level are limited, a corporatist arrangement at the sectoral level may be more readily established. This thesis will analyze three sectoral corporatist structures in the steel, electrical and electronic, and automotive parts sectors. However, before the analysis can begin, it is necessary to establish the criteria for a viable sectoral corporatist structure.

POLICY SUCCESS

For the purpose of this analysis, success will be defined as a match between goals and structure which result in the realization of the policy objectives. In the case of sector councils, success will be defined as the match between consensus-based policy formulation and implementation which result in a substantial rise in the amount of training completed and a decrease in the cost of the training programs. The difficulty with these criteria is that it would be premature to assert that the sector training initiative has been

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120 Atkinson and Coleman, State, Business, and Industrial Change, p. 93.

successful/unsuccessful or that one specific sector council has been more successful than another. In the first place the initiative is still too new to assess its policy success in the terms outlined above and to define what policy success looks like other than a decrease in the level of unemployment in the sector or an increase in the level of labour productivity. Decreases in unemployment or increases in productivity could be the product of a number of other variables such as a rise in the price of steel which may result in an increase in the number of workers in the steel industry and not the result of the training program.

Second, the available data on sector councils is limited and does not provide enough information on the policy community, network and structures formed within the sectors. As a result, research conducted to date is still unable to conclude sectoral council success. [121] Finally, there are disagreements over the indicators of policy success. As mentioned above, numerous variables may have a direct or indirect effect on the level of employment in the sector. Indicators may include a more cost-effective means of providing training, an increase in private sector contributions to training programs or a decrease in state funding. These represent just a few of the possible indicators of policy success.

The real outcomes that flow from training and which can be traced directly to the

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[121] Ekos Research Associates Inc., has conducted some analysis on sectoral councils. The research firm has looked at the short-term and the medium-term success of the steel and the electrical and electronic sectors. However, the Ekos analysis focuses on the cost and the benefit of sectoral training in comparison to the cost and benefit of training conducted through to the Canadian Employment Centres. Ekos does not analyse the sectoral structure nor do they analyse the policy networks and communities which have been formed in each sector.

councils are indicators such as an increase in the overall skills level of the workers trained, an increase in the level of productivity and/or a decrease in job loss and layoff. However, these are still only speculative. Neither academics nor governments are in the position to gauge that these outcomes are in fact, the result of a successful sectoral training policy initiative. This does not mean that it is impossible to gauge success. Ekos Research Associates Inc., has been able to create some success indicators for their analysis. However, the results as to whether the sectoral approach to training is a successful policy are, to date, unsatisfactory. Until there can be some convergence of the success indicators for sectoral training, the ability to claim that the policy is successful would be premature and inaccurate.

STRUCTURAL VIABILITY

Government, business and labour agree that in order to remain competitive, the labour force must establish highly skilled, flexible, and mobile workers. The question of whether sector based adjustment policies provide the highest value added for achieving such labour market and economic goals remains an issue. According to Neil Bradford, the 1990 Premier's Council Report in Ontario recognized a number of advantages to the sectoral approach. These advantages included "more relevant programming rooted in the expressed needs of the workplace parties; the potential for levering private sector expenditures with public training funds; and the sharing of the costs and benefits of training among firms thereby reducing the incentive to 'poach' while increasing provisions of portable skills

training and encouraging efficient labour mobility."[122] These elements, or advantages, assist in making a policy or program viable. Structural viability will be understood to mean a structure which has qualities and characteristics that will permit the structure to evolve and sustain itself independently. In other words, a structure which can exist and which is able to meet the demands of the sector without continuous financial support by the state. The criterion for viability is a composition of structural characteristics; those being the necessary and sufficient characteristics of a viable meso-corporatist sectoral training structure. It is important to note that the indicators discussed are not exclusive to the viability of the sectoral initiative. The indicators are, however, the most significant and represent characteristics which have been emphasised as conditions for structural viability by individual interviews and research conducted for the thesis. Table 3.1 illustrates the indicators of viability in a tabular format and will be used in the conclusion of each of the substantive chapters and in the concluding chapter to discuss the viability of the CSTEC, SSC and APSTC.

I. History

It is as important to understand the events which have led to the creation of the neo-corporatist sectoral initiative, as it is to understand the structure and function of the council

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122 Neil Bradford, "Ontario's Approach to Sectoral Initiatives: Labour Market and Industrial Policy 1985-1995" Paper presented to the Conference on the Emergence of Sectoral Councils in Canada, (Montreal: Centre for the Study of Living Standards January 12-13, 1996), p. 11.

itself. This is especially relevant in terms of understanding whether there is genuine sectoral commitment, as "neocorporatism implies specific organizational structures of unions and employer associations, specific types of industrial relations, and specific relationships between the 'social partners' and government policy makers."[123]

If a council has been created as a result of challenges to the growth of the sector, such as technological advancement, increased competition from foreign companies or globalization of the means of production, the likelihood that business and labour would continue their 'partnership' after government funding is withdrawn is greater than an initiative created completely by the federal government. Councils created as a result of some 'crisis' of industry are more likely to form meso-corporatist structures.[124] If a crisis affects the livelihood and future of the industry, forcing the labour market partners to make a genuine commitment to the training initiative in the industry, the result may be a foundation of cooperation and consensus based relations, which is stronger and more viable than a sectoral council which has been initiated by the state to increase the involvement of business and labour in training. In this instance, business and labour may join the council while government funding is available to receive training at a lesser expense. Once government funding is withdrawn, the incentive to continue on the council is diminished. Although viability does not exclusively depend on a historical crisis leading to the establishment of

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123 Fritz W. Scharpf, Crisis and Choice in European Social Democracy (USA: Cornell University Press, 1991), p. 9.

124 Williamson, Corporatism in Perspective, p. 162.

a council, without some catalyst bringing business and labour together, the potential for genuine commitment and stability is reduced.

II. Organization and Structure

The organizational and structural characteristics of each council are subdivided into three additional subsections for this discussion: structure, commitment, and policy goals. Each subsection discussed plays a role in the organization and structure of the council. This does not mean that the council will not be considered viable without all of the elements discussed below. These are, nonetheless, indicators for the analysis and discussion of the sectoral initiative as a viable policy option. Once again, structure is defined as both sectoral and corporatist and should contain the structural characteristics of sectoral corporatism in order to be viable. Before a discussion of the variables of viability, it should be stressed that all of the councils examined are corporatist by definition. However, an indication of the viability of the sector councils will be seen in terms of the level of corporatism; the more corporatist the councils are the more viable they are.

i. Structure

A sectoral based corporatist structure is more likely to be viable if it is a grass-roots initiative, created for and by the sector. The council and corresponding programs should be created to deal with the industry's specific demands and possess realistic expectations, political will and business and labour cooperation. It is necessary that the grass-roots structure encompass all levels of the sector which means that the structure should create

substructures at the plant or firm level to ensure that the sectoral partners are included in the workplace. It would be difficult for a meso-corporatist initiative to become viable without the commitment of the sectoral interests from all levels of the sector, especially when most of the training programs directly affect workers at the plant level.

A necessary characteristic of structural viability is the inclusion of business and labour in the development of training programs and their contribution to policy formulation. The sectoral partners should be included in the creation of the structure and programs from the very beginning. The involvement of business and labour is necessary to ensure that they have a direct input in terms of how the structure will be organized and the focus of the training programs. Furthermore, the inclusion of business and labour in the initial development may also increase each of the interests commitment to the sectoral initiative. The reason that business and labour must be involved is that government created initiatives, such as state directed policy networks that prevailed around UI, do not and cannot have the same level of industry buy-in as an industry led initiatives. In many cases, such as the Autoparts Sectoral Training Council, government launched initiatives are adopted by industry and as state funding is withdrawn, so is industrial support for the programs. As a result, it is necessary to ensure that the councils are creatures of the industry and have substantial support from business and labour to ensure that financial and programmatic commitment is continued after state funding is withdrawn. According to one labour observer, "a sectoral council must be created by the industry for it to be successful. If it is

just created by the state it will not work."[125] Since the labour market partners must be involved in the creation of a viable sectoral initiative, a state-directed model for training structures and programs is seen as less viable. Each sector must have the freedom to determine its own structure and hence the ability to change with the needs of the sector.

The sectoral councils should have structural stability to ensure that the council is not in a constant state of change. However, councils should also be flexible. In other words, councils should also have the ability to respond to and anticipate a variety of events which will affect the industry. The balance of stability and flexibility are crucial to the longevity of the sectoral based structure.

As a characteristic of corporatism, consensus must be reached by labour, business and government on all issues pertaining to the structure, policy goals and programs of the council. However, if another interest association maintains considerable strength within the sector, they too should be involved. Business and labour should agree on the size of the council, the relevant sectoral interests who gain seats, and whether these additional seats have voting ability. Council members should include other sectoral interests such as women, trainers, Francophones, aboriginals and people with disabilities.[126] Each council member, especially business and labour members, should be appointed by their represented

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125 Confidential interview of a labour union member.

126 Representation could also include professional associations, interest groups, etc. Representation should be all of the interests within the sector. Each of the sectoral interests should be acknowledged and represented on the council.

constituency, ensuring accountability to their representative units and to the wider interest of the sector.

There are some important corporatist characteristics which differentiate the councils from past pluralist structures and which are significant to the viability of the sectoral corporatist approach to labour adjustment. First, for sectoral corporatism to work, the sectors should have a low degree of foreign ownership, a highly mobilized business community and a high level of industrial concentration.[127] Second, policy should be formulated and implemented by the business, labour, government and other relevant interest in the sector. Finally, the structure created must institutionalize (entrench through incorporation) the interests of business and labour in the policy making process. This will ensure that both interests have a policy making, not just an advisory, role. Institutionalization will also provide the interests with an important sense of stability and integration into the sectoral policy process.

An important structural quality is the need for champions. Champions consist of business and labour representatives who have some form of 'status' within the sector and who believe that the council and training programs provide a positive benefit to the sector as a whole. Business champions are necessary to promote industry buy-in while labour champions are important to increase the interest and motivation of workers.[128] Champions

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127 Atkinson and Coleman, State, Business and Industrial Change.

128 Confidential interview of an OTAB member.

may also be in the form of a strong executive director who has the ability to understand the demands and requirements of business, labour and government interests. The executive director must be able to promote the sector council as well as, mediate the potential disputes between the interests.

ii. ***Commitment***

The commitment of business, labour and government is a necessary characteristic of a viable sectoral corporatist structure. Without the full commitment of the sectoral interests the ability for the council to achieve viability is infeasible. The mode of interest organization and the means of making and implementing public policy must have the full commitment of business and labour on the one hand and government on the other, to maintain viability. As a result, the commitment of the partners must be in the form of strong business and labour buy-in; there must be an attraction to the idea of cooperation and consensus of policy goals.[129]

Common interest in improving the competitiveness and skills level of the industry through training, also plays an important role in maintaining the commitment of the labour market partners. Business, labour and government want to ensure that, in the end, their

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[129] For the purpose of analysis, commitment by business, labour and government will be measured by the amount of time and money placed into their sector council. Business may commit financially to the council, but additional commitment would come in the form of allowing their workers off of the production line to take training courses. Labour's commitment can be seen in the design and delivery of the training programs and modules as well as their commitment of time on the board and committees. Government commitment is in the form of financial commitment and the promotion of the sectoral council approach.

sector is able to compete with other national or international sectors. The corporatist structure provides the labour market partners with the potential to gain tangible benefits from training which is what pulls business and labour together.

The articulation and understanding of each members' point of view contributes to labour and business commitment. Without a clear understanding of what each partner would like to gain from the initiative, genuine commitment is difficult to achieve. All parties involved want to directly benefit from training, but unless the parties articulate and understand each other's goals, the value-added of the sectoral initiative will be diminished. Therefore, clear and open channels of communication are necessary to achieve commitment and, as a result, viability. Furthermore, each structure should have some mechanism in place to solve any potential disputes and to provide resolutions.

Business and labour must support the training programs either through financial and/or time commitment. Commitment must also come from all interests and levels of the sector. The council should have commitment from both small business representatives, as well as the support of "heads of companies, CEO's and people who actually have the power to make the decisions."[130] According to Jean-Claude Parrot of the Canadian Labour Congress, industry commitment is central to sectoral council success. Parrot states that "vigorous commitment of industry coming from the notion of developing the economy, accountability of councils to the sector, independent and autonomous organizations, but

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130 Confidential interview of a sector council executive.

partners of the same constituencies, and the promotion of occupational standards and training through industrial partnerships with the government as the catalyst" are the key components of labour market commitment embodied in the sectoral approach.[131]

iii. Policy Goals

The policy goals of each sectoral initiative must be clearly articulated before the council is incorporated. Consequently, the goals which are established should be attainable to the council and the sector as a whole. The attainability or feasibility of the policy goals is necessary to ensure that the commitment of business, labour and government is maintained. If the policy goals are unattainable, the sectoral commitment may wane as a result of the inability to meet the councils initial goals.

The goals for each initiative should be flexible and possess the ability to change and create goals other than training such as apprenticeship, standards, etc. On the other hand, the goals should be limited so as to ensure that the council does not overextend itself during the initial 'gel' period. Each of the sector council's members must feel that they are attaining some of their initial policy goals and should not feel like they are doing the government's bidding in the area of labour adjustment and training. The councils have to feel like they are working for themselves and not doing the work of "Axworthy, otherwise they will balk."[132]

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131 Jean-Claude Parrot, Speech presented at the Third Annual Sectoral Conference. (Montreal: January 11-12, 1996).

132 Confidential interview of a sector council executive.

The policy goals of the sector should also be the result of a melding of both business and labour models of training. Business, on the one hand, views training as a means of maintaining competitiveness, while labour views training as a means of worker development. The differing models of training influence the training agenda set out by the council. The policy goals should result from comparable definitions between the labour market partners of what appropriate training programs are, who should be trained, and for how long.

III. Cost and Financing

The viability of the sectoral council approach will also be based on the cost and the financing of the sectoral councils. The indicators of viability will not be based on a cost-benefit analysis, but on the affordability and sustainability of the councils in the medium-term to long-term. Indicators of affordability and sustainability come in many forms; all are based on how the industry responds to the initiative in terms of financial commitment, time allocation and the number of workers enrolled in the training programs. If the sectoral council with government funding is unable to obtain enough workers to put through training programs, than the chance that the industry would take their workers off the line without the incentive of state funding is limited. The cost of the programs and the financing of the structure must be independently sustainable by the council once government funding is withdrawn. Self-sufficiency is seen as a clear indication of the viability and a necessary structural characteristic.

The ability of the initiative to be self-sustaining is evident through three factors. First, the ability of the council not to financially over-extend itself and stay within the parameters of the financial agreement with the governments. That is to say, have the costs associated with the programs stayed within the parameters of the funding arrangement or has the council overdraw or had to seek additional funding to sustain the programs? Second, is there significant labour and business commitment to ensure that there will be continued funding once the government has been removed from the funding arrangement? Finally, are the programs providing an overall 'bang for the buck'? In other words, are the kinds of training programs offered, and the results obtained, sufficient enough to continue funding the initiative? An indication of this is whether subsequent funding arrangements with the governments have been signed. [133]

IV. Quality of Training Programs

Similar to the cost and financing of the initiative, the programs must be affordable to the sector and the overall level of training in the sector should be increased. Additionally,

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133 This final indication of the councils' ability to be independent and self-sustaining will not be factually based. This will be speculated upon as the councils examined are still receiving government support. Only through interviews have I been able to gain a sense of whether the sectors are prepared to fund the initiative after the state withdraws. Published information is not available. Two of the three councils examined stated that without government funding they would be able to survive and business and labour would contribute to the continuation of the fund. This will be discussed further in the following substantive chapters on the sectoral councils.

"programs are likely to be more successful if they have a high degree of political acceptability and hence broader community support. This is likely to attract additional support and possible resources."[134] Training programs must follow specific regulations created by the labour market partners. Training funded by the sectoral agreement must be portable and incremental and should not be just-in-time and company-specific training.[135] Training should keep workers employed through skills augmentation and keep the industry competitive through value-added training.

The training programs must be generic and not proprietary training. As the training programs are created by the sector for the sector, the programs should be such that all member companies within the sector can use them, thus reducing the level of poaching that might occur.[136] The philosophy behind the sectoral initiative is that everyone within the industry gains some direct advantage from the increase in the skills level of the workers. As

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134 Gunderson and Sharpe, "Canadian Experience with Sector Councils," p. 13.

135 Just-in-time training is training which the company provides to their employees to immediately increase their skills level without the actual benefit of training. An example of this would be training a person to use one aspect of a computer software program without teaching that person the entire program or how to use other functions of the computer. Just-in-time training does not increase the overall learning level of the worker. Value-added training would be the opposite to just-in-time training. Value-added training increases the overall knowledge level of the trainees.

136 A problem with the sectoral approach is that companies who are not members can still hire trained employees to their company without having to put the time or money into the council. However, in theory the sectoral approach should involve all firms in the sector.

an interviewee noted, all sector based training programs where the "company, management or unions have [had] a direct involvement, has always proven to be much more successful, efficient and effective than anything to do with an institutional approach."[137] Programs created by the sector and for the sector will be viewed as more viable than generic programs created through the Canadian Employment Centres.

The quality of the training programs is also appraised in terms of the number of workers covered, the number of workers trained and the number of companies who have joined the initiative as a result of the programs offered. If the number of companies joining the council has risen since the inception of the sectoral council, the inference which may be made is that after observing the results of the programs, the firms had decided that it was in their best interest to join. Training programs should bring a wide range of benefits to the people being trained, rather than "just competencies that employers want and behaviour employees want, but things that as unionists are also outcomes of training like more control in the workplace and more democracy."[138]

In the following chapters, three sectoral adjustment councils will be discussed and analysed using the viability indicators outlined in this chapter. The viability of the Canadian Steel Trade and Employment Congress, the Sectoral Skills Council and the Automotive Parts Sectoral Training Council will be examined. Indicators of viability have been placed

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137 Confidential interview of a member of the CLFDB.

138 Confidential interview of a labour union member and sectoral council executive.

in a tabular format at the end of this chapter and at the end of the substantive chapters. This table will be used to illustrate the necessary and sufficient indicators of viability as well as indicate whether the councils examined possess the structural viability characteristics. I believe that business and labour cooperation and commitment, the creation of structures at all levels of the sector, state funding, and long-terms program goals are the four necessary and sufficient requirements of a viable sectoral corporatist approach. The examination of the sectoral councils will be followed by a discussion on the future viability of each council and the potential difficulties, if any, that these councils may face as government funding is discontinued.

Indicators of Viability
Table 3.1

Indicators of Viability	CSTEC	SSC	APSTC
I. History of the Sector Council created by the sectoral partners (primarily business and labour)			
created as a result of challenges to the sector (a crisis of industry)			
II. Organization and Structure *1. Structure* grass-roots initiative			
council and training programs are created by the sector and for the sector			
business and labour cooperation			
realistic expectations			
set goals which can be accomplished			

Indicators of Viability	CSTEC	SSC	APSTC
II. Organization and Structure *1. Structure (cont'd.)* programs are formulated/ implemented by people who have knowledge of the sector			
representatives on the board and committees appointed by their constituency			
sectoral/corporatist structure (defined in chapter three)			
sector partners have the freedom to determine their own structure			
structure should have stability - not in a constant state of change			
structure should be flexible - responsive to future change			
business and labour agree on all aspects of the council and corresponding policy/ programs developed			

Indicators of Viability	CSTEC	SSC	APSTC
II. Organization and Structure *I. Structure (cont'd.)* structure is incorporated			
structure has champions of initiative			
II. Organization and Structure *ii. Commitment* commitment of business, labour and government (financial or time commitment)			
attraction to the idea of cooperation			
common interests and goals of council - training provides a potential benefit to both labour and business			
articulation and understanding of each others points of view			
mechanisms for the resolution of disputes.			

Indicators of Viability	CSTEC	SSC	APSTC
II. Organization and Structure *iii. Policy Goals* policy goals should be the melding of business and labour's goals and ideas of training			
goals are feasible and attainable			
goals are flexible and limited so as not to overextend themselves			
III. Cost and Financing programs are affordable and sustainable			
possesses the ability to become financially self sufficient prior to federal and provincial funding removal			
council is able to maintain budget allocation and does not over-extend itself			
programs are providing an overall better 'bang-for-the-buck'			

Indicators of Viability	CSTEC	SSC	APSTC
IV. Quality of Training Programs working towards self-sustaining programs			
overall level of training in the industry has increased			
training is portable and incremental			
programs are designed by the sector partners through consensus			

Chapter Four
The Canadian Steel Trade and Employment Congress

The Canadian Steel Trade and Employment Congress (CSTEC) represents the first corporatist sectoral adjustment initiative in Canada. Funded primarily by the federal government, CSTEC is a bi-partite adjustment initiative with equal participation of the United Steel Workers of America (USWA) and the Canadian steel producing companies. CSTEC provides labour adjustment programs for the dues paying members of the steel producing companies. The steel sector, or the companies within the steel sector, are classified through the SIC (Statistics Canada Standard Industrial Classification) codes.

The Canadian steel industry represents one of the most productive and important industries to the Canadian economy, especially to the primarily manufacturing economy of Ontario. The Canadian steel industry provides close to 35,000 jobs across Canada in the production of primary iron and steel and in steel pipe and tube. According to CSTEC, the steel industry generates an "added value of almost $5 billion per year and accounts for approximately 4 per cent of Canada's manufacturing output. About 40 per cent of the steel shipments are destined for export markets and are worth over $3 billion per year in export earnings."[139] The CSTEC initiative offers both downside adjustment for workers experiencing pending layoffs and upside adjustment for workers who must augment their

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[139] CSTEC, Steel in Our Future 1995 (Toronto: CSTEC, 1995) p. 2

skill level to maintain employment and a competitive advantage.

This chapter will focus primarily on the upside adjustment programs. However, some discussion will cover CSTEC's downside initiative as the movement to upside adjustment was a direct result of the Councils positive experience with downside adjustment. This chapter will be divided into four sections: the history of CSTEC, the organization and structure of the CSTEC, cost and financing of the CSTEC initiatives, and the training programs offered. In the concluding section this chapter will explore the CSTEC initiative in terms of the viability criteria previously outlined.

I. History of the Canadian Steel Trade and Employment Congress

The Canadian Steel Trade and Employment Congress (CSTEC) emerged out of a national industry conference in Sault Sainte Marie in 1985. The conference was organized around the industry's concerns over the future of trade, technological change and employment issues. The two day conference was jointly organized by the CEO of Stelco, John Allen and Gerard Docquier who at the time was the National Canadian Director of the United Steel Workers of America (USWA). The purpose of this conference was to discuss (as a sector) the growing American protectionism which threatened to reduce Canadian steel export markets in the United States. The second purpose, which was more of an issue to labour than management, was "one of cyclical and structural worker displacement and the

need to assist employees in adjusting to the trauma of job loss."[140]

The effects of the displacement of steel workers were evident. Between 1982 and 1986 the size of the entire steel sector (composed of iron and steel mills, steel pipe and tube mills and wire) had declined by about seventeen per cent. This represented 16,000 workers of which ninety-one per cent (14, 555 workers) came from the iron and steel mill alone.[141] Overall, the steel sector declined from the low 50s to the high 30s. In addition to the tremendous decline, the industry faced expired collective bargaining agreements at Stelco and Algoma steel, problems of access to the U.S. market and the global overcapacity of the steel industry. These factors collectively, "presented an opportunity for a partnership in which each party could accomplish more by working in concert with the other than by its own individual efforts."[142] This opportunity was realized at the first Canadian Steel Trade Conference in 1985.

With about a third of the industry laid off and in the backdrop of a severe economic

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140 Richard P. Chaykowski and Anil Verma, "Adjustment and Restructuring in Canadian Industrial Relations: Challenges to the Traditional System" in Richard P. Chaykowski and Anile Verna, eds., International Relations in Canadian Industry. (Toronto: Holt, Rinehart and Winston of Canada Limited, 1992), p. 124.

141 Ekos Research Associates Inc., "Evaluation of the Canadian Steel Trade and Employment Congress Skills Training Program." (Ottawa: Ekos Research Associates Inc., 1995), p. 5.

142 Carol Haddad, Sectoral Training Partnerships in Canada: Building Consensus Through Policy and Practice. Final Report to the Government of Canada Canadian Studies of Faculty Research Award (February 17, 1995), p. 9.

recession labour and business decided that on issues where there was mutual agreement, concern or priority that it would be better to do things jointly. The success of the first conference resulted in the formal incorporation of the Canadian Steel Trade Conference (CSTC) at the second conference in May 1986. As a result of the incorporation, committees were created to examine key issues affecting the steel industry and to lobby government on important steel trade issues and adjustment services. Finally, at the third conference in November 1987, CSTC changed its name to the Canadian Steel Trade and Employment Congress (CSTEC). The addition of 'employment' was inserted into the name as a declaration of the importance of labour and adjustment to the steel producers and manufacturers. Members of the steel industry concluded that the inclusion of employment in 'CSTEC' would better reflect the groups's dual mandate, which initially included "lobbying and educational efforts on the steel trade issues and labour adjustment and training assistance for permanently laid-off steelworkers."[143]

Created as a downside adjustment initiative, since 1992 CSTEC has begun to incorporate upside adjustment into its program mandate. This decision was the result of a Human Resource study conducted in 1991. First, the study indicated that the steel industry needed to increase its overall level of training; especially an increase in portable and incremental training and a decrease in the amount of proprietary training. Secondly, the steel sector needed to increase its level of technological skills and create a 'brain trust'

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143 Canadian Steel Trade and Employment Congress. CSTEC: Skills Training Program (Toronto: CSTEC, 1994), p. 5.

which would keep industry competitive in the future. The creation and organization of the CSTEC's upside adjustment initiative will be discussed below.

II. Organization and Structure

The core of CSTEC consists of an executive director, George Nikitsas, and a staff of ten in the Toronto based head office. There are three field offices located in Montreal, Hamilton and Sault Sainte Marie, for a total of twenty employees. CSTEC proper is a non-profit organization which actually makes a nominal profit. Administrative and operating costs are shared equally by the CSTEC member companies and local unions through membership fees. The government provides additional money for the administrative costs that are approximately four per cent of overall program funding. All of the CSTEC programs are cost-shared with federal and provincial governments. CSTEC, the operation, is entirely self-sufficient.

Members of CSTEC interviewed maintain that they are efficient and effective as a result of being an organization which is a creature of the industry. CSTEC was created and emerged as a coordinating shell. This means that as an industry council, they develop all human resource curriculum and adjustment programs through the sub-committees that CSTEC proper coordinates. The only costs to CSTEC are the administrative costs and the costs of program design and delivery.[144] The CSTEC operations are in 67 communities on

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144 The CSTEC administration costs are five per cent of the program costs.

the downside adjustment side and 34 local committees in the skill training side.

All committees, councils and programs in CSTEC are co-chaired and equal. The only exception is the executive director who does not come from either an employer or union association. It is the Councils philosophy of equality and representation of interests that is observed by the CSTEC Board and Committees when they develop and deliver programs for the sector; all programs are created through the consensus of business and labour. According to a source interviewed, it is this philosophy of equality which permeates every aspect of the CSTEC structure, that has allowed CSTEC to prosper.

The CSTEC structure is the composition of one umbrella board or national level board of CSTEC, and three (now two) sub-committees and 67 local adjustment committees. Each site in the steel industry has a joint training committee; some active and some starting. Again, each training committee is joint business and labour and everyone on the site contributes. CSTEC has gone from 10 corporate members and 10 local unions at its inception to about 28 corporations and 45 local unions.

The CSTEC board of directors is joint-chaired by Roger Phillips, CEO of IPSCO and Lawrence McBrearty, National Director for Canada of the USWA. The national board is composed of 18 representatives; 9 from companies and 9 from the steel workers union. The United Steel Workers of America is the only union represented on the national board. Company representation comes from Algoma Steel, Ivaco Inc., Sidebec-Dosco Inc., Dofasco Inc., and Stelco Inc. The primary function of the national CSTEC Board is to make executive level policy decisions during their quarterly Board meetings. Together, the 20

CSTEC board members oversee the three working committees: Steel Trade Committee, Employment and Adjustment, and the Human Resources Committee. Each of the working committees has a board composed of equal business and labour representatives. The Employment and Adjustment Committee has a Board of eighteen and the Steel Trade Committee has a membership of fourteen.

The Employment and Adjustment Committee and the Human Resources Committee were combined in June 1993, as the members of the CSTEC Board saw training and adjustment as being analogous. The initial mandate of the Employment and Adjustment Committee was to deal exclusively with downside adjustment and HR issues. When additional funding was approved to start an upside adjustment program, CSTEC formed an additional committee to formulate and implement skills training programs. In April 1994, the Employment and Adjustment Committee and the Skill Training Program were merged as it was viewed by the CSTEC Board to be more efficient and effective as one committee structure. According to Ekos, " (t)he Skill Training Program benefitted substantially from the working relationships developed during the implementation of the downside adjustment program. For CSTEC, the evolution from downside adjustment to upside adjustment was a natural process."[145] The merging of the Adjustment Committee and the Training Program resulted in the Training and Adjustment Committee which oversees CSTEC's adjustment and skills training programs. The Training and Adjustment Committee is co-chaired by

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145 Ekos "CSTEC Skills Training," p. 12.

Doug MacPherson, USWA and Serge Wagner, Sidebec-Dosco Inc. The Committee is responsible for the development and implementation of upside and downside adjustment programs in addition to the services provided by CSTEC. The HR component provides an additional support mechanism for displaced workers during and after the training programs have been completed. The Training and Adjustment Committee is "responsible for setting and updating the overall program policies and guidelines for both the Worker Adjustment Program and the Skill Training Program."[146]

The Steel Trade Committee monitors the steel industry and is "committed to improving the environment in which the steel industry does business, thus securing profits and jobs."[147] The Steel Trade Committee monitors ongoing US and Canadian steel trade actions and works to develop and promote trade legislation that is thought to be fair to the Canadian steel industry. The Committee also lobbies the government for certain rights and protections as a united steel industry. The Committee is co-chaired by Larbi Balarbi of Sidebec-Dosco Inc. and Brian Arthur of Stelco.

The general CSTEC adjustment structure (both upside and downside) has become known throughout the sectoral training initiative as the 'CSTEC model of adjustment.' As one interview noted, CSTEC represents the Cadillac of sector councils as it is not only the most successful, but it also represents the most expensive and expansive of all of the sectoral

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146 CSTEC Skill Training Program 1995 (Toronto: CSTEC, 1995), p. III.

147 The Canadian Steel Trade and Employment Congress. (Pamphlet), p. 2.

initiatives. The CSTEC model of adjustment has the following characteristics:

- business and labour responsibility for the design and implementation of labour adjustment programs;
- joint labour-management decision making at all levels and in all aspects of the adjustment assistance;
- sectoral design to deal with the special problems of industry; and
- decentralized participatory, grass roots implementation of programs.

More specific features of the model include:

- the establishment of a permanent joint labour-management structure at the national level to oversee the process;
- an emphasis on in-person interviews conducted by counsellors drawn from the steel industry to determine adjustment needs; and
- greater stress on retraining than on other types of adjustment assistance, with the training offered preferably immediately after workers are dislocated.[148]

The third tier of the CSTEC initiative is the Joint Training Committee (JTC). All of CSTEC's training activities are administered and coordinated through co-chaired and joint labour-management training committees. Some of the JTC's also function in a broader capacity to deal with additional human resource issues. Each Joint Training Committee works within the guidelines set by the Training and Adjustment Committee and according to CSTEC's national guidelines of CSTEC-eligible training. The structure of each JTC is an 18-member joint committee which provides the worker with upside adjustment services

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148 CLMPC, Quarterly Review (1992), p. 29.

and is located at the workplace level. The JTCs are responsible for all aspects of the training programs, including the allocation of training funds, needs assessments, training plan formulation, program evaluation and budgeting.[149] Specific programs offered through the JTC include peer counselling, financial and career planning, training referral, small business start up, and job search/ job placement assistance.

Every member work site has a joint training committee which makes the CSTEC initiative a very dynamic organization. The involvement of employers and employees from the plant level increases the commitment of the sectoral partners and increases the Council's knowledge base in terms of understanding what types of programs the sector needs. The fact that the CSTEC structure includes all levels of the sector means that the structure never stops changing and is constantly innovating based on the Board, Committees and JTC's increasing level of experience. According to a confidential interview, that means that "there is a hell of a lot of input and buy-in, financial and time or whatever, and that is the critical part" of the CSTEC model.[150] Industry commitment is apparent through the industry buy-in, participation (the entire industry), funding and the continual addition and expansion of programs.

Neither the Board nor the Sub-Committee's have experienced significant friction

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149 For further information on the content of the activities performed by the JCTs see the end of the chapter Exhibit 3.1 for a detailed description from the Ekos Research Associates Inc.

150 Confidential interview of a CSTEC executive.

between their members. Although the members represent their individuals interests they are also able to understand each other's points of view. Furthermore, they are able to think at a national level rather than at an enterprise or local level where they are based. This reduces the possible tension as the Board/Committee members are able to think at the same level. At the plant level, the established JTCs generally experience "few conflicts between labour and management. In fact, most stressed the fact that during JTC meetings the distinction between labour and management was hardly visible."[151] Where differences of opinion arise, labour and management generally agree to disagree or use mediation techniques to solve the point of disagreement.

Points of contention between labour and management usually arise when bargaining issues interfere with the operation and decision-making process of the JTC. Another issue between labour and management that has interfered with the cooperative and consensus based decision-making process has been the philosophical difference between the two parties, especially over the issue such as how training is defined and what the training curriculum should consist of. Disagreements such as where training programs should be targeted or how funding should be distributed, are generally resolved by the Committee's caucus and co-chair structure. At times, the Executive Director and other CSTEC staff assist in the facilitation of the disagreements.

CSTEC has a number of on-going goals and objectives. This is due to the multi-

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151 Ekos Research, "CSTEC Skills Training," p. 22.

tiered and corporatist structure of the CSTEC organization. What this means is that CSTEC proper has goals and objectives for their committee structure as do the sub-committees. Furthermore, there are different goals for the CSTEC upside and downside adjustment programs. There also exists goals for each JTC and for labour and management representatives. Overall, the goals and objectives for CSTEC remain the same for all members. The primary downside adjustment goal is to smooth the transition from employment in the steel industry to another form of employment due to plant closure or lay-off. The primary goals of upside adjustment is to improve the overall skill levels of the workers in the industry, more than double skill training in the next three years, and to improve the effectiveness, quality and amount of training conducted in the industry.

In a study conducted by Carroll Haddad in 1995, she asked the members of the Training and Adjustment Council how they would define success. The response was unanimous by all members, who stated that success was defined by the achievement of the goals set out by CSTEC. The results of the question "(h)ow would you define success for your council?" are as follows:

Management Members

- achieving the goals set out at CSTEC's onset: 1) trade: have gotten respect from U.S. industry and changed Canadian government attitude; 2) adjustment: helped large number of employees upgrade skills and find comparable employment; 3) upside training: created an interest in training within companies and union.
- Give training and displacement money to people/companies in a fair and equitable way, and place people in jobs across the country.
- The results speak for themselves: efficient training and placement for laid-off workers; training programs in place for generic skills.

- Getting the dollars out to adjustment programs.

Union Members

- adjustment: the number of people helped and who have found employment; 2) upside training: hope to double training effort in industry in 3-year period; 3) trade: more difficult to measure.

- The very fact that CSTEC has been established; its overcoming of obstacles over the years.

- Training people in both upside and adjustment training at good cost and with high quality.[152]

Haddad concludes from management and labour's response that their answers demonstrate a "great deal of consensus across labour-management lines regarding the importance placed on skills training for employed and displaced workers, along with other adjustment services."[153] The joint nature of the programs and the obvious goal consensus has resulted in the ability for CSTEC to deliver effective and efficient programs.

III. Cost and Financing of CSTEC

The CSTEC initiative is jointly funded by the federal and provincial governments and the industry (composed of company and union contributions). Funding arrangements with the government are all cost-shared, however there are different funding arrangements for the upside and downside adjustment programs. Through the Innovations Program,

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152 Haddad, Sectoral Training Partnerships in Canada, p. 24.

153 Ibid.

CSTEC initially received funding in August 1988. The funding arrangement initially signed with the Federal government, approved up to $19,485,000 for a three year period. The agreement "permitted $500,000 a year for administrative expenses, with the remainder spent on a program of labour adjustment services designed to ameliorate the conditions of workers affected by labour adjustment problems."[154] The funding arrangement was extended for another three years and for one more year subsequent to that. CSTEC, under the Innovations Program, has received another year of funding. [155] On 1, April 1992 CSTEC began to receive funding through the Employability Improvement Program. The new arrangement contributed 12.4 million to the CSTEC project for an additional six year period. Most of the downside adjustment funding comes from the federal government. The downside adjustment programs do not require a specific amount of industry contribution. This differs from the upside adjustment initiative.

Funding arrangements with the government for upside adjustment programs are cost shared. The steel industry leverage is around 30% on the adjustment side which according to a source interviewed, "is really quite striking because usually adjustment is seen as wholly the responsibility of the government."[156] This level of industry contribution from the steel

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154 Ekos Research Associates Inc. Evaluation Study of the Canadian Steel Trade and Employment Congress: Phase II. (January 24, 1994), p. 6.

155 The Innovations Program was one of six Canadian Job Strategy (CJS) programs transferred to Strategic Policy and Planning in May 1989.

156 Confidential interview of a CSTEC executive.

sector is significantly higher than what industry contributes in other adjustment programs. In contrast, funding arrangements for the skills training side are cost shared with the government 50/50. However, in actual practice this arrangement has been more in the range of 4 to 1 versus 2 to 1 which means that the sector has been providing four dollars to every one government dollar. Therefore, to get a "dollar from CSTEC which in effect is a cost shared public dollar on the skilled training side you have to spend two generic, portable, transferable skill dollars to get one back and the sector has been spending four to one in the first two years."[157] Federal contributions will pay for the direct cost of training and up to thirty per cent of the lost wages while the employee is being trained. This amounts to a three year contribution of $6,000,000.[158]

A separate agreement was signed between CSTEC and OTAB for an additional $12,000,000 over three years. The Ontario government's contribution is for direct training costs which are based on the overall eligible annual Training Plan and Budget; "the amount of provincial funding will nearly double the federal contribution under SPI."[159] The OTAB

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157 Confidential interview of a CSTEC executive.

158 The six million dollar agreement was signed with HRD through the Skills Upgrading Agreement which commenced with CSTEC 1 April 1993 and ends 31 March 1996. This amount is matched by industry for a total project cost of $12,000,000 as a minimum. The goal of this initiatives to at least double generic training expenditures in the steel sector. Ekos Research Associates. Phase II, pp.9-10.

159 Ekos Research Associates. Phase II, p. 10.

agreement was signed 1, April 1993 and is valid for a three year period.[160] CSTEC is expected to sign other provincial agreements within the next year. Although funding formulas may differ by province, they are all cost-shared and industry contributes at least fifty per cent for the costs of the development and delivery of the training programs.

Additional funding comes from the industry itself. CSTEC does not provide training, upside or downside, to non-CSTEC members. Membership fees are charged to CSTEC-members who, in return, receive funding and assistance for their fee. Most of the large industry corporations are CSTEC members. Revenues from the membership fees "cover CSTEC's basic administration costs and contribute slightly to the Skills Training Program administration cost."[161] The current yearly membership fees are as follows: $750 to $1,500 for the corporate members and $150 to $350 for the local union members.

In 1991, a human resource study was conducted on CSTEC which found that eligible training, that is the non-company specific training, was $5.7 million. CSTEC-eligible training does not include health and safety training or government-sponsored apprenticeships which are mandatory, but training which is broad-based and develops portable, generic and

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160 The OTAB agreement will be up for renewal in April 1996. As this thesis is being written before the expiration date the possibility of renewal is still unknown. This has less to do with the performance of the CSTEC initiative and more to do with the fact that OTAB is currently under evaluation as a result of a change in government. All of the OTAB funding arrangements may be discontinued in the future as some interviewees have suggested that OTAB will be dismantled under the Harris provincial government.

161 Ekos Research, "CSTEC Skills Training," p. 38.

incremental or net-new skills. In the first year of the CSTEC training program, three years after the HR study, the fund had grown to $ 25 million. In the second year the fund was at $ 34 million. Today, the CSTEC's skills training program is estimated to be in the vicinity of $ 38/39 million. Again, this figure is cost-shared 50/50 with the government. The justification, according to a confidential interview, is that the "government sees the value not to the steel industry or to the company, but to the economy of having a skills base that has transferable, what they call, strategic skills."[162]

Table 4.1
CSTEC Training Expenditures[163]

Industry Training	**1993-94**	**1994-95**
Established	$10,033,570	$30,412,932
Additional	$15,914,470	$ 7,110,348
Total	$25,948,040	$23,302,584
Government Contributions		
Federal and Provincial	$ 5,289,656	$ 5,558,170

Under CSTEC upside adjustment, thirty-three plants across Canada are covered by the training agreements. Each of the thirty-three plants receive funding based on the company's melting capacity within the steel industry. Eligibility for funding is restricted to companies which fall under the SIC codes. Before funding can be received, each plant has to have four signatures: the signatures of the two co-chairs of the JTC; the president of the

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162 Confidential interview of a CSTEC executive.

163 Peter Warrian, "Sectoral Councils: A Partial Solution to the Crisis of Representation in Wagnerism," Paper presented at IRRA Annual Meeting, San Francisco, (January 7, 1996), p. 8.

local union; and the company president.[164] Once funding is received, a required annual training plan and budget is prepared by the company. The training plan is based on the needs and the skills of the current workforce at the plant. All of the training programs which are "funded must be incremental, that is it must not be training to meet legislative requirements, and must be above the normal level of training provided at the plant."[165] One of the advantages of forcing the company to plan their training based on the CSTEC requirements and the current skills of their workforce, is that in the past, "training had been ad hoc and often futile since the workforce did not have the basic skills required to benefit from the technical training being offered."[166] The creation of a training plan has forced companies to stay within the approved training curriculum of the JTC's and has reduced unnecessary program overlap and expense.

In a two part analysis of CSTEC, phase I (1991) and II (1994), Ekos Research Associates reported that CSTEC's downside adjustment programs, due to their emphasis on training, was more costly than non-CSTEC programs.[167] However, Ekos concluded that the CSTEC programs provided better training and increased participant satisfaction. Ekos also

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164 The only exception to this rule is Dofasco Inc. This is because Dofasco is not unionized, however, they are a small site with 4,000 employees and they are very active in the training process. The other 34 sites are unionized.

165 Ekos Research, "CSTEC Skills Training," p. 13.

166 Ekos Research, "CSTEC Skills Training," p. 14.

167 The alternative or non-CSTEC programs are those training programs offered through the Canadian Employment Centres (CEC).

found that the overall costs to the industry for training programs had decreased since the implementation of the Skills Training Program. Ekos is currently conducting their Phase III evaluation which will evaluate CSTEC's upside adjustment programs.

IV. CSTEC Training Programs Offered [168]

The steel industry, with an effective downside adjustment initiative, began to look at the possible preventative measures which they as an industry could implement through the CSTEC structure. It should be mentioned that the upside adjustment initiative probably would not have existed had the downside initiative not been such a success in terms of training and finding employment for 11, 500 of the 13, 000 laid-off steel workers. Through the downside adjustment programs, members of the CSTEC Board and Councils were able to realize that cooperation was essential to the long-term goals of a more competitive industry. The existence of the CSTEC structure and the JTCs combined with their experience in joint labour-management decision making expedited the formulation and implementation of the CSTEC upside training initiative.

With the positive results of the downside adjustment programs, the CSTEC Board

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168 Training programs under the CSTEC umbrella are either upside or downside. This section will discuss upside adjustment exclusively. This does not mean that the work of CSTEC for the laid-off workers is insignificant, but merely that it is beyond the scope of this paper which is discussing (exclusively) training programs that increase the skills level of the employed workers. For more information on the downside adjustment programs see CSTEC. Worker Adjustment Program: 1995 .

began to examine the possibility of an upside adjustment initiative for the remainder of the steel industry. CSTEC contacted the Canadian Labour Market and Productivity Centre to conduct an initial study into upside adjustment in the steel industry. The 1991 Human Resource study found that there was a demand in the industry to "upgrade the skills of the workers to meet the needs of the new technologies that were being implemented at the workplace. There was a recognized need to be proactive rather than reactive to the changes in the steel industry."[169] The results of the study indicated that "approximately $31.7 million had been spent on training by the steel industry and most of this training had been spent to meet legislative requirements (eg., health and safety regulations). Only about 30 per cent was spent on generic portable skills training."[170]

As a result of the study, the CSTEC Board set out three basic objectives for their skills training program. First, to "at least double the training effort of the steel industry over the next three years and to ensure that this training is generic, portable and enhances the opportunities of those employed in the industry."[171] The HR study identified three generic types of training that should be implemented into the skills training initiative: foundation of learning courses, steel industry general courses, and steel industry specific technical courses. Secondly, the skills training program was to establish industry standards for the training

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169 Ekos Research, "CSTEC Skills Training," p. 7.

170 Ekos Research, "CSTEC Skills Training," p. 8.

171 CSTEC. Skills Training Program 1995. p. 4.

programs, skills development and evaluation. Finally, the CSTEC Board set out to "develop a system of accreditation and certification which will improve the portability and transferability of skills."[172] The design of the programs began in March 1992, the operational contribution agreement commenced 1, February 1992 and the program became operational in 1, April 1993. The program funding agreement was to end in 31, March 1996.

According to interviews conducted of senior civil servants in HRDC and members of the CSTEC initiative, the first year of the CSTEC Skills Training Program (1993-1994) ended with very positive results. This was primarily the result of the HR study and the Board's decision to introduce generic rather than proprietary skills requirement. The program needed industry wide buy-in which meant that the companies had to be convinced that the implementation of generic skills would be a worthwhile and effective initiative for the companies to invest into.[173] Funding for the first year of the skills training program was provided by HRDC in the amount of $390,000 with an additional $43,400 from the steel industry. The Sectoral Partnership Initiative contribution for the three years of funding the skills training program is $6,000,000. The total initial budget of $12 million has been

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172 Ibid.

173 According to the Ekos report, a "training program which provided the generic skills could be more efficient, with the company providing proprietary training only for the unique aspects of their manufacturing." Ekos Research Associates Inc., 1995, p. 9.

exceeded since its initial implementation.[174] The 1993-1994 program results indicated that of the 14 JTC that presented training plans and budgets, the results were close to "26 million of completed CSTEC-eligible training ...(o)f this total over $10 million was established training while close to $16 million was additional training."[175]

The training programs have been able to provide training to over 23,300 employees who have received on average over 4 days of CSTEC-eligible training, which is divided into five categories.[176]

(1) *Foundation of Learning*: This is basic literacy, numeracy, computer literacy, problem solving, group skills, communication skills, and training the trainer.

(2) *Steel Industry General Skills*: Introduction to the economics of the steel industry, introduction to work organization, facilitator and supervisors training, and environmental control and energy conservation.

(3) *Steel Industry-Specific Technical Skills:* Basic metallurgy, casting, melting, rolling, programmable logic controllers, craning, pipe, welding, basic steel quality inspection, and statistical process control.

(4) *On-the-Job*: Funding for on-the-job training is only available where it is an integral part of a training plan that includes other methods of formal instruction, ie., classroom training or demonstration.

(5) *Union Designed and Delivered Training*: Basic accounting and financial skills for members of joint committees, effective communication, work reorganization, health issues in work design, designing jobs to improve accessibility for different interest groups, and

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174 The ratio of 2:1 with CSTEC has been changed though industry contributions of closer to 3:1.

175 CSTEC. Skills Training Program 1995, p. 4.

176 CSTEC. Skills Training Program, 1995, p. 10. The information represents the basic outline of the types of training offered under the Skills Training Program.

technological change and new manufacturing.

The improved quality of the training programs are viewed by CSTEC under two criteria or indicators for success: the cost per worker and the results. As previously mentioned, all training courses and criteria are set by joint business and labour committees. According to a confidential interview, the indicators for the CSTEC training programs illustrate that the number of individuals being trained has doubled, the quality of the training programs has improved and the cost has decreased. The re-employment and employment stability, skills acquisition and confidence building are all indicators of the quality of the programs and the viability of the initiative.

The cost of training to the sector is very evident as the sector "used to pay $1,000 per day to have some person who was a consultant and now they get it for free."[177] In actuality, the companies do not get training for free, but they do get training for a cost which is less than the cost of employing training consultants on a daily basis. As mentioned, companies have membership dues which are paid to CSTEC who, in return, provides training programs and curriculum to the company. The exhibit below indicate the types of training which have been conducted (Table 4.2) and the trainees by occupation (Table 4.3).

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[177] Confidential interview of a CSTEC executive.

Table 4.2
Types of CSTEC Training[178]

Type	1993-94 (%)	1994-95
Technical Skills	63	75
Foundation Skills	23	16
Work Organization	14	9

Table 4.3
Trainees By Occupation[179]

Occupation	1993-94 (%)	1994-95 (%)
Managerial	3	3
Supervisory	20	8
Production	44	54
Clerical	3	21
Trades	21	6
Technical	8	7
Total	100%	100%

The results of the training programs are quite impressive. Of the 33,000 employees in the industry the CSTEC Skills Training Program has trained nearly 23,000 employees. Furthermore, close to 30 JTCs have developed training plans and budgets for their plants since the first year of the program. The results indicate that the Skills Training programs has "increased the level of generic skills training; broadened the access to this training; increased the leveraging of industry training; improved the quality and cost-efficiency of training; and enhanced the recognition and transferability of skills resulting from

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178 Warrian, "Sectoral Councils," p. 10.

179 Warrian, "Sectoral Councils," p. 9.

training."[180] Appendix D illustrates the results of the Skills Training Program in the first and second year (1993-1995) and costs of the CSTEC training program.

Since the first training program in 1993-1994, CSTEC has developed additional initiatives for the upside adjustment of the industry. These initiatives include: guidelines for the operation of JTC's, training needs assessment tools and procedures created to assist JTC's, and guidelines to access training funds, create training plans, and budgeting standards for the JTC's. An Accreditation Certification Agreement with 19 colleges and 6 provinces has also been signed. The Agreement will allow CSTEC and the community colleges/cegeps to create college level credits that can be applied towards the CSTEC steel manufacturing diploma. The Certification Agreement is the only program which has not been independently developed by CSTEC. All other CSTEC programs were developed by representatives from local unions, companies and Committee members. The Accreditation Certification Agreement represents significant innovation on the part of the industry and the colleges, who until now, worked in isolation from one another.

One aspect of the Agreement exemplifies the forward-looking and innovative thinking of the CSTEC Board and the colleges/cegeps involved in the formulation of the training curriculum. The Prior Learning Recognition (formally known as prior learning assessment system) will acknowledge the prior learning of each student through a PLR program. The Agreement has four main objectives which are: "the promotion of life-long

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[180] CSTEC, About CSTEC, (Toronto: CSTEC, 1995),p. 4.

learning, the improved transferability or portability of skills, the improved cost-efficiency of training, the expansion and enhancement of working relationships between the steel industry and educational institutions, and the promotion of accelerated learning."[181] Under the agreement, 43 courses will be validated by the colleges and cegeps. Five certificates which represent a cluster of the 43 courses have been developed: 1) core and optional, 2) foundation skills, 3) steel industry, 4) general, and 5) steel specific. The courses/credits are jointly created by CSTEC and the colleges with the objectives to:

> facilitate and encourage life long leaning and skill upgrading and to improve the portability of a worker's skills and their contribution to the economy; reduce the cost/time of skill upgrading and training as a result of the recognition of prior training and learning; to improve the level and quality of skills and the quality of jobs; to improve a worker's employment and income security, and; to give credits for prior learning and training.[182]

All partners (steel industry, unions, community colleges, governments and the workers) will receive a direct benefit from the Accreditation and Certification Agreement.

The steel companies will benefit from the Agreement by receiving improved access to training and a more cost-efficient training program which will augment the skill levels of

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181 CSTEC, Skills Training Program, 1995, p. 68. The PLR system also has a three-type process. The types indicate the category of learning for each individual. Type 1 indicates an individual who has received 2 or 3 years of training due to a career change or adjustment. Type 2 indicates an individual who has always taken training programs. Type 3 is what CSTEC calls the 'training candidate' which is someone who takes a short PLR course and finds out what PLR is all about and how they can put together a training portfolio for themselves and find out how they can get a college credit for their previous work. This information was also obtained through a confidential interview of a CSTEC executive.

182 CSTEC, Skill Training Program, 1995, p. 68.

their workers and acknowledge previous training and learning. The USWA will receive comparable benefits as the Agreement will provide new services for their members and an expanded role in the creation of a training curriculum and delivery of the training courses. The community colleges will also receive benefits of improved relations with industry, an expansion of their enrolment base, and the Agreement will allow the colleges to develop and deliver new training programs, as well as, receive additional funding for their programs.

The federal and provincial governments will receive advantages from the Agreement through the development of a more cost-efficient training and adjustment program and "as a result of the savings in training, UI and welfare costs from the recognition of prior training and prior learning."[183] Additionally, governments will benefit from an improved skills level and an improvement in the portability and transferability of skills in Canada. The most important beneficiary of this Agreement is the worker who is able to take the programs and receive acknowledgement for their past working experience. The one or two credits that they receive for their previous work/prior learning is significantly important to their life long learning and to themselves. Both life long learning and personal gain cannot be measured and is generally not factored into cost-benefit analysis of the training programs offered by CSTEC, but which represent vital gains in the quality of the CSTEC training programs.

The cost-shared agreements between CSTEC and "the federal and several provincial governments in the areas of skill training and upgrading show that public policy can promote

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183 CSTEC, Skill Training Program, 1995, p. 69.

industry's efforts to increase productivity, income and employment opportunities."[184] The results of the CSTEC Skills Training programs have been positive. In the first year of the program the results indicate that the overall level of training increased, workers received greater access to training, and there was an increased emphasis on the foundational skills and portable, generic training. The second year results indicated a "further shift towards non-supervisory employees (production and clerical), and towards greater emphasis on technical skills training."[185] The number of industry workers trained also indicates the positive response to the program; first year 23,300 workers were trained and in the second year over 24,000 workers were trained. With the addition of the Steel Manufacturing Certificate and the Steel Manufacturing Diploma, in the third year, the potential for an increase in the number of steel employees receiving training is greater.

V. Conclusion

The CSTEC initiative works well within the steel sector. However, CSTEC does not represent a model which can be easily replicated within other economic sectors; the CSTEC initiative is expensive and expansive. The catalyst of a trade issue which compelled labour and management to begin working in a more cooperative and consensus based manner, coupled with the apparent commitment of the sectoral partners, has made CSTEC a viable

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184 CSTEC, Steel in Our Future 1995, p. 11.

185 Warrian, p. 10.

structure. As a result, the ability for CSTEC to exist without government funding is realistic. According to an interview of a CSTEC executive, if state funding is withdrawn or the state decides that training is no longer important, CSTEC will take the training initiative on as their own responsibility.[186] Although some of the programs may have to be reduced in scale the industry buy-in is significant enough and the results of the programs are substantial enough that CSTEC has the potential for future viability without state financial assistance. This may not the same for all sector based councils.

Referring to Table 4.4, CSTEC possesses all of the indicators of viability, except for the affordability of training programs. The CSTEC programs are more expensive than the other councils examined and, as a result, more difficult to sustain without government funding. However, a small reduction in the scope and content of the CSTEC training programs, will allow CSTEC to maintain their initiative without state funding. Other than the issues of affordability, the CSTEC training programs offered do provide an overall better 'bang-for-the-buck'. The CSTEC programs are more extensive, the programs have increased the overall level of training in the sector and the programs are used by more workers and companies within the sector than the previous CEC programs offered through HRDC.

Business and labour associations, brought together as a result of challenges to the steel sector, have been able to cooperate and work together (with the state) through consensus to formulate and implement training programs and policy in the sector. The

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186 Confidential interview of a CSTEC committee member.

Council has created clear policy goals which are realistic, flexible and attainable. Business and labour maintain a genuine commitment to the Council and view CSTEC as providing a value-added to the sector.

CSTEC represents a genuine sectoral corporatist initiative with the sectoral partners represented and directly involved in the formulation and implementation of training programs. Business and labour maintain a common interest in the development of a training culture within the steel sector and are willing to support this development. The CSTEC structure appears to possesses stability, flexibility and the ability to deal with internal and external changes to the sector and the labour market. Furthermore, the programs created by CSTEC have a long-term focus and, as a result, the Council will not become obsolete as soon as basic skill training programs have been completed by the steel workers. CSTEC appears to be a viable sectoral initiative. However, it is important to emphasize the fact that CSTEC has had more time to create solid relations between the sectoral interests, especially business and labour, and has also received more state funding than the other sectoral councils examined. These two factors play an important role in the development of a viable sectoral structure.

CSTEC: Indicators of Viability[187]
Table 4.4

Indicators of Viability	CSTEC	SSC	APSTC
I. History of the Sector Council			
created by the sectoral partners (primarily business and labour)	✔		
created as a result of challenges to the sector (a crisis of industry)	✔		
II. Organization and Structure *i. Structure*			
grass-roots initiative	✔		
council and training programs are created by the sector and for the sector	✔		
business and labour cooperation	✔		
realistic expectations	✔		

187 ✔/No indicates that the viability characteristic does exists, but that it is weak.

Indicators of Viability	CSTEC	SSC	APSTC
II. Organization and Structure *i. Structure (cont'd)* programs are formulated/ implemented by people who have knowledge of the sector	✔		
sectoral/corporatist structure (defined in chapter three)	✔		
sector partners have the freedom to determine their own structure	✔		
structure should have stability - not in a constant state of change	✔		
structure should be flexible - responsive to future change	✔		
business and labour agree on all aspects of the council and corresponding policy/ programs developed	✔		
representatives on the board and committees appointed by their constituency	✔		

Indicators of Viability	CSTEC	SSC	APSTC
II. Organization and Structure *i. Structure (cont'd)* structure is incorporated	✔		
structure has champions of initiative	✔		
set goals which can be accomplished	✔		
II. Organization and Structure *ii. Commitment* commitment of business, labour and government (financial or time commitment)	✔		
attraction to the idea of cooperation	✔		
common interests and goals of council - training provides a potential benefit to both labour and business	✔		
articulation and understanding of each others points of view	✔		
mechanisms for the resolution of disputes.	✔		

Indicators of Viability	CSTEC	SSC	APSTC
II. Organization and Structure *iii. Policy Goals* policy goals should be the melding of business and labour's goals and ideas of training	✔		
goals are feasible and attainable	✔		
goals are flexible and limited so as not to overextend themselves	✔		
III. Cost and Financing programs are affordable and sustainable	✔/No		
possesses the ability to become financially self sufficient prior to federal and provincial funding removal	✔		
council is able to maintain budget allocation and does not over-extend itself	✔		
programs are providing an overall better 'bang-for-the-buck'	✔		

Indicators of Viability	CSTEC	SSC	APSTC
IV. Quality of Training Programs			
working towards self-sustaining programs	✔		
overall level of training in the industry has increased	✔		
training is portable and incremental	✔		
programs are designed by the sector partners through consensus	✔		

Exhibit 4.1
Key Activities Performed by Joint Training Committees[188]

- *Needs Assessment*: Virtually all of the JTCs contacted had conducted a training needs assessment. This is an important first step in the development of a plant-wide training plan. Needs assessments are typically conducted through employee surveys (or a survey of a sample of employees) which are used to measure employees self-assessed training needs. In many cases, CSTEC's needs assessment questionnaire was used as a guideline and adapted to meet the particular needs and organization of each plant, and sometimes supplemented by existing materials from the company or from the union. The needs assessment attempts to qualify existing training practices and activity across the firm and across different trades etc. and to anticipate future training needs. Data generated by the needs assessment (as well as other material such as skill inventories) form the basis of the development of the training plan.

- *Training Plans*: Participation in the Skills Training Program requires that plants develop an annual training plan which identifies the types of training which will be conducted. The occupational groups for which the training is intended and approximate costs. Information gathered through the needs assessment and other data are synthesized and training priorities may be assigned. If the plant is large, the JTC committee "rolls-up" training plans submitted by individual departments. The training plan becomes a template for the plant's training for the following year.

- *Selection of Employees for Training*: JTCs are typically involved in the selection of individual employees for training (this was viewed as neither appropriate or feasible). However, JTCs are involved in the selection of employees for training to the extent that they identify employee "groups" (eg., supervisors) or occupations/positions (eg., welders) who will receive training. The timing and scheduling of individual employees within these occupational groupings is considered to be the purview of the manager or the work unit (depending on the organization of the plant). In most plants, the selection of the employees within these groups proceeds according to seniority rules.

- *Training Design and Delivery*: JTCs are often involved in the development and (re)design of training materials., Through the needs assessment and their own experiences, JTCs identify gaps where current course offerings do not meet needs or existing courses which are not appropriate to the unique organization or function of the plant. In the past, some JTCs have collaborated with community colleges to redesign existing courses or to develop new materials. In larger plants, in-house development of courses with the training and development unit may take place. Finally, many of the JTCs interviewed were involved in designing and piloting CSTEC courses at their plants.

- *Troubleshooting*: Some committee work is "complaint-driven". If workers' believe they aren't getting training or aren't getting the *right* training, they may approach the committee and the JTC will resolve the issue.

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188 Ekos Research, "CSTEC Skills Training," pp. 19-20

Exhibit 4.2 [189]
The CSTEC Adjustment Process

STEEL PLANT	CSTEC
* (pending) adjustment situation * formation of a joint labour-management project committee	* program information provided
Initial Phase	
* needs identification of displaced employees	* adjustment facilitators and seed money available to project committee on request * workplan and level of funding reviewed by CSTEC
* workplan and budget approved by CSTEC Employment and Adjustment Committee	
Implementation Phase	
* implementation of approved workplan	* ongoing support and guidance: disbursement of funds as per approved workplan
* services which might be provided: career counselling, job search training, relocation, small business advice, skill upgrading	
* project accomplishments/ final report	

[189] Ekos Research, p. 11.

Exhibit 4.3
CSTEC BENEFITS

FIRM

* An immediate advantage in terms of employability (though not persisting in the medium-term);
* Higher levels of client satisfaction;
* Less social and psychological stress from displacement;
* Higher levels of confidence in the future;
* More training and human capital;
* Cost-efficient delivery of training per hour of training.

SPECULATIVE

* Better industrial relations;
* Improved morale and productivity;
* Seeding of a viable adjustment approach within the steel sector and to other sectors;
* Better fit with emerging social and political trends (eg., partnership model, learning culture, government as enabler rather than parent, one-stop shopping).[190]

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190 Ekos Research, p. iv.

Chapter Five
The Sectoral Skills Council

The Sectoral Skills Council (SSC) is the largest and most dynamic sectoral training initiative analysed in this study. Despite two recessions and the industrial restructuring of the past decade, the electrical and electronics sector has enjoyed one of the highest rates of growth in Canadian industry. The industry accounts for 15 percent of the manufacturing GDP in Ontario and has been the only industry which has grown at a "faster rate (53 percent) and accounted for a larger share of the increase in total manufacturing GDP (55 percent) than the auto sector. This result is not completely surprising given the critical role of electrical products as the core enabling technology in the emerging information technology paradigm."[191] However, the 1980s recessionary economy, substantial increases in level of production and decreases in the overall level of sector employment, resulted in the electrical and electronics sector facing severe human resource problems. The lack of a clear and coherent human resource plan for the industry resulted in the creation of a corporatist sectoral training and adjustment initiative - The Sectoral Skills Council.

Funded by the federal government and the government of Ontario, the Sectoral Skills Council provides upside labour adjustment programs to individual plants within the electrical and electronics manufacturing sector. The focus of the Sectoral Skills Council has

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191 Wolfe, "Human Resources Think for Themselves," p. 6.

primarily been in Ontario, but recently the Council has begun to branch out into other provinces. The SSC covers adjustment programs from the simplest manufactured products such as baskets for a refrigerator light bulb to the Comdev aeronautical satellite equipment used on the space shuttle. The SSC process of adjustment is heavily driven by individual plants on a plant-by-plant basis through the Joint Workplace Training Committees.

This chapter will focus on the upside adjustment initiative of the Sectoral Skills Council and will be divided into four sections. Section one will discuss the history of the industry and the movement to incorporate a corporatist sectoral adjustment initiative. Section two will discuss the structure and organization of the council within the industry. This section will present the structure of the SSC, the sector commitment to the initiative and the policy goals of the council. Section three will outline the cost and financing of the councils, committees and programs. Finally, a brief discussion of the programs currently offered through the initiative, as well as, the programs which are currently in their final working stages. As with the preceding chapter, this chapter on the Sectoral Skills Council will explore the initiative in terms of the viability criteria.

I. History of The Sectoral Skills Council

In Canada, the electrical and electronics manufacturing sector represents both traditional assembly line production and highly automated manufacturing workstations. The industry is one of the largest, most diversified and quickly expanding industries in Canada and includes "makers of mature products such as consumer appliances, electrical

transformers and lighting fixtures, as well as those in leading edge technologies involving aerospace and telecommunications."[192] The electrical and electronics manufacturing industry, perhaps more than any other industry, is linked to almost every other sector of the economy. In Canada, as well as globally, the electrical and electronic sector serves consumer, industrial, commercial and government markets. Prior to the skill level and employment difficulties of the sector, the electrical and electronic sector employed 147,600 people in Canada and shipped $14.6 billion in goods.[193] However, in the wake of the 1981-1982 recession, business and labour began to realize that the industry suffered from a severe lack of technical expertise and would become altogether obsolete without immediate discussions of the pressing human resource issues facing the industry. As a result, the Sectoral Skills Council was created.

The electrical and electronics industry was faced with a number of challenges in the early to mid-1980s which resulted in the creation of the Sectoral Skills Council. Many of the companies within the industry were faced with increasing competition from foreign manufacturers. The competitiveness of the market, "with many new and changing products and processes [was] creating a volatile operating environment for many producers of electrical and electronic equipment. [The] fast and rapidly changing environment [had]

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192 Canada, Human Resource Report prepared by Employment and Immigration Canada Strategic Policy and Planning Labour Market Outlook and Structural Analysis. p. V.

193 Ibid. This is a figure from 1984.

become a permanent characteristic of the industry."[194] This forced many of the companies to go through painful periods of adjustment as the industry dropped by about a third. The early-80s recession forced most companies within the sector to downsize and reduce their overall levels of production. Between 1981 and 1982, hourly-paid workers job levels fell by 15.5 percent in that year alone. Total employment levels within the sector had declined by almost 14 percent from 161,900 in 1981 to about 140,000 in 1983.[195] By 1985, the employment levels within the sector had yet to recover from the loss.

Four factors can be attributed to the lack of an increase in the level of employment within the industry. First, the delayed rebound in employment was partially due to the slow growth of the markets in Canada. However, "despite the falling employment levels within the industry, the pressures generated by the process of restructuring [had] placed an even greater premium on the need for skills upgrading, especially among those with lower levels of formal schooling."[196] Second, there was significant upheaval in the sector due to corporate restructuring which was initiated by parent companies based in the United States. Third, there was an overriding emphasis on productivity (doing more with less) in the industry. Business practices were adopted to increase the overall level of productivity: rationalization, product advantages, new production methods and new management

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194 Employment and Immigration Canada, Strategic Policy and Planning, p. vii.

195 Employment and Immigration Canada, Strategic Policy and Planning, p. v1.

196 David Wolfe, "Human Resources," p. 11.

techniques. These practices created a more competitive environment which increased the need for firms to operate with the best possible efficiency and flexibility.[197] The adoption of these new business production practices had positive 'boom' effects on the industry. However, the need for the industry to create a forward-looking human resource agenda forced the labour market partners to observe that the industry's current level of employee requirements and employment expansion did not provide for their future labour market needs. In particular, the industry's workers did not have the required technical skill levels for a competitive advantage in the future. Individuals who were entering into the industry lacked sufficient technical expertise which were necessary for the future survival of the sector.

In 1985, business and labour associations from the electrical and electronics sector, joined together to study the human resource issues of the industry which "paved the way for joint actions aimed at producing solutions in the belief that working together is more effective than working separately."[198] According to an industry executive, business and labour came together as they felt that they could do a better job of spending training dollars than the federal and provincial governments could because the partners "had an immediate and absolute connection to the industry and there was a need to retrain people and therefore

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197 Employment and Immigration Canada, Strategic Policy and Planning, p. v1.

198 Sectoral Skills Council, Information Pamphlet.

an economic as well as social benefit."[199] The result of the initial discussions was the initiation of a federal Human Resources Report which analysed the current and future needs of the industry.

The four evident problems with the sector were noted in the 1987 Human Resources Report sponsored by Employment and Immigration Canada. The study was conducted in conjunction with a group of business and labour leaders from the industry and was directed to provide "participants with information [to] be used in developing policies and priorities for human resource development in the industry."[200] The study indicated that the technological and structural changes in the industry raised questions about whether the skills level internal to the industry could remain up-to-date with the trends and advancements external to the industry. The study found that "industry and government must encourage investment in both capital equipment and training in the new technologies in order to remain competitive in an international environment."[201] The study determined that the existing skills of those workers employed in the industry must be upgraded to meet the needs of the new technologies, changing work organization and changing responsibilities. New entrants into the workforce "must be equipped with all the basic skills required for companies to

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199 Confidential interview of a SSC executive.

200 Employment and Immigration Canada, Strategic Policy and Planning, p. 1.

201 Employment and Immigration Canada, HR Report, p. xv

train them as quickly as possible."[202] Finally, the study found that "the industry must continually develop and monitor its skills and training needs in order to keep pace with technology, productivity and other forces which are driving the need for change."[203] The data collected through the study indicated that the industry suffered from a serious lack of training and technical skills needed in the highly technical and export oriented electrical and electronics sector. The lack of the required highly skilled workers in the industry meant training and a clear human resources plan was necessary for the future survival of the industry.

In July 1987 the business organization for the industry, the Electrical and Electronics Manufacturers Association of Canada (EEMAC), two affiliated unions, the Communications and Electrical Workers of Canada (CWC) and the International Brotherhood of Electrical Workers (IBEW), and representatives from government and the educational communities met to discuss the EIC's human resource study. The human resource survey clearly identified the needs of the sector which, at that time, was faced with tremendous restructuring and international competition. The industry itself, motivated by the report, as well as their own information, approached the federal and provincial governments to assist

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202 Ibid.

203 Ibid.

the industry in forming a council which would address the needs pointed out by the study. [204] The result was the establishment of a joint labour and business steering committee whose mandate was to investigate the findings of the study. Five subcommittees were created between the steering committee's first meeting in October 1987 and the release of a comprehensive assessment study in January 1989. Training, retraining, technological change, and adjustment issues were the key areas identified and were the areas which were to be further developed.

As a result of the findings by the steering committee and the subcommittees, business, labour and government decided to create a jointly managed human resource structure. Business and labour identified the area of training and the productivity advantages accruing from solid training as the fundamental starting points of the initiative. The long-term survival of the electrical and electronics industry in Canada, business and labour agreed, would depend on the ability of the industry to remain competitive in the international marketplace. Resulting from business and labours agreement on the need to augment the industries' skills and training levels, the Declaration of Trust was signed on July 11, 1990. This marked the official founding of the Sectoral Skills Council of the

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[204] It is important to note that this was and is an industry driven process. As in the case of CSTEC, the industry approached the federal and provincial governments to assist them in the establishment of the sectoral training structure. As it is a product of the industry, by the industry and for the industry, the level of investment of the industrial partners is more significant than that of a government led and sponsored adjustment initiative. This is an important point in the overall analysis of the "viability" of the sectoral adjustment initiative in Canada.

Canadian Electrical and Electronics Manufacturing sector.

The Sectoral Skills Council consists of equal business and labour representatives from the industry. The Council's mandate, since 1990, has been to conduct a wide range of activities in the area of human resources in the industry that "directly benefits firms and workers in the Canadian electrical and electronics industry by improving the industry's competitiveness and the job security and economic well being of its workers. The Council operates from the position that adjustment and lay-off are ever-present issues."[205] The Sectoral Skills Council activities include: developing training programs, researching technological change and how the change affects the industry, and the financial operation of a Training Trust Fund.

II. Organization and Structure

The Sectoral Skills Council has a core national Council, three subcommittees and 175 Joint Workplace Training Committees. Membership in SSC has dramatically increased since its inception. In 1992, there were 6,700 people involved in the Fund, 25 sites, 19 companies and 4 unions. Today, membership includes 175 sites with 44,000 employees receiving training and 160 companies and 8 unions. The SSC started at a slow pace, going through the typical "growing pains" of a new initiative and as a result, between 1990 and 1992 there was little growth. However, in March 1993 the membership expanded

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205 Ibid.

significantly from about 8,000 people to 18,000 people in a span of six weeks. Since May 1993 to the present, the SSC has increased their membership from 18,000 to 44,000. The Council's Executive Director expects that the Council will add another 12,000 workers and JWTCs will increase to a total of 210 by the end of 1996.[206]

The core of the SSC initiative is the Executive Director, Greg Murtaugh, three support staff and two Associates from business and labour. The Director and the Associates form the 'Secretariat.' The Associates report directly to the Director, who is ultimately responsible for decisions and recommendations made to the Council. The Council has a co-chaired structure which serves to moderate discussions at the meetings and keep the agenda moving forward, the labour and management members of the Secretariat use the considerable influence they wield within their respective communities to recruit new firms and unions, represent the interests of their labour or management constituents, help clarify policy issues and solve problems, and promote the activities of the Council in public forums.[207] The small Secretariat was created to ensure that regular and direct contact with the members occurred. The Council provides policy direction to the subcommittees and support to the Joint Workplace Training Committees.

The national Council consists of twelve members - six business and six labour. Each

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206 Sectoral Skills Council, The Sectoral Skills Council's Leadership Series: Profiles of Successful Workplace Training Programs (Ottawa: Sectoral Skills Council, 1994)

207 Haddad, Sectoral Training Partnerships in Canada, p. 41.

of the Council members is nominated by their constituencies. The Council is co-chaired by a business representative and a labour representative. The six business representatives are senior-level executives who are members of EEMAC and the six union representatives are equally nominated by the respective unions within the sector. During the initial establishment of the Sectoral Council, the national Council met on a monthly basis, but as they became more established, the meetings began to occur on a quarterly basis.

The Council has a specific "role of council" guideline. Similar to a mandate, the role of council is

- to provide business and labour with a forum for discussion of the major human resources issues facing the industry, outside the collective bargaining process;
- to identify, and set overall direction for, human resource areas in which joint sectoral action would be appropriate and effective;
- to guide the work of individual issues - specific Subcommittees, to review, amend and approve their proposals/recommendation, and to act on them;
- to represent business and labour on human resource issues of joint concern, and to communicate the industry's views on such concerns to others (eg. government and education).[208]

Five working Subcommittees surround the Council. Each of the subcommittee's varies in size from 8 to 16 members and are co-chaired and equal. The Subcommittees consist of: The Training Committee, The Educational Committee, The Sectoral Change

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208 Sectoral Skills Council, Information Pamphlet.

Committee, The Apprenticeship Committee, and the recently formed Alberta Committee.[209] The Training Committee is responsible for the delegation of training funds and provides support for the joint workplace training committees. The Committee is responsible for the development of training programs in the industry and is currently working on the creation of a training record which will provide up-to-date records of training programs and units completed to the employees and employers in the industry. This enables the workers to see what training units they have completed and what additional requirements they have to fulfill. The training record allows the employers and employees to observe what their accomplishments have been and what requirements remain for them to complete the program criteria in the most cost-effective and efficient manner.[210]

The Educational Committee governs the SSC's relationship with educational institutions. The committee is jointly governed by equal business and labour representatives, but also has four representatives from community colleges who sit on the Committee. This committee "works with education providers to encourage greater responsiveness of the colleges, universities and high schools to the needs of the electrical and electronics industry,

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209 The Alberta Committee is not currently in operation. However, the purpose of this Committee is to set the foundation for the SSC and the creation of JWTCs in the province of Alberta. As of January 1996, the Committee was not fully operational. Discussions are also being held to create a Council in New Brunswick. To date the Council is only operative in Ontario and all of the participants of the Council (workers and employers) are located in the province.

210 Sectoral Skills Council, The Sectoral Skills Council Year-In-Review 1994-1995, p. 9.

as defined by labour as well as management."[211] More recently, the committee has taken on the role of creating and supporting universal recognition of college courses. The Educational Committee is responsible for the creation of the Council's BEST (Basic Education Skills Training) program which assists workers who have less than a grade 12 education and who feel uncomfortable with formal education to begin the process of lifelong learning.

The Sectoral Change Subcommittee was created to deal with the "process of workplace change, [and has] largely achieved the goals for which it has been established."[212] The Committee was created to observe the broad organizational and employment trends within the industry and outside of the industry, and to examine industrial reconstruction associated with technological change and public policy and human resource issues such as the development of skills standards. The Committee's functions have recently been concluded as the issues which they were addressing were overlapping with the work of the other committees. The members of the Committee have been absorbed into other subcommittees.

The Apprenticeship Committee works to promote skilled trade and apprenticeship issues and is currently working with the federal government to establish industry wide standards and standards in the apprenticeship programs taught by the colleges and high schools. In particular, the School-to-Work Transition Program has proven to be a successful

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211 Haddad, Sectoral Training Partnerships in Canada, p. 41.

212 Sectoral Skills Council, Year-In-Review, p. 8.

initiative in getting youth into the electrical and electronics industry. The Committee has also formulated and implemented an industry-wide certificate program which acknowledges the previously acquired skills of the trades employees and enables upgrading and portability.

The third and perhaps most dynamic tier of the Sectoral Skills Council is the Joint Workplace Training Committees (JWTC). There are approximately 175 operating JWTCs with an estimated establishment of 210 JWTCs by the end of 1996.[213] Each JWTC develops a specific corporate training plan and a JWTC must be in place at a workplace before they can begin to receive funding from the Council through the Training Trust Fund. According to Carol Haddad, "one of the distinguishing features of the Sectoral Skills Council is its extensive network of Joint Workplace Training Committees which is the route through which workplaces can access training funds."[214] The JWTCs role is to assess the training needs of the work site and identify gaps; to create training plans, programs and establish priority, and to recruit participants, deliver training programs and administer the training resources.[215] One of the functions performed by the JWTCs has been to encourage workers to learn about how and where to exercise their training rights and responsibilities, and to

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213 According to a confidential interview of an executive of the SSC, the Council is expected to pick up an additional 35 workplaces. It should be noted that the number of JWTCs exceeds the number of member firms as some of the larger companies have more than one JWTC in operation.

214 Carol Haddad, "Sectoral Councils as Models of Governance in Training and Adjustment." Paper presented at the Conference on the Emergence of Sectoral Councils in Canada (Montreal: January 12-13, 1996), p. 6.

215 Confidential interview of a SSC executive.

assist them in exercising those rights and responsibilities.[216]

The structure of the JWTCs is a joint co-chair committee of eight representatives: four from business and four from labour. Each site that joins the SSC creates a JWTC. If a plant is unionised, the structure of the JWTC is equal management and union representatives. In sites where the company is not unionised, employees are recruited to represent the workplace employees on the Committee.[217]

The workplace not the company joins the SSC. As an example, General Electric never joins the Council, but General Electric Peterborough or General Electric Nuclear joins whereas another General Electric plant might not join. Some plants have chosen not to join the Council as they are already at a 5 percent training budget and there would be no value added to their training budget. The Sectoral Skills Councils model of adjustment and the JWTCs are available to workplaces within the electrical and electronics industry if they choose to become a member.

The key to the success of the JWTCs has been their ability to enable the workplaces in the industry to "access government subsidized training funds, while at the same time, offering them an opportunity to shape their training programs jointly with their worker....(t)he sharing of authority on questions concerning training should, over time,

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216 Wolfe, "Human Resources," p. 25.

217 According to an executive member of the SSC who was interviewed, most of the newer members to the Council are non-unionised and small with fewer than 50 employees.

increase understanding, and possibly, the level of trust between employers and employees."[218] Each of the JWTCs develops corporate training in six principal areas: needs assessment, program development and delivery methods, delivery schedules, tracking, evaluation and, cost-benefit analysis. The JWTC designs their training programs to meet the specific needs of their workplace.

The workplace must contact the Council to begin the process of receiving funding and developing training programs. The process to join the Sectoral Skills Council and Training Trust Fund are clearly laid out by the Council's guidelines. The process is as follows:

1. JWTC is established. This is a joint body which will manage that workplace's "account" in the Fund. JWTC members require the full support of senior management as well as union executives, if the workplace is unionised.

2. Management and employees affirm their willingness to join the Fund. Representatives from the workplace sign a participation agreement with the Sectoral Skills Council. This agreement is to the effect that management and employees agree to participate in the Fund and to make the required contributions to it.

3. A formal application is forwarded to the Council to enter into the Fund. Part of the application process is to lay out a detailed plan of what the human resource needs of the workplace are and the training programs which are necessary to rectify these needs. The training plan is created after a training director is hired who works with the committee to develop a strategic plan for the workplace.

4. Once the application has been accepted by the Council, the Secretariat contacts the workplace to make sure that the representatives are clear about the procedure for making contributions to the fund. Contributions to the Fund must be made

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218 Wolfe, "Human Resources," p. 20.

monthly.[219]

Prior to the formal proposal of the JWTCs to the SSC, approximately "two thirds of the committees undertook some kind of formal analysis of their firm's training needs."[220] In other cases the needs of the workplace were evident and a formal analysis was not necessary. In most cases, business and labour came to the first JWTC meeting with a prepared list of priorities. Consequently, most of the conflicts between business and labour on the JWTCs were realised during this process as the result of business and labour having distinct views on what the needs of the workplace are and what constitutes training. In many cases, the difference between business and labour in terms of training had to do with the difference between business wanting to "undermanage" the training system and labour wanting to "regulate" it. Although these views can be seen as contrary to one another, business and labour have been able to find common ground. According to one business representative interviewed,

> when it all comes down to it business and labour have all got the same prosperity goals of how to make something that is dividing and shrinking into something that is growing again. No one whether they are union leaders or business leaders want to be on a losing team. As long as you recognize the other guys turf and avoid pontificating, I don't see why [business and labour] can't work together and they better bloody well learn because we are too small to have it any other way. You have to give up a little to get some.

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219 Sectoral Skills Council. Entering the Sector Training Fund of the Canadian Electrical and Electronics Industry. pp. 1-2.

220 Wolfe, "Human Resources," p. 26.

The `growing pains' associated with the initial start up of each JWTC, as well as the establishment of positive relations between business and labour, are facilitated by the Council through an extensive resource package provided to the new entrants. According to an interview, the creation of JWTC within the workplace has assisted in the enhancement of good relations within the workplace as well as with the representatives on the JWTCs. In some cases it has taken time for workplace problems to be worked out and for the levels of communication and trust to be increased. However, in general the JWTC representatives have been able to articulate their points of view and have been able to attain a clear sense of why they are involved in the Council and Committee. The sense of understanding and communication between the representatives has also helped to improve shop floor communications.[221]

The size and membership of the Sectoral Skills Council contribute to the diverse nature of the sectoral training programs. The Sectoral Skills Council represents a broad and diverse range of companies and unions from the electrical and electronics industry. According to an interview in August 1996, the Council's membership consists of 8 unions, 128 companies, 175 JWTCs and 44,000 members. Table 5.2 illustrates the growth in the size

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221 Wolfe, "Human Resources," p. 28. The results of interviews conducted by Wolfe illustrate that several committee members have indicated that though the consultative environment of the committee has helped to improve shop floor communications.

of companies, unions, work sites and employees in the Training Fund.[222]

If you calculate the broadly defined industry, which is the electrical and electronics industry and more recently the addition of telecommunications into the sector, as well as other technologically driven companies, the number of employees in the industry is more than 123,000. However, this does not represent all of the workers who are being trained. Therefore, of the 123,000 employees in the electrical and electronics industry 44,000 are currently receiving training. Analysis of the Membership report reveals that rapid growth in membership has occurred in the Sectoral Skills Council between March 1994 and June 1995. Prior to March 1994, growth in membership was marginal.

The firms which have joined the SSC represent large, medium and small firms and include members from companies involved in high-technology and low-technology users, Canadian firms, American firms and some foreign-owned multinational companies. Some of the larger members include: Honeywell, Asea Brown Boveri, General Electric, Comdev, Camco and Westinghouse. The size of the companies which have joined the SSC has changed dramatically in the last number of years. In the initial phase of the SSC most of the companies associated with the Council were large unionized firms. More recently, the firms have been small to mid-sized firms with less than 50 employees and generally non-

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222 Table 5.2 provides the date of membership for the companies and union in the Sectoral Skills Council. The final membership numbers in the table two represent membership numbers taken as of March 1995. The more recent data in the text are taken from data collected in May of 1995. Once again, this should illustrate the rapid and significant growth on the Council in terms of membership and industry buy-in. Table 5.2 can be found at the end of the chapter.

unionized.[223] The increase in the number of non-unionized firms has resulted in more than 70 percent of the Council members being non-unionized. The unions that are involved with the Council include: the Communication and Energy Paper Workers Union (CEP), the Canadian Auto Workers (CAW), the International Brotherhood of Electrical Workers (IBEW), the United Steel Workers of America (USWA), the International Association of Machinists and Aerospace Workers (IAM), the International Federation of Professional and Technical Employees, the United Electrical, Radio and Machine Workers of Canada (IFPTE) and the Laborer's International Union (LIU).

According to interviews conducted with individuals from the Council, the diversity of the industry is reflected in the SSC, the subcommittees and in the JWTCs. Despite the different unions and firms who are members of the SSC, there is a very high level of agreement about what the Council's central purpose and priorities are. This is reflected in the Council's accomplishments to date: the development of a large Training Trust Fund, the recruitment of a number of unions, firms, employees and the establishment of 175 JWTCs operating at the plant level. This is also reflected in the Council's and Committee's development of industry skill standards, prior recognition of skills through college courses and other initiatives which have been created by the industry and for the industry.

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223 Haddad, Sectoral Training Partnerships in Canada, p. 42. According to Haddad, the dramatic shift in the number of small and mid-sized firms joining the Council can be seen as follows; thirty sites have less than fifty employees, and eighty-five percent of member firms employ fewer than three hundred employees.

The model of adjustment for the Sectoral Skills Council is founded upon the premise that the industry cannot be the sole provider of training programs and that government alone should not be the sole funder of training programs. Labour and business have agreed that if practical training is to be provided to the industry and if the industry wants to develop a 'training culture' they must provide training at the sectoral level and it must be driven by the industry and the industry leaders. The model of adjustment has created a balance between each workplace determining their own training plan and government and business financially supporting these training plans. The second facet of the SSC model of adjustment is the Councils ability to look at the industry's supply points. This has meant forging relationships at an early stage with the educational system; secondary, college and university levels of education.

There are some tensions and conflicts between the interests which occur mostly over philosophical difference in terms of fund contributions and how training is defined. Labour believes that business should pay a higher percentage of payroll, while business believes that 1 percent of payroll is sufficient. Adding to the contention over the issue of funding has been both the federal and provincial governments' inability to guarantee long-term funding.[224]

Disputes are frequently resolved by the Council and subcommittee members. The

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224 This obstacle of guaranteed long-term funding by both levels of government plays a larger role in the SSC than it does with the CSTEC. Through interviews it was discovered that CSTEC has the ability to operate without substantial funding whereas the SSC would find it difficult.

resolution process has a separate caucus meeting to assist labour and management in working through their differences. However, if a consensus is not reached, the Secretariat work with their respective co-chairs and resolve the issues outside of the meeting. In general, disputes are very atypical and infrequently occur. According to a confidential interview, business and labour quickly discovered that they had more in common in terms of their long range goals and objectives. Consensus was not difficult to attain and quickly after the establishment of the Council business and labour started working more as a team. However, some problems do occur over the issue of funding and content of training programs.

As with any initiative which places historically antagonistic interests together, there are a few definitional and language differences. Business and labour can, at times, speak very different languages which result in communication problems within the Council and Committees. These differences are apparent in how business and labour define success. In a study conducted by Carol Haddad she summarized each of the interests response.

Management Members

- recognition of SSC's leadership in upside skills training by business & government
- extent to which jointness is being achieved at workplace and Council levels re: training
- agreement by labour and management on various issues that have emerged (eg., apprenticeship, technological change)
- workplaces that effectively use the training
- growing in the number of Council members

- providing services to members
- training fund's existence and growth

Union Members

- the amount of training taking place and the amount of workplace support among current members
- numbers of companies, workplaces and people involved, and numbers of dollars spent on training[225]
- arriving at consensus for common good of industry
- high involvement on the Subcommittees so that programs begun are followed through
- colleges opening access to employees
- any upgrading of members' skills.[226]

All individuals interviewed from the Sectoral Skills Council, stated that the creation of the SSC and the JWTCs have enhanced relations and consensus between business and labour, increased the levels of training within the industry, increased the overall funding commitment of industry and have served as a catalyst for arriving at resolutions to conflicts. Each individual interviewed noted that disagreements were infrequent, but countered their statement with the observation that disagreements which did occur were based on the

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225 Haddad, Sectoral Training Partnership in Canada, p. 60. Haddad notes that "the second most frequently mentioned obstacle to Council success was inadequate commitment from companies in the industry that have not yet joined the Council.....Two key explanations were offered--fear and lack of available time outside of working hours to attend classes."

226 Haddad, Sectoral Training Partnerships in Canada, pp.56-57

philosophical difference between business and labour and noted that these differences were dealt with through discussion and debate.

III. Cost and Financing of the SSC

The SSC is jointly funded by the Council members, the federal and provincial governments. The Sectoral Skills Council has one important difference from other sectoral initiatives - The Training Trust Fund. Essentially the Trust Fund sets a certain percentage of payroll which each member company must contribute to the central fund. Each participating workplace has a self-contained account. This means that the account is directed at the workplace and is not distributed to other workplaces. Funding is distributed according to the human resource plan submitted by each JWTC. The Fund is the total pooled amount of contributions by the industry which is then equally matched by the federal and provincial governments.

Companies who wish to join the Trust Fund must be members of the electrical and electronics sector or aligned with an industry that works with the sector. There is essentially one overriding rule of the Fund, which is that training programs where Fund money is used must be portable, incremental and over and above what the company has been legally required to do. Additional Fund money goes to the administrative costs for the Council, Subcommittees and JWTCs. Money is also provided by the Fund for the formulation and implementation of new programs. The Training Trust Fund covers the costs of tuition, lost production time of the trainees, travel and accommodations of the trainers, books and

supplies, trainers and teacher's salaries, curriculum development and the rental for office facilities.

The Sectoral Skills Training Trust Fund is considered the operative mechanism for the upside adjustment initiative in the electrical and electronics industry. The Trust Fund was established in 1990 when the formal Declaration of Trust was signed. The formula for the fund is 1 percent of payroll or wage bill for each of the member firms. The 1 percent figure represents a 50 percent contribution from the private sector, "paid by the firm on behalf of the employer and employees, a 25 % contribution from the federal government, and a 25 % contribution from the government of Ontario."[227] The contribution mechanism for unionized and non-unionized workplaces is different. The employee's contribution is indirect in unionized plants and is decided through local negotiations. In non-unionized workplaces, "the employer consults with the employee to determine the most practical mechanism for contribution."[228] An example of the public sector and private sector contribution to the Sectoral Skills Council can be seen in Table 5.2 at the end of the chapter.

This initial funding arrangement has changed since its inception in 1990. Rather than the initial one to one funding relationship, according to an interview, it is more like four-to-one with industry putting in four dollars for every government dollar. The key features of the Training Trust Fund are as follows:

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227 Haddad, Sectoral Training Partnerships in Canada, p. 43.

228 Sectoral Skills Council, Information Pamphlet.

- Participation in the Fund is voluntary. In each workplace, both the employer and the employee group(s) must agree to participate.

- The Fund is designed and operated by the electrical and electronics industry. It is jointly managed by management and employees, at both the workplace and sectoral level.

- The Fund focuses on skills for the "upside," but includes a capacity to address the "downside."

- Funded training is intended to be "incremental" (that is, over and above what the workplace is already doing).[229]

The objectives of the Fund are to:

- increase the number of firms engaged in training;
- promote awareness of training needs;
- encourage business and labour to work together on training problems;
- enhance the effectiveness of training delivery and response to adjustment situations;
- increase the amount of money being spent on training.[230]

As of August 1996, the actual funding arrangement was 8 million from industry and 8 million from government - 4 million federal government and 4 million provincial government. This is a small decrease in terms of overall funding from January 31, 1995 where the fund was at a total value of 18 million.[231] Contradictory to this loss in the overall Fund value, a confidential interview stated the contribution from industry and government has been an "escalating sum per annum."[232] Additionally, the same interviewee stated that

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229 Sectoral Skills Council, Information Pamphlet.

230 Sectoral Skills Council, Fund Facts: Type II Training Major Features

231 Haddad, Sectoral Training Partnership in Canada, p. 43.

232 Confidential interview of a SSC executive.

"in none of the years so far have we used all of the money available to us."[233] The Sectoral Skills Council has calculated that they have spent (in fiscal year 1995-1996) approximately 7 million dollars on their training initiatives. This means that the federal and provincial government put in three and a half million. However, "if you take that quarter of about a million six and when you add in the private sectors contribution of hard dollars plus the wage cost because keep in mind that the vast percentage of the wages and benefits are covered by the private sector, we think that we are spending about 30 million dollars a year. So the federal government puts in about 1.6 million and the end result is about 30 million."[234]

Initial agreement over the funding of the Sectoral Skills Council was based of a four-way split - business, labour, federal and provincial. However, due to dissatisfaction and potential withdrawal of union support in the industry as a result of what the unions perceived to be an inappropriate and inequitable funding arrangement, most employer/employee contributions come from the employer. As one member of EEMAC noted, the conflict that had arisen over the funding arrangement with the unions became an obstacle to the realization of the initiative. In response to unions dissatisfaction most of the business members of the SSC decided that it was not worth cancelling the initiative for an extra .25

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233 Ibid.

234 Confidential interview with an executive of the SSC.

of 1 percent.[235] In practice, all of the unionized firms pay the total share of the employees' contributions while non-unionized firms have negotiated agreements with the employers. A subsequent reason for management's decision to take control of the funding also had to do with disagreements over the amount of funding. According to Wolfe, the unions "originally sought a funding level of two and a half per cent of payroll. Some of the unions involved in the original negotiations demanded that management pay the entire private sector share of the cost. Other unions were prepared to accept the principle that employers and employees would share the private sector contribution on the understanding that the issue of the employee contribution could be a subject of negotiations."[236]

Agreements with the federal and provincial governments are not separate and do not cover different facets of the funding process as in other sectoral arrangements. Both require that training be portable (training that is applicable to other workplaces and non firm-specific) and incremental and not training which is regulated by the state.[237] In Ontario, training is channelled through OTAB and federal funding is channelled through HRDC. Both the federal and provincial governments have committed up to 12 million dollars over

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235 Confidential interview of a member of EEMAC and the SSC.

236 Wolfe, "Human Resources," p. 23.

237 Portable training is defined quite broadly by the SSC. Portability is broadly defined on the notion that all training makes an individual more employable. As a result, most of the training proposals presented to the Council have not been denied based on the type of training alone. According to a confidential interview, the Council has been defining portability as any skill that makes for a marketable or employable person within the industry, broadly speaking.

five years.[238] The federal and provincial governments require that the SSC provide them with a statement of expenditures on an annual basis although an expenditure statement is generally provided on a monthly basis.

The Sectoral Fund allocates training based on a defined 'type-categorization' of training programs. The Council offers four types of training and funds each training type differently. Funding for administration costs is also distributed separately. Type I Training, which is basic skill upgrading, receives 62 percent of Fund allocation. Type II Training covers general education and training and receives 20 percent of total Fund allocation. Type III Training, based on an employee group-directed, training is allocated 10 percent of the Fund. Type IV Training, covers contingency for closure, but does not have a designated fund percentage.[239] Finally, administration costs for the Council and Secretariat receive 8 percent of Fund expenditures.[240]

The Sectoral Skills Council spends approximately "$500,000 per month or $6 million per year on training."[241] In the Sectoral Skills Council's 'Year-In-Review' they describe 1994-1995 as the "break through year" with training expenditures reaching almost

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238 Sectoral Skills Council, Information Pamphlet.

239 Funds are available to cover the necessary downside adjustment. This funding covers both the cost of trainers and the cost of training.

240 Sectoral Skills Council, Information Pamphlet.

241 Haddad, Sectoral Training Partnerships in Canada, p. 57. Haddad notes that the most recent Council figures as of December 31, 1994 show training expenditures of over $5,500,000.

$6.8 million. This is a stark difference from 1993-1994's expenditures of $2.6 million.[242] The Fund has increased from 2.2 million in 1993-1994 to 6.6 million in 1994-1995 and an estimated 9.9 million in 1996. Monthly training expenditures have also increased from $.7 million in October 1994 to $1.1 million per month in October 1995.[243] The money is channelled directly from the Trust Account to the workplace. In some cases there may be two training funds in the workplace. One is the company training fund and the other is the SSC Training Trust Fund. According to an individual interview from the Council, "one of our measures of success is the degree to which the two funds become one and we are having some success. The Committees are the key to this sort of thing and if there is a training culture then it will only be as good as the quality of the JWTC. To speak frankly, we have sites that range all the way from turkeys to eagles, but I would suggest that the weak sites might be a half a dozen at a maximum."[244]

IV. SSC Training Programs Offered

The Sectoral Skills Council has made technological skills upgrading and innovation the cornerstone of their training initiative. While utilizing their supply points of the educational community, the Sectoral Skills Council has created a multifaceted training

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242 Sectoral Skills Council, Year-In-Review 1994-1995, p. 5.

243 Wolfe, "Human Resources," p. 34.

244 Confidential interview of a SSC executive.

initiative which includes: on-the-job training (specific skills upgrading), general education, apprenticeship programs, and school-to-work programs. More recently, the SSC has begun to work on industry wide standards for training and education. Appendix F provides a sample of training activities under the sectoral Training Fund.

All of the Sectoral Skills training programs are created with a global focus. This represents a difference in terms of the types of training which had occurred prior to the establishment of the SSC and the programs which are offered through the Council. According to an interview, the global focus was an element of training that both business and labour felt was important to the success of the initiative; "we are globally focused by our very nature and much more externally oriented so therefore we have to reflect training needs that will allow companies to be more competitive so inevitable we have to look out for it and our members force us to do it." The individual interviewed also noted that the members "choose the training and the training has to be training that will keep them employed, that is training that will make the firm more competitive and that is really what it comes down to."[245]

Training programs created by the Council are divided into four "Types" of training. Type I training consists of programs which cover skills upgrading and on-the-job training. These programs are intended to include training which is "over and above what the firm is already doing. It [provides] basic or technical skills directly relevant to the trainees' jobs

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245 Confidential interview of a SSC executive.

in that workplace and 'portable' skills. Portable skills should have direct application in other firms in the industry. Portable skills training must upgrade, update, maintain or broaden existing skills."[246] Programs under Type I, provide incremental training in basic or technical skills which are directly relevant to jobs in the workplace and industry. Examples of Type I programs are: literacy, math, trades updating, generic computer skills etc.[247] Most of the workers enrolled in Type I training receive their training from community colleges (35%). Additional training programs are provided on-the-job (31%), at outside training facilities (21%), in high schools (4%) and in universities (3%).

Funds for Type I training are controlled by the JWTC and the total funds available to the JWTC for Type I training are limited to the funds available to the workplace through their Trust Fund Account. Type I training has three main programs: technical upgrading, basic skill courses and interpersonal skills. On average, the "training programs last one week (37 hours), with slightly less time for office workers than plant workers. They cost about $ 357.00 per worker per course."[248] The expenditures for Type I training have grown incrementally over the years.

Type II training consists of general education training which is geared toward increasing the technical and skills level of the workers current employment. However, the

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246 Sectoral Skills Council, The Operating Handbook of the Sectoral Training Fund. (Ottawa: Sectoral Skills Council, 1993), p. 21.

247 For additional information on the types of programs offered see Appendix F.

248 Wolfe, "Human Resources," p. 30.

training does not have to be job related and may include training which can enhance the workers future employment opportunities. Type II training funds the "same training as Type I, but doesn't restrict it to the requirements of the worker's current job. It may be more career-related, and include training to position the employee better for future career opportunities."[249] Examples of training programs offered under Type II training include: literacy training above current job needs and academic training for current advancement. Type II training must be initiated by the worker and must be approved by the JWTC. Employees who wish to take training programs that fall under the Type II heading are "entitled to a maximum of $3,000 once every three years, and if circumstances warrant, the maximum can be for up to $5,000. The JWTCs are to decide what constitutes these special circumstances."[250]

Type II training accounts for 20 percent of the Fund expenditures. Nevertheless, this type of training is infrequently used. There are two reasons for the limited use of Type II funds. First, the programs have substantial costs associated with them. Costs such as tuition and books are generally more expensive than the funding provided and, as a result, the employee has to make up the difference in cost with their own money. Secondly, many workers are unfamiliar with the fund and proposal process which involves considerable time obligations on the part of the worker. In recent years the JWTCs have begun to promote the

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249 Sectoral Skills Council, Information Pamphlet.

250 Wolfe, "Human Resources," p. 35.

use of Type II training and have made the application process more accessible. This has resulted in a recognizable increase in the number of workers who use the fund to augment their learning process and pursuit of lifelong learning opportunities.

Type III training provides employee group-directed training. This type of training was created to give groups of employees workplace and process skills. Eligible training under Type III consists of the following:

i. Group-sponsored courses/seminars. This is aimed at training all members of an employee group.

ii. "Process" training. This helps employees acquire skills they need to participate effectively in the Training Fund process.

iii. "Environmental" training. This helps give employees information/training about what is happening in the industry, among competitors, etc. (e.g. courses in the economy of the industry).[251]

Group training is divided into 9 basic categories: professional upgrading, technical training, health and safety training, trades apprenticeship, basic skills (french/english, numeracy, computer literacy), group and/or interpersonal-relayed skills, generic technology-related skills, process training related training issues, and environmental training. Type III training also gives the unions the opportunity to provide labour-led training exercises and management the opportunity to sponsor programs which can increase the workers knowledge of the company and their communication and management skills.

The final type of training created by the SSC is training that assists workers through

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251 Sectoral Skills Council, Information Pamphlet.

downside adjustment. This fund was created to "act as a contingency fund to be used in situations of plant closure or partial closure."[252] Type IV training is directed primarily towards local workers and managers to assist workers. These individuals are trained in the event of plant closure and complete programs which assist them in counselling their peers to the adjustment process. The funds for the Type IV training come from the funds of the Type I, II, and III. Additional funding is available to the workers facing adjustment and "in the event of closure of the workplace, its entire account can be redirected locally to help address the closure."[253] Mechanisms are in place which allow the JWTC to receive funding from the federal and provincial government to assist in the process of adjustment. A Worker Adjustment Training Team (WATT) is also created when partial or full closure is announced. Since the creation of Type IV training, very few plants have suffered from significant adjustment. Consequently, there is limited information on these programs.

Types I to IV training cover most of the training initiatives in the sector. However, the Sectoral Skills Council has created additional programs for the workers of the electrical and electronics sector, as well as, future entrants. One such program is called the School-to-Work Transition Program. The objectives of this program are to reduce the gaps between the curriculum taught in high schools and community colleges and the required skills needed in the industry. The structure for this initiative consists of a national steering committee

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252 Wolfe, "Human Resources," p. 36.

253 Sectoral Skills Council, Information Pamphlet.

with 14 members from business, industry, education, labour and students. Additional local steering committees have also been created. The lead partners of this program are the federal government (HRDC), Sectoral Skills Council, North York Board of Education, Niagara College of Applied Arts and Technology and additional school boards, community colleges and industries. The end goals of this initiative are to create a standard curriculum for colleges in manufacturing technology, improve the skills of workers or potential workers and improve the access to students who wish to improve their generic skills through on-the-job experience. The School-to-Work program has a cost-shared budget of 2.4 million with the industry and education responsible for about one third of the cost. The program began in 1994-1995 with a time line of two years at which point the government funding will be withdrawn and the industry and colleges will take over the funding process.[254]

The Sectoral Skills Council has also been involved in the creation of national industry standards for the electrical and electronics manufacturing sector. The goal of this project, which is funded by the federal government, is to "develop a national occupational standard for the industry based on the actual duties performed by the manufacturing workforce. Once generic skills requirements are identified, young people can begin to acquire them in high school. Thus, the initiative complements the school-to-work transition project."[255] The generic skills identified will also be used to develop the appropriate training

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254 Wally Beevor and Betty Ross, School-to-Work: Transition for the 21st Century (Information Pamphlet).

255 Sectoral Skills Council, Year-In-Review, p. 15.

curriculum for the industry and create an industrial standard which is necessary for the future competitive advantage of the industry.

V. Conclusion

The Sectoral Skills Council represents the most diverse and dynamic council in this study. The structure of the Council and the diversity of its membership has allowed the SSC to create a unique, decentralized and grass-roots structure. The JWTCs, the core of the initiative, creates programs which are geared directly towards the needs of each worker and member workplace. As a result, the benefit received for the cost incurred is tangible. Even more substantial have been the results accruing from the creation of the Council itself. According to one interview, "companies have said that the fact that the SSC is around has encouraged them to train rather than lay [workers] off and go out and get new ones."[256] This result, coupled with the obvious increase in the skills level of 44,000 workers and the increase in consultation and cooperation between business and labour, has proven that Sectoral Skills Council represents a viable sectoral initiative.

The SSC has significant potential to achieve self-sufficiency and remain viable in the future. The viability of the SSC can be directly attributed to the fact that the Council has always been "industry owned and industry driven and it was their initiative and we [at OTAB] were there with some extra dollars to make it attractive, but there is no question in

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[256] Confidential interview of a SSC executive.

the minds of the Sectoral Skills Council that this was their baby, not just a government program."[257] The Sectoral Skills Council has succeeded in providing an increased amount of training in the industry and educational community. The training programs have assisted many companies and workers within the industry to meet the demands of rising skill levels and technological innovation. In the electrical and electronics sector, keeping pace with rapid technological change and innovation is the key to its industrial survival. The SSC provides the sector with training programs to ensure the industry's competitive advantage.

As can be seen in Table 5.1, the SSC represents a viable sectoral initiative, falling short only in terms of business and labour cooperation and strong industry buy-in. Of some note, business and labour cooperation has improved significantly since the inception of the Council. As mentioned, tension between business and labour had resulted during the initial structural 'gel' period. Many of the conflicts experienced by business and labour over philosophical differences in terms of structure, funding and program content have been resolved.

The Council's membership includes most of the larger companies within the industry and, more recently, has begun to include some of the smaller and medium sized firms. However, the Council's membership is still just over one third of the industry (44,000 members versus 123,000 industry employees). A SSC executive who was interviewed stated that the membership numbers were continually rising as companies observe the results and

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257 Confidential interview with a member of OTAB.

benefits of the SSC training programs. Although only a third of the industry is involved with the SSC, the reason that the Council will remain viable is due to the involvement of most of the larger firms within the sector and the commitment of the business and labour associations in ensuring that the Council continues to provide training to the sector.

The JWTCs, I believe, are an essential structural element which contribute to the viability of the SSC. The workplace committees bring business and labour together at the plant level where training is needed the most and where the JWTC can create programs (although the training programs must be portable and incremental) specifically suited to their branch. Furthermore, the Council's emphasis on the JWTCs has allowed many employers and employees to create a better working environment through discussion during the committee meetings.

The catalyst of an overall declining skills level in the sector brought business, labour and government together and assisted in the creation of a viable sectoral corporatist initiative. The inclusion of the sectoral partners in the creation of the Council resulted in the adoption of realistic and attainable policy goals which are both flexible and representative of business and labour's philosophy.

The creation of the Training Trust Fund has also contributed to the viability of the initiative as each plant contributes to their own individual fund which is then supplemented by federal and provincial funding. The medium to long-term funding goal of the Council is to create a trust fund which is self-sustainable. This is quite possible, however as with CSTEC, the SSC will have to downsize (to an extent) the scope of some of its programs.

Business and labour interests from the sector appear to be committed to the present and future success of the Council and training programs. Both interviews of Council members and research for this thesis indicates that the SSC will be able to attain self-sufficiency once federal and provincial funds are removed. The ability for the SSC to continue without regular state funding is in contrast to the Auto Parts Sectoral Training Council which will be discussed in the following chapter.

SSC: Indicators of Viability [258]
Table 5.1

Indicators of Viability	CSTEC	SSC	APSTC
I. History of the Sector Council			
created by the sectoral partners (primarily business and labour)		✔	
created as a result of challenges to the sector (a crisis of industry)		✔	
II. Organization and Structure *1. Structure*			
grass-roots initiative		✔	
council and training programs are created by the sector and for the sector		✔	
business and labour cooperation		✔/No	
realistic expectations		✔	

258 ✔/No indicates that the viability characteristic does exists, but that it is weak.

Indicators of Viability	CSTEC	SSC	APSTC
II. Organization and Structure *1. Structure (cont'd)* programs are formulated/ implemented by people who have knowledge of the sector		✔	
sectoral/corporatist structure (defined in chapter three)		✔	
sector partners have the freedom to determine their own structure		✔	
structure should have stability - not in a constant state of change		✔	
structure should be flexible - responsive to future change		✔	
business and labour agree on all aspects of the council and corresponding policy/ programs developed		✔	
representatives on the board and committees appointed by their constituency		✔	

Indicators of Viability	CSTEC	SSC	APSTC
II. Organization and Structure *I. Structure (cont'd)* structure is incorporated		✔	
structure has champions of initiative		✔	
set goals which can be accomplished		✔	
II. Organization and Structure *ii. Commitment* commitment of business, labour and government (financial or time commitment)		✔/No	
attraction to the idea of cooperation		✔	
common interests and goals of council - training provides a potential benefit to both labour and business		✔	
articulation and understanding of each others points of view		✔	
mechanisms for the resolution of disputes.		✔	

Indicators of Viability	CSTEC	SSC	APSTC
II. Organization and Structure *iii. Policy Goals* policy goals should be the melding of business and labour's goals and ideas of training		✔	
goals are feasible and attainable		✔	
goals are flexible and limited so as not to overextend themselves		✔	
III. Cost and Financing programs are affordable and sustainable		✔	
possesses the ability to become financially self sufficient prior to federal and provincial funding removal		✔	
council is able to maintain budget allocation and does not over-extend itself		✔	
programs are providing an overall better 'bang-for-the-buck'		✔	

Indicators of Viability	CSTEC	SSC	APSTC
IV. Quality of Training Programs			
working towards self-sustaining programs		✔	
overall level of training in the industry has increased		✔	
training is portable and incremental		✔	
programs are designed by the sector partners through consensus		✔	

Table 5.2
Sectoral Training Fund Membership Structure[259]

	Feb./93	Mar./93	May/94	Aug./93	Sept.94	Mar./95
Companies	19	38	76	84	92	102
Unions	4	4	6	6	7	7
Worksites	25	50	100	108	117	154
Employees	8,000	18,500	33,000	34,000	35,500	42,253

[259] All information was obtained through the Sectoral Skills Councils Information Sheet.

Table 5.3
The Sectoral Skills Council
Private/Public Sector Contribution[260]

JWTC	Members	Gov't Contributions Jan-June '94	Private Sector Contributions Jan.-June '94	Sub-Total	Estimated Lost Time Contributions by Private Sector **	Total Contributions	Private sector Contribution as % of Total
Lexmark	80	$10,828.04	$10,828.04	$21,656.08	$29,484.00	$ 51,140.	78.8
Atlantis	200	50,162.79	50,162.79	100,325.58	27,820.	128,146.	60.9
Beck	425	24,447.23	24,447.23	48,894.46	161,590.	210,485.	88.4
CabTech	250	19,045.96	19,045.96	38,091.92	105,027.	143,119.	86.7
ComDev	540	66,101.72	66,101.72	132,203.44	219,817.	352,020.	81.2
Ford Elec. (Jan.Mar. '94)	1600	75,615.98	75,615.98	151,231.96	476,346.	627,578.	88.0
Gould-Shawmut	221	15,912.74	15,912.74	31,825.48	58,461.	90,287.	82.4
Moloney (Jan - May '94)	85	5,913.21	5,913.21	11,826.42	13,754.	25,580.	76.9
Newbridg elec (Jan - May '94)	950	126,056.79	126,056.79	252,113.58	826,145.	1,078,259.	88.3
Rex Manu.	90	7,431.86	7,431.86	14,863.72	27,690	42,554.	82.5
Wesco	175	121,799.54	121,799.54	243,599.08	32,084.	275,683.	55.8
Rogers Com.	1500	64,998.00	64,998.00	129,996.	1,004,614.	1,132,610.	94.3
Texas In. (Jan - May '94)	150	10,783.00	10,783.00	21,566.00	28,600.	50,166.	78.5

**Based on an industry average of $20.00 per hour plus benefits of 30%.

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260 Ibid.

Chapter Six
The Automotive Parts Sectoral Training Council

The Automotive Parts Sectoral Training Council represents the newest sectoral training council analysed in this work. The automotive parts industry includes the manufacturers of motor vehicle parts, systems and accessories. The industry consists of both large and small manufacturers, with about 50 percent of the industry owned and operated by the American 'Big Three'- Chrysler, Ford and General Motors. Growing pressure from the automotive assemblers, global competition and the strength of the manufacturing industry in the United States created an environment in the Canadian automotive parts industry, which demanded an increase in the skills level of the production workers. In particular, the North American Free Trade Agreement (NAFTA) and the skills required to maintain a competitive level of production and quality, forced the Canadian automotive parts industry to evaluate their human resource needs. This resulted in the 1985 Employment and Immigration Canada study on the human resource issues of the industry.

The report determined that the industry needed to augment the skills level of the line workers. This meant production training and general skills upgrading. As a result of the report, the industry's business organization and the labour unions decided that they should attempt to create an industry wide training program which would facilitate the training process. In 1991 the Auto Parts Sectoral Training Council (APSTC) was formed.

The APSTC appears to be on the verge of collapse with little hope for restoration.

Although APSTC has been able to send approximately 2,000 production workers in Ontario through the first level of their training program, the initiative suffers from a lack of sectoral partner commitment, grass-roots created programs and the ability to attain self-sufficiency. These deficiencies will, I believe, result in the discontinuation of the APSTC unless there is sufficient motivation to change the structure of the initiative and increase the participation and commitment of the sector.

This chapter will discuss the upside adjustment initiative of the APSTC. I begin with a brief history of the industry and the creation of the Council. Following this discussion will be an evaluation of the structure and organization of the Council. The chapter will then analyse the cost and financing of the initiative, as well as, the programs offered by APSTC. In concluding this chapter, I will discuss the problems with the APSTC initiative and establish why the Council may potentially fail.

I. History

The Auto Parts Sectoral Training Council was developed as a result of two human resources studies conducted by the federal government through Employment and Immigration Canada. The first study (1985) concluded that the future survival of the industry was dependent upon the augmentation of the skills level of the workers. The report titled, Why People Count, determined that "human resource issues would be crucial for the continued competitiveness of the automotive industry and recommended a major training

effort for the automotive industry."[261] This report was followed in 1991, by a subsequent EIC study which "tracked the industry's progress in terms of technological change and human resource issues. The sector study also made a number of recommendations related to policies, programs and industry practices needed for long-term survival."[262] Both reports cited the onslaught of new competitive pressures, new technology and greater assembly requirements for product quality as the quintessential problems of the industry. The 1985 report and the 1991 sector study on the automotive parts industry, identified six important changes that were affecting the industry:

- technological innovations, introduction of new materials and computerization, as well as innovations in management and work organization;
- growth of Japanese market shares at the expense of the North American manufacturers;
- shifts in consumer demand;
- changing quality and service expectations;
- greater integration of assemblers and automotive parts producers, increasing the requirements for suppliers in terms of management, training, quality control, etc.; and
- use of off shore sources for parts and assembly, particularly low-wage countries such

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261 Human Resources Development Canada, Formative Evaluation of the Sectoral Partnership Initiative: Case Study Report on the Automotive Parts Sectoral Training Council, (Ottawa: Human Resources Development Canada, December 1995), p. 3. The data for this study was gathered by Ekos Research Associates Inc.

262 Ibid.

as Mexico.[263]

Both studies cited technological and organizational changes affecting the automotive parts industry, as the reasons for the need to increase skills within the sector. The 1991 study reported that these changes had such a tremendous impact on skills level in all areas of the industry and that "the level and quality of training for employed workers in the automotive parts sector must be increased, with an initial focus on basic or foundation skills training for the existing workforce."[264]

The study confirmed that the automotive parts industry was, in fact, providing their workers with some training. However, the training which was being provided by the companies did not contribute to the workers basic skills; the training concentrated more on upskilling in the industry.[265] The problem was that the industry's future depended on the firm's ability to train their workers for the increasingly technologically driven sector, "yet close to half the workforce was found to be poorly equipped in the areas of literacy and numeracy skills."[266] The report suggested that basic skills development was essential to the immediate goals of the industry. As a result, the first phase of training should lead to

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263 HRDC, Formative Evaluation, pp. 2-3.

264 HRDC, Formative Evaluation, p. 4.

265 Ibid. Employment and Immigration Canada defined 'basic skills' as "skills that provide individuals with the ability to learn and advance their general capabilities. Skills development would take place around, for example, mathematics, language, communication, computer knowledge."

266 Haddad, Sectoral Training Partnerships in Canada, p. 73.

certification (Auto Parts Certificate), while the more technical and trade skills necessary in the industry should be addressed in a second phase of training.

It was estimated that the automotive parts industry in 1992 employed roughly 80,000 Canadian workers. The industry's exports contribute approximately $14 billion annually to the province of Ontario while the independent auto parts industry employs approximately 44,000 workers in Ontario and exported about 90 per cent of their products directly to the United States.[267] The automotive parts industry continues to remain one of the most important manufacturing sectors in Canada, especially in southern Ontario. It was the industry's importance to the Canadian and Ontario economies, which compelled the federal government and the government of Ontario to assist in the development of a sector training council.

While the second HR study on the industry was being completed, the federal Conservatives were beginning to encourage the sectoral approach throughout the manufacturing sectors in Canada. The federal government promoted the idea that training programs created through labour market consensus and industry responsibility for human resources planning were partial solutions to recession recovery. This 'encouragement' of the sectoral approach by the federal government also played a large role in the establishment of the APSTC. Initial start-up funds of $100,000 to establish the Council and to hire the APSTC staff were provided by Employment and Immigration Canada. The province of

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267 Ministry of Skills Development, News Release (Ontario: November 5, 1992).

Ontario provided the Council with an additional $100,000 to assist in the maintenance of the Council while further agreement negotiations with the government ensued.

The Automotive Parts Sector Training Council was officially incorporated on October 29, 1991 through a signed agreement between the Automotive Parts Manufacturers' Association (APMA) and the Canadian Auto Workers Union (CAW). The Council was created to receive three-way funding between the APMA, the federal government and the government of Ontario. The CAW, the labour representatives, refused to provide funding for the Council and stated that it was the responsibility of management and not the workers. The APMA finally acceded to Council financial contribution and the sectoral agreement was signed and the Council entered the operational phase on August 2, 1992.

During the initial operational phase, two Co-Directors were chosen (one from the APMA and the other from the CAW), who worked with the equal business and labour Board of Directors to establish the curriculum of the programs. Five months later, in March 1992, the APSTC had "developed a three-year training plan including detailed budgets for each of its phases: 1) curriculum design and development, 2) curriculum delivery, 3) training plan administration, and 4) communications and marketing. The cost of the plan was $40 million and extensive negotiations with the federal and provincial governments commenced."[268] By August 1992, the federal and provincial government committed to funding arrangements with the APSTC. The total funding arrangement between the two levels of government and

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268 Haddad, Sectoral Training Partnerships in Canada, p. 75.

the industry equalled $18 million. This was a significant difference from the initial proposal of $40 million and, as a result, the APSTC and the programs tentatively offered through the Council had been forced to downsize. Additionally, the Council and its committees and programs ran into serious financial problems within the first two years of the operation.

II. Organization and Structure

The structure of the Automotive Parts Sectoral Training Council is somewhat dissimilar to the previously examined structures. The Council is composed of a twelve member Board of Directors. Eight of the Board seats are allocated to representatives from business and labour. The eight positions on the Council are the only voting members on the Board, two of which are allocated to the managing co-chairs who have voting status. Three of the four seats allocated to labour are filled by the following representatives: one senior researcher, one union member from the CAW with authority to speak for the union, and one field representative. The final seat allocated to labour is filled by the Ontario Federation of Labour (OFL). This seat is currently held by Jim Turk who is the Director of Education for the OFL. The fourth labour seat was designed as 'other labour' to represent the non-unionized labour of the industry. Three of the four business seats are allocated to the representatives from the APMA, while the fourth seat has been assigned to Warren Clark from General Motors Canada who has worked as Director of Education for GM and has assisted in the design of the Auto Parts Certificate curriculum.

The remaining four seats have been designated to ex-officio members of the Council.

Cliff Jutlah, Director of Partnership and Service Development Branch of the Ontario Training and Adjustment Board, represents the Ontario government on the Board. The federal representative is John McWhinnie, Director General of Labour Market Services for HRDC. The third seat has been allocated to an educator, Bev Turner, Vice President of Skills and Access Programming for Durham College of Applied Arts and Technology. The final seat has been reserved for a representative of the Quebec government.[269]

The managing structure of the APSTC is also different from other sectoral councils as the Managing Director is a joint position. Unlike CSTEC with their non-aligned Director and the SSC with the non-aligned Director and representative Secretariat, the APSTC has a dual leadership structure through two full-time Directors who deal with the Council's regular business. The Co-Managing Directors are appointed by the APMA and the CAW. Both the CAW and the APMA appointed Directors reports directly to the APSTC Board; the labour Co-Director is Lynn Brophy and the Co-Director appointed by business is Jerry Mallard. The APSTC structure also maintains a small support staff which operates under the direction of the Board and the Committees.[270]

Three Committees have been created to operate outside of the Board; the Curriculum

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269 Haddad, Sectoral Training Partnerships in Canada, p. 77. Quebec plays a significant role in the automotive parts manufacturing sector. The industry in Quebec "consists of about 45 firms employing roughly 7,000 employees. The Quebec government recently signed an agreement that will bring Quebec work sites into the APSTC.

270 The support staff includes an administrative assistant, financial controller and a program delivery coordinator.

Committee, the Communications Committee and the Evaluation Steering Committee. All of the committee structures are joint business and labour. The Committees of the APSTC play a modest role in terms of the design and delivery of training programs in comparison to the other initiatives examined. Consequently, there is less information available on the goals and objectives of the Committees.

The Curriculum Committee is "involved in curriculum development, and makes recommendations to the Board on such matters as specific course topics; scope and emphasis of curriculum content; approaches to instruction and assessment; location, sequencing and timing of courses; and the Train-the-Trainer Program."[271] The Communications Committee - now the Executive Committee - was created to enlarge the membership of the APSTC through increased visibility and accessibility in the industry. The Committee also works to increase the level of participation in the Auto Parts Certificate Program. More recently, the Committee has been promoting the continuation of training by promoting the use of Level II training. The final committee is the Evaluation Steering Committee whose role is to analyse both the evaluations of the APSTC training programs and the federal and provincial evaluations of the Council and programs.

One of the unique features of the APSTC is its use of peer trainers to assist the workers in the learning process. The trainers are plant production workers who are selected and trained, through the Train-the-Trainer program, to instruct co-workers in the Auto Parts

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271 Ministry of Skills Development, The Automotive Parts Sectoral Training Council: Negotiated Agreement (Ontario: June 1992), Annex A.

Certificate Program. The trainers are jointly appointed by business and labour and all trainers, "including those who are active in their union, are expected to adhere to the bipartite curricular framework."[272] The trainers must demonstrate strong interpersonal skills, literacy, numeracy, flexibility, leadership skills, innovation and the wherewithal to resolve conflicts and exhibit role-model behaviour. The peer trainers must also possess the ability to work along side the college faculty who facilitate the program in a 'team teaching' format.

Peer training was created to break down the psychological barriers associated with the learning process. Many of the workers being trained are unfamiliar with the educational and structured learning process. As a result, the creators of the program believed that training which was received from a person familiar to the workers and to the job would lessen the trepidation. The program was also created to integrate basic skills into the workplace and to assist in the creation of a training culture in the industry. The practice of peer training and the Council's commitment to the principles of adult eduction, "is evident by the CAW's recruitment of an academic with expertise in training and education to serve as the Council's first Co-Managing Director for labour."[273]

To maintain and support the effectiveness of peer training, the APSTC provides

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272 Haddad, Sectoral Training Partnerships in Canada, p. 81.

273 Haddad, Sectoral Training Partnerships in Canada, p. 81. Lyn Brophy is the Co-Director appointed by the CAW. Brophy has a Masters in Education and specializes in curriculum development, managing trainers and adult education.

significant financial resources and time to its Train-the-Trainer approach. The Train-the-Trainer process includes "extensive pre-training preparation and post-training debriefing. Of primary concern, to peer trainers are their ability, as workers and unionists, to function appropriately within a bipartite framework."[274] The peer trainers are referred to as facilitators of learning rather than traditional teachers. This is an important difference in creating an environment of adult education and learning.

During the initial phase of the peer training approach, business and labour disagreed over where the trainers should come from. Labour was adamant that the peer trainers should only come from the production workers. Business, on the other hand, felt that APSTC should not limit themselves, and preferred a "broader definition that encompassed skilled trades, supervisors and human resource managers."[275] Business and labour settled on the decision to team instructors together. A team of two instructors, whether it was a peer trainer and a professional trainer or two peer trainers, would always be in a classroom together. Additionally, two manuals would be produced together by business and labour - one for the trainers and one for the trainees.

Business and labour eventually agreed that, in the long run, it would be better for the learning process if the peer trainers did come from the production workers. It was recognized that the psychological barriers to learning would be reduced if the trainers were

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274 Jeffry Piker, Auto Parts Certificate: An Innovative Approach to Training, (Canada: HRDC), p. 10.

275 Haddad, Sectoral Training Partnerships in Canada, p. 81.

familiar to the trainees. Although the issue over who should train has been resolved, one interviewee suggested that "non-union firms have been slow to sign onto the Council because of their discomfort with unionized production employees training their employees."[276]

According to a confidential interview, one of the largest problems with the APSTC is the lack of industry commitment. This is very apparent when examining the Council's membership. The APSTC has a membership of 26 firms and 2,000 employees. There are approximately 450 potential companies and more than 81,000 workers in the industry who could, but to date have chosen not to join the Council. The rather narrow eligibility requirements for firms to qualify for Council funding may contribute to the smaller Council membership. For a firm to be an eligible member for the APSTC, they must work within the independent Canadian automotive parts manufacturing industry. The "plants must be less than 50 per cent owned by an original equipment manufacturer (one of the 'Big Three'), and 25 per cent or more of total production must be automotive related."[277] The strict eligibility requirements, contributing to low industry commitment, is also apparent by looking at the basic industry firm and worker numbers. In Ontario alone, there are more than 60,000 workers and 450 companies and APSTC has a membership of 2,000 workers and 26 companies. By observing basic industry organization "then you have to ask yourself

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276 Haddad, Sectoral Training Partnerships in Canada, p. 89.

277 HRDC, Formative Evaluation: APSTC, p. 5.

what industry commitment means."[278]

The mandate and objectives of the APSTC have been firmly entrenched in the Council and the Committees since the inception of the initiative. The APSTC's mandate is "to provide the independent Canadian automotive parts manufacturing sector with a vehicle for pursuing essential long-term training and human resource development needs by developing and delivering a training curriculum for production workers leading to an Auto Parts Certificate recognized throughout the industry."[279] The Council's mandate is to work within the bipartite structure of business and labour and to provide training for the workers across the industry. APSTC has set both short-term and long-term objectives. The long-term objectives of the Council include:

- continually monitoring the industry for emerging training and retraining requirements;
- developing financial and other support required to address the identified training and retraining needs;
- continuously updating training institutions on the evolving educational and skill requirements of the industry.

In the short-term, APSTC has intentionally focused on the formulation and implementation of the Auto Parts Certificate Program. The short-term goals of APSTC, and the goals of the program, are:

- to raise workers' awareness of the forces driving change in the North American

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278 Confidential interview with an APSTC board member.

279 Auto Parts Sectoral Training Council, Information Pamphlet.

automotive industry;

- to improve workers' understanding of changing technologies, processes, and work organization;
- to develop and apply foundation skills in communication, problem-solving statistical measurement, and computer operation; and
- to promote workplace participation and support continuous learning.[280]

Central to the philosophy of the APSTC is the notion of universality and voluntarism. The Council and APSTC programs were created from the concept that the workers within the industry should be the ones to decide whether they receive training or do not receive training. A selection committee or a supervisor should not be the process of deciding who should receive training and who should not. Therefore, universality and voluntarism remain the two components of the APSTC approach to training in the industry. The other main features of the APSTC approach are:

- Bi-Partite Framework
- Sectoral Focus
- Respect
- Integrated Curriculum
- Peer Trainers
- Participatory Format
- "Opening Doors"[281]

In Appendix G, an illustrative chart of the logical model of the Automotive Parts Sectoral Training Council provides an overview of the activities, outputs and intended impacts and

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280 APSTC, Training...Opening Doors (Information Brochure).

281 Piker, Auto Parts Certificate, p.2.

effects of the Council.

The automotive parts industry has historically provided an infertile ground for strong relations between business and labour. Consequently, another of APSTC's objective has been to recognize the "legitimate and independent interests of management and labour and seek to work together through constructive dialogue towards mutual benefit from increased workplace learning."[282] The Council has had difficulty maintaining this objective, especially after the 1995 provincial election in Ontario. According to a confidential interview, at the heart of the problem lies the fact that historically antagonistic interests are involved. These interests and how they express themselves get tied up in other issues, such as training, and this creates obstacles in terms of getting problems solved and programs implemented. Until the Ontario provincial election, business and labour relations on the Council were getting much better.[283] However, "within two weeks after that election (Harris Conservative Government), I was being told that companies were saying 'you know what, we had to work with you before we don't have to now.' They were saying this at exactly the same time that they were saying what a wonderful program this was...That was very stark. What might have been bubbling under the surface before then and was contained and actually moving along,

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282 APSTC, Statement of Goals and Objectives (Information sheet).

283 The interview actually stated that "relations on the Council between labour and management had been wonderful up to the election of the Harris government." Confidential interview with an APSTC executive.

erupted very quickly after the election of Harris."[284]

The labour/business dichotomy which is prevalent throughout the industry has also manifested itself in relations on the Council and committees. As Piker notes, "the politics of labour/management relationships are manifest in all aspects of program development in the APSTC. In this sense, the training is eminently and explicitly political - that is, it is [among other things] about the exercise of workplace power. The existence of two sides, each with its own interests and agendas, is readily acknowledged by all participants."[285] There is a clear distinction between business and labour interests in the industry; this is especially pervasive in how business and labour define training and how they articulate the goals of the sectoral initiative. Business regards the value of the training process as the "increased willingness and ability of their employees to participate in changes occurring at their workplaces."[286] Labour, on the other hand, views the value of training in terms of an increase in the empowerment of the workers and their members. Labour regards the sectoral initiative as contributing to the workers a leading role in the formulation and implementation of the programs and in decisions about workplace changes.

The less than collegial relations between labour and business have been further evident in whom they felt should receive the initial Phase I training. Labour believed that

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284 Confidential interview with an APSTC executive.

285 Piker, Auto Parts Certificate, p. 4.

286 Piker, Auto Parts Certificate, p. 12.

only the production workers should receive training and that the production workers access to the training programs should be equitable. Business maintained that production workers should be trained, but that there was also a need to train the non-production workers. Business believed that the training process should be based on self-reliance and motivation.

The largest point of contention between business and labour was over curriculum content. This topic was bound to cause controversy as the "Auto Parts Certificate program focused on inherently political issues like work restructuring, economics and free trade, [and as a result] ideological disputes during its development were inevitable."[287] Disputes between business and labour were eventually resolved through the decision to adopt each of the differing points of view simultaneously, instead of trying to choose one interest's opinion over another or find a middle ground. The representatives from business and labour would each provide opinions and these would be presented alongside one another. Furthermore, a professional training team was hired to assist the interests in the development of a curriculum and in designing the training modules' language and format.

According to an HRDC study conducted in December 1995, business and labour Council members believe that given time, there is potential for respect and communication between the interests. However, other research conducted on business and labour relations in the sector and on the Council suggest that, "relations have been forged at the Council [and] are based on the unique circumstances and content of the relationship (ie.,

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287 Haddad, Sectoral Training Partnerships in Canada, p. 89.

development of the APC curriculum) and the individual personalities that are at the table." [288] As a result, it is difficult to "link these partnerships with changes in labour-management relationships at the level of the industry as a whole." [289] The relations and the ability of the interests to find common ground on the Council does not and has not changed the dynamics of the relations in the industry.

Disputes between business and labour on the APSTC have been relatively frequent. Three methods have been created for resolution. The most frequently employed method, is discussion and debate until a consensus on the issue is reached. If this is not successful, the Co-Directors or a subcommittee, examines the issue in greater depth and attempts to identify the problem and present an appropriate solution. The final method employed, if the Co-Directors are unable to resolve the issue, is to bring in the top-level executives from the business and labour to 'hash-out' the problem. This method may also necessitate bringing in mediators from outside the industry to resolve the disputes. Conflict resolution in the automotive parts industry is arduous at best.

The stark difference between business and labour is less apparent when one examines how each interest defines 'success.' Haddad found that the responses of business and labour to the question "How would you define success for your Council?" were similar; "both management and labour Council members and staff, agree that the program has been

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288 HRDC, Formative Evaluation, p. 17.

289 Ibid.

highly successful in meeting its most basic curricular goals. They acknowledge, irrespective of their institutional affiliations, that the program has been less successful to date in attracting firms to participate."[290] The findings from Haddad's question to management and labour can be summarized as follows:

Management Members

- making this concept (the sectoral council) work - building consensus between management and labour and taking joint ownership and responsibility for training
- to continue to have the ongoing support of management and labour for development and delivery of common-needs training programs, based on the original mandate
- the Auto Parts Certificate Program - every auto worker who receives the three segments and is inspired to take further courses/engage in continuous learning
- writing a curriculum that successfully did what was asked (e.g., integrating literacy into awareness courses)
- participation in the program
- positive feedback from program participants
- feedback from companies that employee performance is improved

Labour Members

- getting the program operating in a way that does not undermine the goals that have been incorporated into the development of the program; these are universal; voluntary access; integrating skills content with general learning; peer delivery; presenting a labour perspective alongside management's; and being a learning experience that is of clear benefit to workers, not only to management
- participant satisfaction with the course (APC Program)

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290 Haddad, Sectoral Training Partnerships in Canada, p. 94. Please note that the study by Haddad was conducted previous to this study. As a result, her finings are somewhat contrary to the findings of the interviews I conducted.

- the program being implemented and explained properly so that corporations want to participate
- an external evaluator has determined that we have developed something unique, and have demonstrated that we could find common ground.[291]

III. Cost and Financing

The Automotive Parts Sectoral Training Council is jointly funded by business, federal and provincial governments. The funding agreements between the federal and provincial governments are separate from one another and cover different programs and expenses. The total sum of funding is $18 million over a three year period. This $18 million is divided equally between the business organization APMA ($6 million), the federal government ($6 million) and the Ontario government ($6 million).[292] Labour does not contribute financially to the Council neither in terms of channelling union dues to the council nor direct council membership fees. The CAW was adamantly opposed to the idea that employees be required to fund a portion of their training. Therefore, the APSTC collects one-third of its training funds from employers, one-third from the provincial government, and one-third from the federal government.

Initial start-up funding in the amount of $100,000 was provided by the federal government through HRDC. Since the start of the APSTC in 1991, HRDC has contributed

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291 Haddad, Sectoral Training Partnerships in Canada, p. 93.

292 It should be remembered that the Council initially budgeted a cost of $40 million dollars for the APSTC. The federal and provincial governments negotiated with the Council and the final sum allotted for funding was $18 million.

over "$1,069.00 million in seed funding from HRDC for the development of a permanent infrastructure to administer and implement the various human resource programs."[293] The federal government covers administrative costs for the Council under an agreement which covers 90 per cent of the administrative costs in the first year, 70 per cent in the second year and 51 per cent in the third and final year of the agreement. The total allocation of money from the federal government for administration costs is approximately $1 million. By the end of the third year, the federal government expects that the Council will become financially self-sufficient and will have developed a business and marketing plan which will assist in their self-sufficiency.

Two additional agreements with the federal government and the province of Ontario exist. Both agreements cover training development, design and delivery. Subsequently, both agreements have separate stipulations on funding. The provincial government covers the instructors' salaries, travel and accommodation charges for both instructors and trainees, curriculum development, training materials and the rental of training facilities as specific items eligible for support.[294] The provincial government requires that the APSTC provide the government with an evaluation on the effectiveness of the initiative after the first two years. The Ontario Training and Adjustment Board provided initial interim funding of

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293 HRDC, Formative Evaluation, p. 21.

294 Ministry of Skills Development, Agreement Between the Ministry of Skills Development and the Auto Parts Sectoral Training Council (Toronto: April 1992), p. 7.

$210,000 to the APSTC. This was followed by the $6 million agreement.

The federal government does not have many funding stipulations, however, like Ontario, HRDC requires a yearly statement of expenditure. The Contribution Agreement between the federal government and APSTC summarizes the costs that the government agrees to cover:

- One third of the wages paid by participating employers to their employees while attending the training;
- A portion of the training delivery costs incurred by the Council in carrying out the Program.[295]

The statement of expenditure is important, as the Council is unable to get money from either level of government without a clear indication of where and how the money is being and will be spent.

The funding arrangement with the government is extremely complicated. According to an individual interviewed, the arrangement is more complicated than would be put together in the future. The funding arrangement works as follows. The employers contribute approximately 68 per cent of the employee's wage while attending training programs. The provincial and federal government cover all other costs: program administration, 32 per cent of the employee's wage, and curriculum design, development and delivery costs. The curriculum, design development and delivery are cost shared among the three funding

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295 Department of Employment and Immigration, Labour Market Adjustment Program Contribution Agreement (Ottawa: Employment and Immigration Canada, December 1992), p. 2.

parties. The industry's $6 million is added into the funding pool first. This is followed by the contributions from the federal and provincial government for three years.

The three year funding agreement established by the federal government is viewed by many in the industry as far too limiting and the time frame unreasonable to achieve self-sufficiency. The Council is currently in its final year of the three year agreement and has been unable to achieve the financial independence required by the federal government. This independence will be very difficult as the government reimburses the employers for 32 per cent of the wages of their employees during training. "The reimbursement is viewed as a necessary 'carrot' in order for employers to participate in the program. Because the training culture in the automotive parts sector is weak, incentives are particularly important."[296] The lack of incentives to make the Council work has made industry independence and innovation move at a slower rate than government and the Council had initially projected. What remains problematic is the fact that business clearly lacks any incentive to take over the training initiative on their own. Without business initiative, the Council will be unable to become self sufficient.

Funding for the APSTC lapses at the end of 1996-97 fiscal year. The APSTC has been developing a detailed business plan to request additional funding from the federal and provincial governments. However, unless the Council is able to get the 2,000 workers who have completed Level I training through Level II training, the probability of a continuation

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296 HRDC, Formative Evaluation, p. 22.

of funding and business commitment is low. The Council must get the industry to allocate workers to Level II training for the survival of the APSTC.

IV. APSTC Training Programs Offered

The Auto Parts Sectoral Training Council does not offer a multifaceted training curriculum. The Council's goals and programs are simple - to increase the skill level and create a training culture in the industry. The principal focus of the training initiative is to develop generic, portable skills and not company-specific skills. The primary features of the program are "profile and trends; technologies at work; production processes, work organization and computer awareness; communication skills; group and individual learning; foundations, now and for the future."[297] These programs which constitute the programs under the Auto Parts Certificate are offered through community colleges and on-the-job peer trainers. All production workers of the industry can take the training programs as long as their firm or company is a member of APSTC and he or she is eligible and registered for the program.

The Auto Parts Certificate (APC) was created to provide three levels of training to the employees of the industry. The APSTC "curriculum integrates three general content themes relevant to the automotive parts sector: communication, industry and technology. Each is focused on the idea of awareness. Training should not only address major

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297 APSTC, Look Who's Training in the Automotive Parts Industry: Can Your Company Afford Not To? (Markham: APSTC Information Sheet).

components of knowledge and skill within each separate thematic area; it should also foster appreciation for their relevance, history and inter-connection."[298] The APC, designed by the APSTC and adult educational experts has the following objectives:

- To raise workers' awareness of the forces driving change in the North American automotive industry.
- To improve workers' understanding of changing technologies, processes, and work organization.
- To develop and apply foundation skills in communication problems solving, statistical measurement, and computer operation.
- To promote workplace participation and support continuous learning.[299]

The curriculum of the APSTC was designed to draw on the workers previous experience, develop industry awareness, increase participation and motivation, and increase educational accessibility and increase the broad range of learners. Course development for the APC "occurs in a bipartite manner, with decisions about curriculum content and instructional methods made by consensus. The content of the industry awareness portion of the curriculum deals explicitly with differing political views of both labour and management with respect to issues of workplace power."[300]

The three levels of training for the APC are the Auto Parts Industry, Technologies

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298 Piker, Auto Parts Certificate, p. 8.

299 APSTC, Information Pamphlet.

300 Haddad, Sectoral Training Partnerships in Canada, p. 80.

at Work and Communication, and Interpersonal Relations. The first level, the Auto Parts Industry, looks at the profiles and trends of the industry. This program establishes the current profile of the industry and the likely future trends for the industry. Technologies at Work, the second level, examines production processes and work organization. The Technologies at Work program, "introduces the role and application of technology as it relates to production processes and work organization."[301] The program goals are achieved by examining technology as a changing force, exploring technology usage, identifying impacts of technology on the industry and examining the knowledge and skill requirements of the workers. The final level, Communication and Interpersonal Relations, examines the changing dynamics of workplace communication and interaction. This program teaches active communication, cultural diversity in the workplace and increased worker involvement.

Employee participation in the APC is completely voluntary. The Certificate has been designed to be completed in 120 hours and delivered at a duration of 40 hours over five days per year for three years. Each of the three years of training is designated as a level. The objective and focus of each year are seen in Table 6.1

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301 APSTC, Information Pamphlet

Table 6.1
Training Objectives of the APC

LEVEL	FOCUS
Level One: The Challenge of Workplace Change	• To identify major issues and direction of change in the industry. • To promote interest in learning and active workplace involvement. • To develop foundation skills for continuous learning.
Level Two: Manufacturing Technologies at Work	• To explore elements and impact of technology on working environment and production relationships. • To develop skills for workplace participation.
Level Three: The Faces of Change -- Lessons for Sub-Sectors	• Using case studies from different sub-sectors in the Canadian parts industry to examine ongoing developments in materials and processes. • To develop skills in interpretation and presentation of information.[302]

The design of the APC was an extremely difficult task as the Curriculum had to incorporate the different business and labour approaches to training. The APSTC had to design a program which recognized and satisfied the "conflicting interests and agendas of labour and management [such as] the recognition of the individuality of learners and their potential as learning resources; respectful interaction; integration of analytical/conceptual and practical knowledge; and active participation on the part of the trainers."[303] The creation of a generic training program that had the ability to integrate both soft and hard skill training and was able to satisfy the sectoral interests, took the APSTC and the educators who were

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302 HRDC, Formative Evaluation, p. 7.

303 HRDC, Formative Evaluation, pp. 7-8.

seconded from the community colleges, almost three years to create.[304] The process of program development took significantly longer than the industry interests and the government could have predicted.

The first training modules were piloted in March 1993, however, full program delivery did not take place until January 1994. The funding arrangement with the federal and provincial governments states that 10,000 employees are to be trained before the expiration of the three-year agreement. As only 2,000 workers have been trained, the agreement between the APSTC and the governments has been granted another eight months until February 1996. After speaking with a representative at the APSTC on April 25, 1996, the future of the APSTC and the APC has yet to be determined. However, the APSTC representative believes that the Council has been able to secure 2,000 workers into the Level II training and funding will be continued until this Level is completed. Once completed, the program will be re-evaluated and re-negotiation will be discussed. To date, the initiation of Level II training with the workers has not been set.

On 19, September 1995, APSTC decided that the Auto Parts Certificate would be awarded to workers after two levels (two years) instead of three. The curriculum was condensed to increase company involvement. According to an interview, the autoparts Council members believed that it would be easier to sell a program that took one week a year for two years than it had been to sell a program that took three years. The APSTC also

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[304] Reading and writing are considered soft skills while a skill such as sheet metal pressing is considered a hard skills.

believed that this would significantly increase the likelihood of workers completing the program. The changes between the three year program and the two year program can be seen in Table 6.2.

Table 6.2
Revised Trainging Objectives of the APC

LEVEL	FOCUS
Level One: The Challenge of Workplace Change	• To identify major issues and direction of change in the industry. • To promote interest in learning and active workplace involvement. • To develop foundation skills for continuous learning.
Level Two: Manufacturing Technologies at Work	• To explore elements and impacts of technologies on working environments and production relationships in different autoparts sub-sectors. • To examine ongoing developments in materials and processes. • To develop skills for workplace participation. • To develop skills in interpretation and presentation of information.[305]

V. Conclusion

The Automotive Parts Sector Training Council has had to overcome significant barriers to create and implement the Automotive Parts Certificate. At the centre of the Council's obstacles has been the antagonistic relationship between business and labour which has permeated throughout the industry in terms of a lack of financial and time

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305 Antony Settle, APSTC Promotion Strategy Development: Report to the Board of Directors (September 19, 1995).

commitment and irresolvable disputes over the scope and content of training programs. Lack of communication and consensus set back the date of the implementation of the APC and has also resulted in the inability of business to commit their workers to Level Two training. As only a small percentage of the industry is involved with the Council, the APSTC's ability to persuade the government to continue funding will be challenging. Immediate observations of the Council would, I believe, suggest that the Auto Parts Sectoral Training Council will fold.

Table 6.3 displays the indicators of viability for the APSTC. What becomes readily apparent when analysing the table is that the APSTC does in fact possess a majority of the indicators of structural viability. However, many of the necessary characteristics of structural viability remain weak or non existent. The lack of the necessary structural characteristics present the greatest problem to the future of the Council.

The sectoral partners of the automotive parts manufacturing sector did not begin working with one another as a result of a crisis of industry. APSTC was created as a result of the federal governments' Sectoral Partnership Initiative (a state-directed initiative) and was viewed by business and labour as an accessible way to deal with the falling skills level of the sectors' production workers. Consequently, business and labour were not brought together as a result of a catalyst or sectoral crisis. The fact that the APSTC was a government led initiative and not a grass-roots initiative where business and labour had a real say in the development of the structure, might explain why the Council lacks the commitment of the sectoral interests. Similarly, the federal government approached the

automotive parts sector at a time when production was low and the industry was stagnant. As a result, business was more willing to take their workers off of the production line and place them into the level one training program. However, as the demand for production in the automotive parts sector has risen since the early 1990s, business has become less willing to take their workers off of the line for a week of level two training. As an interview noted "in poor times business was there with their hands out for training dollars and in times of plenty business walked away from the idea of training."[306]

The decision on the part of the APSTC to focus its policy goals and programs on the development of a sector specific approach to education and training first, rather than create plant level structures to assist in the formulation and implementation of training programs, also explains the lack of commitment. The decision by APSTC not to create workplace committees until the training programs were developed and workers had received some training, has resulted in the exclusion of plant level interests and both human resource managers and local union education representatives from the training process. As Haddad notes, the inclusion of the HR managers and union educational representatives could "only serve to strengthen the linkages between the council and plant-level training activities."[307] The APSTC structure initiated by the federal government and subsequently shaped by the Council did not place plant-level involvement as a primary goal, resulting in the exclusion

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306 Confidential interview of an APSTC executive.

307 Haddad, Sectoral Training Partnerships in Canada, p. 113.

of key interests from the policy making and program development process.

The lack of business commitment can be seen by the business members reluctance to take their workers off the production line to be trained or to create additional shifts to ensure that productivity is not lost. Labour's lack of commitment can be seen by their adamant position that neither workers pay nor union dues be used to fund the training programs. Without the consistent commitment of both business and labour the ability to reach consensus on important issues such as the scope and content of worker training has been difficult.

APSTC has created programs specifically for the sector and goals which are both realistic and attainable. However, the lack of consensus and at times cooperation between business and labour has resulted in the inability of the Council to reach many of its goals. Subsequently, the joint executive and joint trainers have contributed to the lack of consensus and the inability for the Council to expedite matters. In terms of the executive, both the business and labour executive directors represent their constituency of interest unlike CSTEC or the SSC which have a non-partisan directorship. This has made conflict resolution a difficult task as constituency bias often enters into the resolution process. The structure of the training programs are also problematic to the viability of the Council. As mentioned, the APSTC has two levels of training. The problem is that once the workers have completed a level of training, the Council is placed in the position where they have to attempt to sell their members on the next level of training. As APSTC represents only a fraction of the industry and does not receive a continuous influx of workers to be trained,

the Council is forced to re-sell the training program to their members while attempting to recruit new member. Furthermore, once the workers have completed level one and two training the utility of the Council is diminished. As the discussion above indicates, APSTC does not offer additional programs to their members other than level one and two training.

The clear lack of commitment and the difficulty in creating an environment of cooperation and consensus between business and labour has placed the APSTC in a death watch situation. Although the Council has been able to secure an additional 2,000 workers into their level two training program, the APSTC has been unable to increase their membership, promote their programs (lack of champions) or create sufficient additional programs to ensure that the Council and the Auto Parts Certificate become self-sustainable.

Through the analysis of CSTEC and the SSC, what becomes apparent is the fact that there are significant differences between the APSTC and these older and more viable sector councils. These differences are clearly in the development of the structure, policy formulation and sectoral partner commitment. The following chapter will discuss what these differences are and why they have resulted in the long-term establishment of a training culture in two sectors and not in the other.

APSTC: Indicators of Viability[308]
Table 6.3

Indicators of Viability	CSTEC	SSC	APSTC
I. History of the Sector Council			
created by the sectoral partners (primarily business and labour)			No. A state created initiative
created as a result of challenges to the sector (a crisis of industry)			✔
II. Organization and Structure *1. Structure*			
grass-roots initiative			No
council and training programs are created by the sector and for the sector			✔
business and labour cooperation			✔/No
realistic expectations			✔

308 ✔/No indicates that the viability characteristic does exists, but that it is weak.

Indicators of Viability	CSTEC	SSC	APSTC
II. Organization and Structure *I. Structure (cont'd)* programs are formulated/ implemented by people who have knowledge of the sector			✔
sectoral/corporatist structure (defined in chapter three)			✔/No
sector partners have the freedom to determine their own structure			No
structure should have stability - not in a constant state of change			No
structure should be flexible - responsive to future change			✔
business and labour agree on all aspects of the council and corresponding policy/ programs developed			No
representatives on the board and committees appointed by their constituency			✔

Indicators of Viability	CSTEC	SSC	APSTC
II. Organization and Structure *I. Structure (cont'd)* structure is incorporated			✔
structure has champions of initiative			No
set goals which can be accomplished			✔
II. Organization and Structure *ii. Commitment* commitment of business, labour and government (financial or time commitment)			✔/No
attraction to the idea of cooperation			✔
common interests and goals of council - training provides a potential benefit to both labour and business			✔
articulation and understanding of each others points of view			✔/No
mechanisms for the resolution of disputes.			✔

Indicators of Viability	CSTEC	SSC	APSTC
II. Organization and Structure *iii. Policy Goals* policy goals should be the melding of business and labour's goals and ideas of training			✔/No
goals are feasible and attainable			✔/No
goals are flexible and limited so as not to overextend themselves			✔
III. Cost and Financing programs are affordable and sustainable			No
possesses the ability to become financially self sufficient prior to federal and provincial funding removal			No
council is able to maintain budget allocation and does not over-extend itself			No
programs are providing an overall better 'bang-for-the-buck'			✔

Indicators of Viability	CSTEC	SSC	APSTC
IV. Quality of Training Programs			
working towards self-sustaining programs			No
overall level of training in the industry has increased			✔
training is portable and incremental			✔
programs are designed by the sector partners through consensus			✔

Chapter Seven
Conclusion and Analysis

The majority of this thesis has examined the viability of sector based corporatist training initiatives. The purpose of the examination has been to answer the following research question: can the labour market partners design consensus based governance structures at the sectoral level that permit cooperation in the formulation and implementation of training policies and programs? In answering this question, I have evaluated three meso-corporatist structures which involve government, business and labour in the formulation of sectoral training policy in Canada.

This thesis presented, first, an examination of the history of labour adjustment policy and the movement to a sectoral approach. This examination was followed by a discussion of corporatism as a structure of governance and why, in Canada, corporatism at the meso level is more likely to work than at the macro level. Following the discussion of corporatism was an explanation of the indicators of structural viability. Each indicator represents the characteristics of a viable sectoral council; each was presented under the broad headings of history, organization and structure, cost and financing, and quality of training programs. As noted in chapter three, the indicators presented are not the only ones available, but I argue that they are the most significant.

The indicators of structural viability were then used to analyse the Canadian Steel Trade and Employment Congress, the Sectoral Skills Council and the Automotive Parts

Sectoral Training Council. As a result of the evaluation of the sectoral councils, I found that CSTEC and SSC represent viable sectoral adjustment initiatives with strong business and labour commitment to the future success of their council and training programs. APSTC, on the other hand, suffers from significant structural deficiencies which may lead to the dismantling of the council.

From the analysis of the sectoral councils, I believe that there are four primary requirements for structural viability: (1) business and labour cooperation and commitment, (2) the creation of sub-structures which include all levels of the sector, (3) financial and facilitative support from the state, and (4) the creation of a structure and subsequent programs which have a long-term focus (to ensure that the structures are not dismantled once training is completed). While other variables are important to the viability of the sectoral initiative, after the analysis of CSTEC, SSC and APSTC, I have determined that the four requirements outlined above are necessary and sufficient to the viability of a sectoral corporatist initiative. The research conducted on the three councils indicates that CSTEC and SSC possess the four primary requirements; APSTC only possesses state support which will ultimately be withdrawn.

The labour market partners can and have designed viable consensus based governance structures at the sectoral level that permit cooperation in the formulation and implementation of training policies and programs. However, in the initial phase of sectoral council development, the role of the state is perhaps the most important. The state's role, which is generally in the form of a facilitator who provides developmental and initial

operational funding, assists the councils in bringing the sectoral interests together and in achieving self-sufficiency. Haddad notes that "government funding permits labour to participate in equal footings with management in the strategic formulation of curriculum, innovative delivery modes, and in promoting universal recognition of courses by community colleges. The benefit of these efforts extends far beyond the boundaries of individual firms or unions."[309] The ability for labour and business to opertate on an equal footing can only serve to assist in the creation of a training culture in Canada. Although the state currently maintains this role, there has been discussion that the federal government will remove themselves from training altogether.

If state funding is withdrawn the likelihood that the sectoral initiative will continue is minimal. Again, if the council is established and has sectoral partner commitment the likelihood that the council will continue is greater. However, all other councils, such as the APSTC, will probably fold. Nonetheless, councils such as the SSC and CSTEC which are mature and are creating additional human resource programs such as national industry standards may, in fact, carve out an additional niche for themselves and receive funding on a program development basis.

A secondary finding of the research indicates that the development of a state-directed model, created and implemented exclusively by the state, has limited potential for success because each sector council is philosophically different and needs the freedom to determine

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309 Haddad, Sectoral Training Partnerships in Canada, p. 114.

their own structure, policy goals and programs. If given the freedom to determine their own structure, policy goals and programs each sector can create viable corporatist labour adjustment structures. Structures like CSTEC and SSC can be adopted in other sectors as long as they are accepted by the sectoral partners and moulded to the demands and goals of each sector.

Research conducted for this thesis has found that the sectoral initiative offers benefits not only in terms of worker training, but also in terms of improving relations between business and labour, creating more effective and efficient labour market policy and possibly better public policy through the inclusion of the sectoral associations. Although the partnership between business, labour and government is not conflict free, the interests have been able to create new ways of articulating and understanding each others points of view. Interviews of CSTEC and SSC executives indicated that business and labour have been able to air their differences, especially at the plant level, which has resulted in an improved working environment for both workers and managers at the plant level and the sector as a whole.

From the interviews conducted, I found that the general consensus on the sectoral initiative was positive. The majority of individuals interviewed felt that the sectoral approach could be used to create a successful training initiative and had the potential for the formulation of other labour adjustment policies. There was also a general consensus that without government funding and without the commitment of business and labour the sectoral corporatist approach to policy making would end. Through interviews and research

I have determined that the reason the sectoral initiative has the potential to work is that at the sectoral level it is easier to get all parties together to deal with concrete issues; all parties are interested enough to create quid pro quo deals and as a result have a real form of social bargaining.

The cooperation of business, labour and government in the creation of the sectoral initiative and the reason that the partnerships and the councils can work is, in theory, quite simple: at the meso level there are opportunities for the creation of a positive-sum game. The partnerships can work in the field of training because there is perceived to be a genuine common interest. Workers win because they get trained, employers win because they get a trained workforce, governments win because if people are trained and have jobs they do not cost the government money in terms of unemployment insurance and other forms of social assistance. Because it is a win-win-win situation there is an increased level of commitment by members of the policy network and community to ensure the feasibility of a corporatist sectoral initiative in Canada.

Most of the research conducted on sectoral councils has concluded that the councils have the potential to formulate and implement training policy, have the potential to get business and labour interested in the idea of cooperation, and have the potential to provide the sectoral partners, labour especially, with a forum for discussion and a voice in the policy making process. However, where researchers seem to deviate from one another is in terms of the idea of consensus. Researchers such as Carroll Haddad, have found that the councils do have the potential to reach goal consensus, that the members have the ability to agree on

basic and pragmatic objectives and that when councils mature a common vision is likely to emerge.[310] Other researchers such as David Wolfe, have found that none of the sectoral partners view the councils and their training programs in an uncritical light.[311] Although Wolfe is supportive of the potential of the sectoral initiative, he has found that business and labour must be given time to work out their different values and definitions of training and that each council must be given the ability to create their own sector specific programs. The prospect of sectoral councils have received some support in the academic community at least in terms of research and the potential to contribute to the formulation and implementation of training policy in Canada.[312]

The contribution of research in this thesis differs somewhat from other examinations of the sectoral councils. This thesis looks generally at the viability of sectoral corporatism, and not simply at consensus based relations of business, labour and government in the formualtion and implementation of training policy. More specifically, the goal of this thesis was to observe the viability of meso-corporatist structures in the Candian policy making process, to see if the labour market partners could design consensus based governance structures at the sectoral level that permit cooperation in the formulation and implementation of training policies and programs.

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310 Haddad, Sectoral Training Partnerships in Canada.

311 Wolfe, "Human Resources Think for Themselves."

312 Gunderson and Sharpe, "Canadian Experience with Sector Councils." and Warrian, "Sectoral Councils."

The sectoral partnership iniative remains in a very precarious position. On the one hand, the federal government has spent the last decade promoting the idea of a joint training initiative using federal money as an incentive to bring business and labour together for the purpose of formulating and implementing training policy. On the other hand, the federal government has alluded to its desire to withdraw from training altogether which would in most cases mean the termination of the sectoral initiative. As a result, the future of the sectoral policy iniative is unknown.

Training and retraining in Canada continue to play an important role in the public policy agenda. Persistently high levels of unemployment and inadequate skill levels demand that the state especially, but also business and labour find a solution to these problems. As the state is no longer willing or able to support unemployment insurance and training programs on their own, the need to include other labour market interests into the policy making process is imperative; sectoral corporatism appeared to be the first step towards the inclusion of the labour maket partners. However, relationships can not be built over night and for a corporatist initiative to succeed business, labour and government must be given the time to develop their relationships and work out their differences. The problem may be that the state no longer has the time to waite for the building of relations; the state wants and perhaps needs immediate public policy results. If this is the case, the sectoral partnership iniative and future sectoral corporatist iniatives will fail.

Indicators of Sectoral Council Viability
Table 7.1

Indicators of Viability	CSTEC	SSC	APSTC
I. History of the Sector Council			
created by the sectoral partners (primarily business and labour)	✔	✔	No. A state created initiative
created as a result of challenges to the sector (a crisis of industry)	✔	✔	✔
II. Organization and Structure *1. Structure*			
grass-roots initiative	✔	✔	No
council and training programs are created by the sector and for the sector	✔	✔	✔
business and labour cooperation	✔	✔/No	✔/No
realistic expectations	✔	✔	✔

Indicators of Viability	CSTEC	SSC	APSTC
II. Organization and Structure *I. Structure (cont'd)* programs are formulated/ implemented by people who have knowledge of the sector	✔	✔	✔
sectoral/corporatist structure (defined in chapter three)	✔	✔	✔/No
sector partners have the freedom to determine their own structure	✔	✔	No
structure should have stability - not in a constant state of change	✔	✔	No
structure should be flexible - responsive to future change	✔	✔	✔
business and labour agree on all aspects of the council and corresponding policy/ programs developed	✔	✔	No
representatives on the board and committees appointed by their constituency	✔	✔	✔

Indicators of Viability	CSTEC	SSC	APSTC
II. Organization and Structure *I. Structure (cont'd)* structure is incorporated	✔	✔	✔
structure has champions of initiative	✔	✔	No
set goals which can be accomplished	✔	✔	✔
II. Organization and Structure *ii. Commitment* commitment of business, labour and government (financial or time commitment)	✔	✔/No	No
attraction to the idea of cooperation	✔	✔	✔
common interests and goals of council - training provides a potential benefit to both labour and business	✔	✔	✔
articulation and understanding of each others points of view	✔	✔	✔/No
mechanisms for the resolution of disputes.	✔	✔	✔

Indicators of Viability	CSTEC	SSC	APSTC
II. Organization and Structure *iii. Policy Goals*			
policy goals should be the melding of business and labour's goals and ideas of training	✔	✔	✔/No
goals are feasible and attainable	✔	✔	✔/No
goals are flexible and limited so as not to overextend themselves	✔	✔	✔
III. Cost and Financing			
programs are affordable and sustainable	✔/No	✔	No
possesses the ability to become financially self sufficient prior to federal and provincial funding removal	✔	✔	No
council is able to maintain budget allocation and does not over-extend itself	✔	✔	No
programs are providing an overall better 'bang-for-the-buck'	✔	✔	✔

Indicators of Viability	CSTEC	SSC	APSTC
IV. Quality of Training Programs			
working towards self-sustaining programs	✔	✔	No
overall level of training in the industry has increased	✔	✔	✔
training is portable and incremental	✔	✔	✔
programs are designed by the sector partners through consensus	✔	✔	✔

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Appendix A
Interviews Conducted

June 19, 1995 - Ted Priestner
Sectoral Skills Council; Electrical and Electronics Manufacturing Association; Chairman of the Board of Westinghouse.

July 5, 1995 - Laurent Thibault
Canadian Labour Force Development Board, Business Co-Chair (at the time).

July 12, 1995 - David Wolfe
Professor at the University of Toronto. Assisted in the creation of OTAB.

July 19, 1995 - Jim Turk
Educational Co-ordinator of the OFL; OTAB committee member.

July 20, 1996 - Robin Esco
Program Coordinator, OTAB.

August 28, 1995 - Greg Murtaugh
Executive Director, Sectoral Skills Council.

August 28, 1995 - Jean-Claud Parrot
Vice President, Canadian Labour Congress; Labour Co-Chair CLFDB (at the time).

August 28, 1995 - Stan Marshall
CUPE.

August 28, 1995 - Keith Lancastle
Executive Director, CARS.

August 29, 1995 - Ken Gelok
CLFDB; HRDC.

August 29, 1995 - Vitale Ducharme
HRDC.

August 30, 1995 - Lenore Burton
Executive Director, CLFDB.

August 30, 1995 - Luc Nadon
Senior Analyst, Labour Market Outlook and Sectoral Analysis - HRDC.

August 30, 1995 - Arthur Kroeger
Retired DM, EIC.

October 3, 1995 - Janet Dassinger
UFCW; OTAB; CLFDB.

October 20, 1995 - George Nikitsas
Executive Director, CSTEC.

October 26, 1995 - David Robertson
CAW, Labour Co-Chair OTAB.

November 9, 1995 - Lyn Brophy
Labour Co-Chair; APSTC.

Appendix B
Letter Requesting Interviews

Dear Sir/Madam,

As part of the requirements for my M.A. degree at McMaster University, I am doing research on labour adjustment policies in Ontario. I am writing to ask you for an interview to discuss the issues involved in the province's training and retraining programs. I am interested specifically in the province's training programs from the point of view of the stakeholders involved. I will also be speaking with representatives of labour and business.

My questions will be general in nature, they will not ask you to divulge any proprietary information. By the same token, your responses will be kept in strictest confidence and your name will not be mentioned in my thesis and no remarks will be attributed specifically to you. This is an academic enterprise only.

The key question I wish to address is the following: Do tripartite arrangements involving business, labour and government, constitute a viable strategy for the development and implementation of training policies in the Ontario economy? Attached for your consideration is a summary of objectives, which briefly lay out the focus of my thesis.

I would like to begin interviewing as soon as possible. I realize that you have a busy schedule and I am flexible as to the date and time of an interview. I will contact you within the next week or so to arrange a time. Should you wish to contact me or the professor I will be working with, please feel free to do so.

I would appreciate any time and information that you may be able to provide.

Thank you,

Cassandra Pervin
Department of Political Science
McMaster University
1280 Main Street West
Hamilton, Ontario
L8S 4L8
(905) 525-9140 x 22024

Synopses of Research Study

The focus of the research is labour adjustment policies, specifically training and retraining programs in the province of Ontario. Looking at the auto, electronics and steel sectors, the research will focus on the downside adjustment programs created for individuals pending or experiencing employment lay-off. I am particularly interested in how the structure of the previous programs has changed in light of the current tripartite arrangement. Are these arrangements working? Are they contradicting the formulation of more viable training programs?

The thesis will be organized in the following manner. First, I will develop a working definition of what a "viable" strategy might look like. This will take into account the previous structures in place and the expected changes evolving from the implementation of a tripartite labour adjustment strategy. Second, I will examine labour adjustment in Canada paying particular attention to the degree to which the change in governance of labour adjustment in Ontario has contributed to the creation of tripartite sectoral adjustment boards. Additionally, there will be a brief discussion of jurisdictional disputes involving federal and provincial governments. Third, I intend to examine the operation of the steel, auto and electronics sectoral adjustment boards. Finally, I hope to discern whether programs developed and implemented by tri-partite bodies will be more successful in terms of their overall contribution to labour adjustment in the Canadian economy.

Appendix C
Interview Questions[313]

- Tell me about yourself and your involvement in the training process?
- Why these Boards / programs now versus before? If this was such an obvious step why was it not taken before? Why did it happen?
- How long will government be willing to foot half of the bill for training?
- What is the division of labour and financial contribution of the training Boards ?
- Would the cooperation exist without government funding?
- It appears that the federal government is withdrawing from training, is it true? Why do you think?
- Would the federal government withdrawal from training if they had a different response?
- Is the federal governments reluctance to become more involved in the training initiative due to the lack of anticipated success; that the programs are too expensive; or that the training boards are unelected and unaccountable?
- How would you characterize the relationship between the local boards and sectoral councils?
- Is the fate of training being determined by the political concerns or the economic criteria of spending less and more effectively?
- Are some of the problems with the training initiative due to geographical/ political problems between the federal and provincial governments?

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[313] It should be noted that the questions asked began in a generic format. As more and more interviews were collected the questions asked were geared towards the information the interviewee could provide.

- What are the political and financial benefits to your organization in terms of this new training arrangement?
- Why has government abdicated some of its power in the field of training?
- Who is really running the show?
- What do you think the Boards have achieved that could not have been achieved without their creation?
- Is there really cooperation on the Boards? If not, what is the degree of antagonism between the Board members?
- Were the previous programs more expensive than the current training programs? If the answer is no why would government agree to the change?
- What, if any, is the Grand Vision of training? : where does it come from?
  - if not where are people getting advice?
- What do you think about the role of the Local Boards? How important are they to the Grand Vision of training?
- Could the Local Boards end up replacing the federal and provincial boards as the key mode of defining and delivering training programs?
- Why would government get involved in this form of corporatism as it would result in the abdication of some power and responsibility?
- Have the current corporatist structures overcome or removed the problems of the previous traditional pluralist policy structures?
- How is this relationship working?
- What is the political role? What is the role (if any) of politicians? are they a problem?
- What is the future of these training programs in terms of their design and delivery?

- What have the short term effects of training been?

- The big underlying question which most people are asking is : **What are we training for**? Why spend all of this time and money for training purposes when there is little job creation/ availability?

Additional Questions asked if there was time:

- What do you think the Boards have achieved that could not have been achieved without their creation?

- How much are these training programs a break from the past programs offered?

- Where are the gaps in the training programs offered?

- Are the programs actually getting to the people who really need them? How are these people contacted?

- What is the responsibility and/or obligation of those individuals being trained?

- What have the short term effects of training been?

- Have the current corporatist structures overcome or removed the problems of the previous traditional pluralist policy structures?

- Evaluation: is it working?

- Who should I talk with?

Appendix D
CSTEC Skills Training Program Results

Table II
CSTEC Skill Training Program Results
National
1993-1995

		First Year (1993-94)	Second Year* (1994-95)
1)	Joint Training Committees		
	a) Total	35	35
	b) Submitting Plans	14	30
2)	Total Eligible Training**	$25,948,040	$34,667,520
	a) Established Training	$10,033,570	$9,924,967
	b) Additional Training	$15,914,470	$24,742,553
3)	Total Government Funding	$5,297,059	$6,015,033
	a) Federal	$2,000,000	$2,000,000
	b) Provincial	$3,297,059	$4,015,033
4)	Leveraging Ratio (Additional Training to Government Funding)	3.0:1	4.1:1
5)	Total Trainees	23,345	29,485
	a) Management	699 (3%)	1201 (4%)
	b) Supervisors	4,760 (20%)	3,105 (11%)
	c) Production	10,341 (44%)	15,888 (54%)
	d) Trades	4,880 (21%)	5,866 (20%)
	e) Clerical	686 (3%)	1,631 (5%)
	f) Technical	1,979 (8%)	1,794 (6%)
	g) Male	20,077 (86%)	27351 (86%)
	h) Female	3,266 (14%)	2134 (14%)
6)	Average Training Days	2.7	3.4
7)	Training Type		
	a) Technical Skills	63%	75%
	b) Foundation Skills	23%	16%
	c) Work Organization Skills	14%	9%
8)	Training Delivery		
	a) In-House	85%	75%
	b) Public Institutions	10%	6%
	c) Consultants	4%	17%
	d) Suppliers	1%	2%
9)	Administrative Costs	5.4%	4.2%

* Preliminary data based on training plans. These will be revised on the basis of actual training claims.
** This figure doesn't include significant company-specific, legislated and/or apprenticeship training that is "ineligible" for CSTEC funding.
In addition, this figure does not include all "eligible" training but only that amount that is reported on Joint Training Committee training plans.

Appendix E
Training Activities Under the Sectoral Training Fund

Courses Completed, Under Way or Planned:

Type I Training:

1. Technical upgrading/updating courses:

- Design for Manufacturability
- Extrusion technology and skills
- Analog design
- Lotus 1-2-3
- Sales techniques
- Electrical products education course
- Electrical Training Course (Principles)
- Advanced Computer Packages
- The Nature of Vibration
- The Theory of Power Measurement
- Aluminum Welding
- Steel Welding
- Blueprint Reading
- Motor Fundamentals
- Wiring/schematics
- Basic Electrical Safety Theory
- Metrology
- Machine Shop
- Fortran Programming
- Numerically Controlled Machining
- Metallurgy
- Materials Handling
- Programable Logic Control
- ISO 9000 Standards
- CSA N285 Standards
- Arc Welding
- Supercalc
- HP Graphics Gallery
- Boiler & Pressure Vessel Codes
- Material Handling (Chrome & Forklift Truck)
- Implanter Process Interface
- M16 Ferroelectric Thin Films
- Competitive Marketing Strategies for High Tech Products
- Data Modelling
- Introduction to Oracle
- QA Auditor Training Course
- How to Better Organize Files & Records
- CTI Cryogenics Cryopump
- Autocad Intermediate
- Understanding Photolith & Process Control
- Hazardous Chemicals Safety
- Project Management
- Advanced Trouble Shooting
- Waste Elimination Now/Picos Training
- Understanding Data Communication
- Principles of Quality Assurance
- Strategic Management of R & D
- Behavioral Interviewing
- Compensation Training
- Sheet Metal Practical & Safety Training
- Quantitative Analyses
- Strategic Selling
- Oracle Manufacturing Modules
- Production and Inventory Management
- Payroll for Supervisors
- Facilitation Skills
- Power Electronic Circuits
- Power Switchgear Equipment
- Robotics Packaging

2. Basic skills courses:
- Basic skills in the workplace
- Computer literacy courses (Introduction to Computers)
- Basic English
- Basic Math Skills
- Trigonometry Refresher
- Keyboard Skills
- Hard Disk DOS
- WordPerfect - Level I
- Programming Methodology
- Technical Illustration

3. Group/team/personal skills:
- Stress management
- Interpersonal skills
- Time Management- Supervisory Training
- Spanish

Type II Training:

1. Lotus 1-2-3
2. Writing for Business
3. Introduction to Computers
4. English grammar (English as a Second Language)
5. Records Management
6. Communication Skills for Women
7. Effective Speaking and Human Relations

Type III Training:

1. "Facing Training" (for union JWTC members)
2. Analog Design
3. Time Management
4. Stress Management
5. Image & Communication Skills
6. Cultural Diversity Awareness
7. Teambuilding Workshop
8. Understanding NAFTA Regulations
9. Competitive Benchmarking

Type IV Training:

Plant Closure Situations:

1. Employee Assistance and Counselling Program

Appendix F
Model of APSTC Structure