

EQUITY BARGAINING IN THE NEW ECONOMY

Judy Fudge

Professor,
Osgoode Hall Law School,
York University,
Toronto, Ontario, Canada

The process of globalization has led to the rapid disintegration of the old industrial model of employment in Canada. The manufacturing sector has shrunk as a source of employment and the share of employment generated by the service sector has massively increased. Traditional public services are being challenged by private corporations, which see an opportunity to increase their ability to make profits. Women's labour market participation has risen dramatically, and an increasing proportion of workers migrate around the globe in order to find employment. Modern information-based systems and technologies have given birth to a new economy, which emphasizes flexibility in the labour market and has hastened the change in employment norms. Simultaneously, there has been a profound increase in precarious work—work that departs from the standard employment relationship and is poorly paid and incapable of sustaining a household. According to the International Labour Organization (ILO), globally, during the last two decades of the twentieth century there has been “a general increase in the precarious nature of employment and the reduction of workers' protection” (2000, 406). This is the context in which unions are trying to bargain greater equity both for and amongst workers.

In this comment I look briefly at the new economy, the kinds of the jobs people work at in order to earn a living in the new economy, and who the workers are in the new economy. After that, I want to conclude by looking at the challenge the new economy poses to unions who are committed to bargaining for greater equity.

THE NEW ECONOMY

The archetypical worker of the new informational economy is the knowledge worker. Knowledge workers are characterized as independent risk takers, who build their own networks that, when linked with their property in knowledge, can invert the relations of power and subordination that have

traditionally structured employment. Employed primarily in managerial, professional, and technological occupations, these informational workers who roam the globe are richly rewarded, both financially and with interesting and high-status work (Hyde 2003).

At the same time as these knowledge workers are recruited all over the globe, so too are agricultural and domestic workers (Basok 2002; Bakan and Stasilius 2005). However, these workers receive little pay and work in poor conditions, typically without union protection. These workers are the mirror image of the globe-trotting information workers.

Even with the rise of the informational economy, low-paid and insecure employment in the service sector persists (Aoyama and Castells 2002, 146, 157). In developed countries such as Canada, national labour markets have increasingly become broken into high- and low-skilled jobs as those jobs in the middle have gradually disappeared (Picot and Heisz 2000).

“Just-in-time” production methods, through which businesses attempt to respond more immediately to the market pressures resulted in a “just-in-case workforce”, with corporations demanding increased flexibility from workers. With corporations and production chains stretching across the globe, production on a single item may involve workers across a number of different continents. At the same time as the global corporate networks have developed, there has also been a proliferation of small businesses, often called micro-enterprises that are very hard to unionize. The imperative for efficiency and cost cutting has spawned arrangements among these smaller operators whereby they are linked through franchising agreements or operate through joint ventures, often in complex webs of interaction. There has also been a “commercialization” of employment relations, and an increase in self-employment and various forms of subcontracting

There is also pressure for the privatization - that is shifting service provision from the public to private sector - of government services. Privatization has a negative impact on public sector unions and the wages and conditions of their members. Not only are public sector jobs more likely to be unionized than comparable jobs in the private sector, wages at the bottom end of the occupational ladder, where women and visible minorities tend to be crowded, are paid better in the public than the private sector.

The demand for flexible labour has resulted in a decline in standard employment. René Morissette and Anick Johnson (2005, 13) found that the median hourly wages of male workers aged 25 to 64 with 2 years or less seniority fell 13 per cent between 1981 and 2004.¹ They explain that:

Analyzing the evolution of wages of newly hired employees is important since changes in wage offers for new hires are an important channel through which Canadian firms may respond to growing competition

within industries from abroad. More intense competition in the product market could induce some companies to reduce their labour costs by cutting wages offered to newly hired employees, while maintaining or increasing wages of workers with greater seniority. Such changes may indicate fundamental changes in the employer-employee relationship that could affect the quality of Canadian jobs in the years ahead (Morissette and Johnson 2005, 11).

They also discovered that “Canadian employers have responded to the changing environment not only by reducing their wage offers for new employees, but also by offering temporary jobs to an increasing fraction of them.”² And although these authors were unable to examine the change in a range of non-wage benefits (such as dental, life insurance, and supplemental medical insurance plans) that often accompany the standard employment relationship, they found that defined-benefit pension coverage had fallen substantially for men aged 25 and over, had dropped slightly for women aged 25 to 34 and has risen for women aged 45 to 54.³

One of the most significant impacts of the new economy on employment is the rise in non-standard, contingent, or precarious forms of work. However, defining the work arrangements in the new economy simply in contrast to standard employment can be misleading and risks perpetuating the notion that there is a simple binary divide between the “old” and the “new” forms of work. This can mean that important changes in standard employment are ignored, that significant differences among the wide range of non-standard work situations are not acknowledged (Zeytinoglu and Weber 2002), or that characteristics shared by “old” work and “new” work are missed. The increasing heterogeneity in work arrangements suggests that there is no simple dichotomy between work arrangements in the “old economy” and “new economy” (Fudge and Owens 2006). Working-time arrangements and compensation packages vary widely.

Although women continue to be over-represented in precarious work, by the end of the 1990s there had been a convergence in the labour market experiences of men and women in Canada. But, this convergence was only equivocally a cause for celebration; in part, it was propelled by deteriorating employment experiences of, and prospects for, men and increased inequality within the ranks of women. Moreover, labour markets in Canada are increasingly segmented by age, race, immigration status, and educational attainment (Vosko, Cranford, and Zukewich 2003). Visible minority workers and new immigrants earn less on average than their white or Canadian-born counterparts, and their situation is not improving as quickly as it has in the past (Cheung 2005; Teelucksingh and Galabuzi 2005).

HOW TO MAKE EQUITY A PRIORITY AT THE BARGAINING TABLE

To summarize: there is increased competition between firms and among workers, declining unionization, and deepening inequality in wages and hours of employment. Add to this general deterioration in entry level wages and job security, greater diversity - along the lines of race, sex, and religion - in the workforce. At the same time as there is a greater need for equity, there are ever greater barriers to attaining it. This is a challenging context for unions to bargain greater equity

Any hope for bargaining greater equity in the workplace depends on explaining to people, and especially members, that the general deterioration in new jobs is caused by the demand for labour, which is controlled by employers, and not by increased competition among workers. It is too easy in time when wages for the majority are stagnating, the standard employment relationship is deteriorating, and the labour market is becoming harsher, to attack the most recent entrants - recent immigrants - or those who seem different as the cause of the declining conditions. The backlash against equity misidentifies the source of the problem of deteriorating jobs. It is clear that during the 1980s and 1990s people who are already at the top of the labour market - high-level managers and professionals - have done very well while the income of people at the bottom half has declined (Fudge 2006).

It is absolutely crucial to explain to people that equality and inclusion are not what threatens the number and quality of jobs. Once members accept this basic proposition there are many ways to bargain equity. However, I want to identify two broad principles that are useful to consider when bargaining equity.

The first is to raise the floor of collective bargaining by including types of jobs that are normally excluded. Not only does this approach help to achieve equity, since these are the jobs in which the most disadvantaged workers are located, it also helps to preserve good quality jobs, since these jobs threaten the security and standards of unionized jobs. But instead of trying to outlaw this type of work, a strategy that has not proven successful, the goal would be to bargain equality (not simply parity) of treatment for part-time, casual, and temporary workers. In addition, it is also important to challenge the self-employed status of workers; to try to bring temporary workers employed through employment agencies into the bargaining unit; and to develop links with groups of workers with different immigration statuses. This principle also entails that two-tier wage scales or different benefit plans that discriminate against newer workers and newer members should be rejected.

The second principle for bargaining equity is that inclusion and non-discrimination should be the norm in all demands. Use human rights to put issues on the table and to challenge demands. Unions are considered to be legally responsible for discrimination in the collective agreement so there is a real

reason for seeking to eradicate discriminatory practices and provisions. Get rid of seniority provisions that are discriminatory and limited to classification, and look at holidays and shift scheduling from a human rights perspective.

At the same time as the new economy poses a challenge for unions to bargain for equity, it also presents an opportunity to consider new ways of attaining equity. Heterogeneity and diversity does not have to mean inequality and exclusion; it can also mean equity and inclusion by accommodating a range of different type of jobs and workers.

NOTES

- ¹ For women, who started from a lower median hourly wages in 1981, their median wage only dropped by 2 per cent.
- ² They explain why it is important to look at the increasing incidence of temporary workers among newly hired employees. That incidence increased from 12 per cent in 1989 to 22 per cent in 2004. Moreover, this increase was widespread, affecting both unionized and non-unionized workers. *Ibid.*, 18
- ³ Morissette and Johnson (2005, 19, 21) also note that, even if increases in group registered retired savings plan (RRSP) coverage have fully offset the drop in registered pension plans (RPPs) coverage observed among men, one consequence is that the investment risk associated with employer-sponsored pension plans has been shifted, in many cases, onto male workers, rather than being borne by their employer. This is so since group RRSPs, contrary to most RPPs, do not guarantee workers a defined benefit at the time of their retirement, *ibid.*, 21.

REFERENCES

- Aoyama, Yuko and Manuel Castells. 2002. An Empirical Assessment of the Informational Society: Employment and Occupational Structures of G-7 Countries, 1920-2000. *International Labour Review* 141; 123-59.
- Bakan, Abigail and Stasiulis Daiva. 2005. *Negotiating Citizenship: Migrant Women in Canada and the Global System*. Toronto: University of Toronto Press.
- Basok, Tanya. 2002. *Tortillas and Tomatoes*. Montreal & Kingston: McGill Queen' University Press.
- Chueng, Leslie. 2005. *Racial Status and Employment Outcomes*. Research Paper #34 Ottawa: Canadian Labour Congress.
- Fudge, Judy. 2006. Beyond Precarious Employment? Towards a New Standard Employment Relationship. *Canadian Labour and Employment Law Journal*. Vol. 12.
- Fudge, Judy and Rosemary Owens, eds. 2006. *Precarious Work, Women, and the New Economy: The Challenge to Legal Norms*. Oxford: Hart.
- Hyde, Alan. 2003. *Working in Silicon Valley: Economic and Legal Analysis of a High-Velocity Labor Market*. Armonk, N.Y.: M.E. Sharpe.
- ILO. 2000. *Report of the discussion of the Meeting of Experts in Workers in Situations Needing Protection*. Geneva: International Labour Office.

-
- Morissette René and Anik Johnson. 2005. *Are Good Jobs Disappearing in Canada?* Research Paper Series, Analytical Studies Branch, No. 239, Statistics Canada.
- Picot, Garnett and Andrew Heisz. 2000. *The Performance of the 1990s Canadian Labour Markets*. Ottawa: Statistics Canada.
- Teelucksingh, Cheryl and Galabuzi. 2005. "Working Precariously: The impact of race and immigrant status on employment opportunities and outcomes in Canada. *Directions* 2:1; 15-52.
- Vosko, Leah. F., Nancy Zukewich, and Cynthia Cranford. 2003. Precarious Jobs: A New Typology of Employment. *Perspectives on Labour and Income*. *Statistics Canada – Catalogue No. 75-001-XIE 4*; 16-24.
- Zeytinoglu, Isik Urla and Caroline Weber. 2002. Heterogeneity in the Periphery: An Analysis of Non-Standard Employment Contracts. In *Flexible Work Arrangements: Conceptualizations and International Experiences*, edited by I.U. Zeytinoglu .The Hague: Kluwer Law International.