

# Collective Bargaining in Provincial Public Administration La négociation collective dans la fonction publique provinciale

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Volume 36, numéro 3, 1981

URI : <https://id.erudit.org/iderudit/029184ar>

DOI : <https://doi.org/10.7202/029184ar>

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Éditeur(s)

Département des relations industrielles de l'Université Laval

ISSN

0034-379X (imprimé)

1703-8138 (numérique)

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Citer cet article

Christensen, S. (1981). Collective Bargaining in Provincial Public Administration. *Relations industrielles / Industrial Relations*, 36(3), 616–629. <https://doi.org/10.7202/029184ar>

Résumé de l'article

Le but de cet article est d'établir d'une façon empirique jusqu'à quel point les taux de salaires dans le secteur public s'alignent sur ceux du secteur privé face aux changements cycliques de l'économie mesurés en tenant compte à la fois de l'inflation et des emplois disponibles sur le marché du travail. Il vise aussi à déterminer si l'introduction de la négociation collective dans le secteur public a modifié ce rapport d'une façon significative. Nous le faisons à partir des statistiques relatives aux salaires des employés du secteur public dans la fonction publique provinciale et de ceux des employés de l'ensemble du secteur industriel privé, qu'il y ait ou non négociation collective dans le secteur public. Les taux de salaires du secteur public sont plus sensibles à l'inflation et moins sensibles aux conditions du marché du travail que les taux de salaires du secteur privé.

Une des conséquences de cette constatation, c'est que, contrairement à des craintes largement répandues, l'introduction de la négociation collective dans le secteur public n'a pas affaibli le lien de parité entre les échelles de salaires du secteur public et celles du secteur privé. En effet, le lien était déjà faible avant l'avènement de la négociation collective, parce que l'employeur du secteur public fixait les salaires unilatéralement. Si l'établissement de la parité des salaires entre le secteur public et le secteur privé est la fin recherchée, cette constatation permet de voir qu'un des obstacles principaux à sa réalisation réside dans l'absence de motifs suffisamment forts de la part de l'employeur du secteur public pour l'empêcher d'offrir aux employés plus que la parité l'exigerait. (La concurrence des employeurs du secteur privé ferait que l'employeur du secteur public ne pourrait pas pendant longtemps offrir moins que la parité l'exigerait, si le secteur public veut conserver sa main-d'oeuvre.) Si l'on fait abstraction de l'opinion publique, les motifs auxquels l'employeur du secteur public a à faire face le poussent apparemment à offrir plus que la parité l'exigerait.

Qu'il existe ou non de négociation collective dans le secteur public, les résultats de l'enquête indiquent qu'il est nécessaire de modifier « l'environnement » dans lequel l'employeur du service public prend ses décisions en matière de salaires et de promotions si l'on veut que le lien de parité avec le secteur privé soit plus serré. Pour le moins, il serait désirable de mettre sur pied, dans chaque province, une agence, semblable au Bureau de recherches sur les traitements qui existe au gouvernement fédéral, dont le mandat serait à la fois de recueillir et de diffuser les statistiques comparatives des salaires entre le secteur public et le secteur privé. De plus, les comparaisons ne devraient pas se faire par appellation d'emploi uniquement comme au gouvernement fédéral, mais en tenant compte des fonctions des employés. Cette dernière méthode est la plus utile pour deux motifs: 1<sup>o</sup>, parfois, les descriptions par appellation d'emploi ne sont pas comparables entre le secteur public et le secteur privé; 2<sup>o</sup>, l'employeur du secteur public peut déguiser des augmentations de salaires supérieures à la parité sous forme de promotion rapide au moyen de la structure de classification des emplois.

L'information diffusée à l'occasion d'une augmentation de salaires dans le secteur public par rapport à ce qui existe dans le secteur privé pour les employés qui ont une formation et une expérience comparables peut servir d'impulsion et de munition aux groupes de contribuables qui cherchent des moyens de réduire les dépenses du gouvernement. En facilitant l'accès du public à des statistiques comparant les échelles de salaires du secteur public et du secteur privé, il peut être possible de contenir la générosité de l'employeur du secteur public en matière de salaires et de promotions. Sinon, il faudrait penser à introduire un système de stimulants financiers par lequel le traitement des cadres du secteur public serait inversement relié à l'amplitude de l'augmentation de salaires obtenues par les fonctionnaires placés sous leur autorité par rapport aux salaires des employés du secteur privé.

Toutefois, la comparaison exacte entre le secteur privé et le secteur public aurait pour conséquence de maintenir, au détriment des femmes et de certains groupes ethniques, les discriminations qui existent sur le marché du travail. Pour éviter ce danger, il serait souhaitable d'accorder à ces groupes du secteur public certains rajustements de salaires.

# Collective Bargaining in Provincial Public Administration

Sandra Christensen

*It is the purpose of this paper to assess empirically the extent to which public sector pay rates closely track the private sector in response to cyclical changes in the economy, as measured by the rate of inflation and labour vacancy rates; and to determine whether the introduction of collective bargaining in the public sector has altered this relationship in any significant way.*

Among employees in public administration in Canada, the privilege to bargain over pay is nearly universal and frequently includes the legal right to strike in the event of an impasse in negotiations. By contrast, all bargaining over pay is forbidden to employees in public administration in England, and in the federal and most state sectors in the United States. Canada's distinctive approach to pay determination in public administration first appeared during the 1960's, when each of the federal and provincial jurisdictions liberalized legislation governing public sector labor relations<sup>1</sup>.

However, in recent years, there have been frequent expressions of concern about the consequences of collective bargaining in the public sector. A number of authors have outlined the *a priori* arguments which would lead one to expect that bargaining demands in the public sector will be less constrained than those in the private sector, based on the absence of the profit motive and the inelasticity of demand for most public sector services<sup>2</sup>. Gunderson (1979) has presented evidence that a pay premium does in fact exist for employees in the public sector (defined as employees in public administration in all three levels of government), relative to comparable employees in the private sector. Further, evidence presented elsewhere by Gunderson (1978) suggests that this pay premium may have first appeared

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<sup>1</sup> See GOLDENBERG, 1979, pp. 256-257. The province of Saskatchewan is an exception to the general liberalization beginning in the 1960's, only because labour legislation in that province has never excluded public employees from the bargaining privilege enjoyed by private sector employees.

<sup>2</sup> See AULD, 1979; CHRISTENSEN, 1980; COURCHENE, 1977; GUNDERSON, 1979.

in the mid-1960's, when public sector pay bargaining was first widely introduced. The data we use here, on average weekly earnings at the provincial level, show that the ratio of public to private sector earnings increased an average of 12 percent after the introduction of collective bargaining for employees in provincial public administration.

Concerns about the consequences of collective bargaining in the public sector have been reflected by government at the federal level by (as yet unsuccessful) proposals to amend the *Public Service Staff Relations Act* to mandate the maintenance of pay parity with comparable private sector employees as the principal criterion for public sector settlements<sup>3</sup>. Some provincial governments, too, are beginning to implement mechanisms whereby they can monitor public sector pay scales in relation to those in the private sector, presumably for the purpose of better maintaining parity.

The *a priori* arguments for setting public sector pay at parity with the private sector are strong, and are reviewed elsewhere<sup>4</sup>. One result of the strict maintenance of parity with the private sector would be that public sector pay rates would track private sector rates in response to price inflation and to changes in labour market conditions, so that there would be no significant difference between the two sectors in cyclical pay responses.

It is the purpose of this paper to assess empirically the extent to which public sector pay rates do closely track the private sector in response to cyclical changes; and to determine whether the introduction of collective bargaining in the public sector has altered this relationship in any significant way. In this study, the public sector is defined to include only employees in provincial public administration. We exclude provincial employees in health, education, and government enterprise, as well as all public employees at the federal and municipal levels. Such restriction is necessary in order to obtain units of observation which are homogeneous with respect to applicable collective bargaining legislation.

## PREVIOUS RESEARCH

Our interest is in detecting how the process of pay determination differs between public and private sectors. In particular, we are interested in detecting public/private sector differences in pay responsiveness to labour

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<sup>3</sup> House of Commons of Canada, *An Act to Amend the Public Service Staff Relations Act*, March 8, 1978; and *An Act to Amend the Public Service Staff Relations Act and to Establish the National Pay Research Board*, November 21, 1978.

<sup>4</sup> For a review of these arguments, see CHRISTENSEN, 1980, pp. 42-45, or GUNDERSON, 1977.

market conditions and to changes in the rate of inflation, both before and after the collective bargaining privilege has been granted to public sector employees.

There are previous studies which have obtained comparative public/private sector estimates of the pay determination process: one by Jean-Michel Cousineau and Robert Lacroix (CL), published by the Economic Council of Canada in 1977; and two by Auld, Christofides, Swidinsky, and Wilton (ACSW), published by the Anti-Inflation Board and by the *Canadian Journal of Economics* in 1979.

However, because the data base used in each of these studies is drawn from a Labour Canada compilation of collective bargains, the authors cannot address the question of whether or not the introduction of collective bargaining in the public sector has *changed* the nature of the link between public and private sector pay. They can only address the question of whether or not the pay determination process differs between public and private sectors *given* the existence of collective bargaining in both sectors.

Further, with respect to the latter question, the conclusions reached in the studies by CL and ACSW are contradictory. CL (p. 61) found that public sector wage settlements were significantly more price responsive and significantly less market responsive than private sector settlements. ACSW (AIB, p. 194) found no significant difference in the determinants of wage settlements between public and private sectors when both negotiated and arbitrated settlements were included in the sample; when only negotiated settlements were included, ACSW (*CJE*, p. 200) found no significant difference between public and private sectors in price responsiveness, but they obtained the surprising result that public sector settlements were significantly *more* responsive to labour market conditions than private sector settlements were.

There are econometric problems present in these studies, with estimation biases probably resulting which might be sufficient to account for the contradictory results<sup>5</sup>. While further work on the collective bargains data set would be valuable, to eliminate insofar as is possible the flaws in existing studies, it seems worthwhile as well to obtain estimates using an alternative data base which will permit an assessment of how public sector collective bargaining has *changed* the process of pay determination in the public sector, relative to the standard provided by the private sector.

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5 Consider first the CL study. The major problem with this study is that the authors failed to exclude from their sample those collective bargains which included a cost-of-living adjustment (COLA) clause. Since the wage increment data used do not include any COLA adjustment, this means that the dependent (wage) variable is measured with error for all of those bargains which included a COLA clause, and that the size of the measurement error is correlated

## SPECIFICATION OF THE MODEL

We have collected data on average weekly earnings, separately for private sector employees and for employees in provincial public administration, annually by province for the years from 1962 through 1975. Quebec and British Columbia are not included in the sample due to their failure to report complete public administration payroll data over the period of observation. This period is useful for our purpose because it is during this time that collective bargaining privileges were gradually extended to public sector employees in all provincial jurisdictions<sup>6</sup>.

We use these earnings data to estimate the parameters of the following equation<sup>7</sup>:

$$\text{WRATIO} = a (\text{PDOT})^b (\text{VR})^c$$

or, in the log-linear form actually used for the regressions:

$$\text{LogWRATIO} = \text{Log } a + b \text{ LogPDOT} + c \text{ LogVR}$$

where:

- WRATIO = the ratio of public to private sector average weekly earnings;  
 PDOT = the annual rate of increase in the (all-items) consumer price index, lagged one-half year;  
 VR = a regionalized vacancy rate, based on the job vacancy survey.

with the rate of inflation, which appears as one of the principal explanatory variables in the CL regressions. This has the effect of biasing the estimated regression coefficients, with the result that CL may have underestimated wage responsiveness to price inflation. Further, since CL present figures from their data set showing that the existence of COLA clauses is far more prevalent in the private sector than in the public sector, any underestimation of wage responsiveness to price inflation is likely to be more severe for their private sector equation. Hence, the significant difference in price responsiveness they find, with the public sector being more responsive than the private sector, may be a spurious result arising from estimation bias.

The problem in the ACSW study concerns the authors' choice of a measure for labour market conditions. They use the regionalized help-wanted index (published by the Department of Finance) divided by the labour force. However, because this index is normalized at 100 for 1969 for each region, it is not appropriate for the use made of it by ACSW. Comparison of index values *across* regions is meaningless, and yet ACSW must make such comparisons in their regressions on a data set of collective bargains pooled over regions and time.

Here too, then, measurement error introduces estimation bias into the results, with the coefficient estimated for the labour market conditions variable (the one measured with error) the most seriously affected. Hence, the anomalous finding by ACSW of equal or *greater* wage responsiveness to labour market conditions in the public sector than in the private sector may also be a spurious result arising from estimation bias.

<sup>6</sup> Complete public sector payroll data are not available for any province prior to 1962; and data for the years after 1975 are subject to the distortion caused by the introduction of wage and price controls.

<sup>7</sup> This model is borrowed, in modified form, from HALL's (1975) study of relative wage rigidity across major U.S. industries.

In this equation, the parameters have the following interpretation:

- a = the average ratio, over the period of observation, of average weekly earnings in provincial public administration relative to those in the private sector after eliminating cyclical influences. This might be greater or less than one (zero in log form), depending on the skill requirements of public administration relative to the private sector industry mix. We allow this parameter to vary by province to reflect the different industry (and hence skill) mix characteristics of the private sector in each province.
- b,c = a measure of the extent to which the relationship between average weekly earnings in the public and private sectors changes in response to cyclical fluctuations in inflation (b) and labour market conditions (c). Here, a coefficient of zero would indicate that earnings in public administration are neither more nor less rigid than those in the private sector; a negative coefficient would indicate greater rigidity (less cyclical responsiveness) in public sector earnings than in the private sector. Only if the estimates for both b and c are nonsignificantly different from zero can we conclude that public sector earnings are closely tracking the private sector, as the maintenance of parity would dictate.

We want also to test for the possibility that public/private sector differences in earnings responsiveness to labour market conditions might vary over the cycle. To accomplish this, we include a shift variable (VRDUM) which is equal to the vacancy rate when the vacancy rate is above its (regional) average over the period of observation, and zero otherwise. This permits the labour market parameter (c) to take on two different values: one for slack labour markets; and another for buoyant markets.

Finally, because we are interested in how public sector cyclical responsiveness, relative to the standard provided by the private sector, has been altered by changes in the legislation governing public sector collective bargaining, we allow the cyclical parameters (b and c) to vary across three categories of observations, differentiated by applicable public sector collective bargaining legislation. Of the 112 observations in our sample, 52 were for provinces and years in which collective bargaining was not legal for employees in provincial public administration. Thirty-four were for provinces and years in which collective bargaining was permitted, but with arbitration (ARB) as the only legal impasse procedure. Twenty-six were for provinces and years in which collective bargaining was permitted and in which the strike (STR) was legal.

In all provinces throughout the period of observation, legislation governing collective bargaining for private sector employees was uniform, permitting organization, bargaining, and the strike, so that no variable is required for this.

In addition to the principal explanatory variables introduced above, we found it useful to include a variable which is the ratio of part-time to total employees in each provincial public administration (PARTIME). This is included in an attempt to control for the probable measurement error present in the calculation of average weekly earnings for public employees<sup>7a</sup>.

## EMPIRICAL RESULTS

Since our data set is a pooled cross-section time-series, we must consider both the problems of heteroscedasticity and of autocorrelation. The use of a separate intercept for each cross-section (i.e. provincial) observation is an approach suggested by Murphy (1973, pp. 360-361) to deal with the heteroscedasticity problem. We tested for autocorrelation as well, but found no evidence that this was a problem for our data set<sup>8</sup>.

The specific equations estimated are presented in Table 1. The data appendix gives the full definition and sources for each variable used.

We interpret the estimation results as follows. The coefficients attached to the cyclical variables LogPDOT, LogVR, and VRDUM are estimates of public relative to private sector earnings responsiveness in the absence of public sector collective bargaining. The coefficients attached to ARB\*PDOT, ARB\*VR, and ARB\*VRDUM are shift parameters which are applicable when collective bargaining, with arbitration as the only legal impasse procedure, is allowed. The coefficients attached to STR\*PDOT, STR\*VR, and STR\*VRDUM are shift parameters which are applicable when collective bargaining, with the strike as a legal impasse procedure, is allowed.

The estimation results show that none of the coefficients attached to the VRDUM variables are significantly different from zero, either singly (based on the t-statistics reported in equation 1) or as a group (based on a

<sup>7a</sup> For a discussion of this problem, a technical appendix is available upon request to the author.

<sup>8</sup> We estimated the first-order autocorrelation coefficient from a regression of the residuals from equation 3 on those same residuals lagged one year. We used the resultant estimate for "RHO" to calculate the Durbin-Watson statistic. The DW value fell in the inconclusive region, so that we could neither accept nor reject the hypothesis of serial correlation. We chose to make no correction.

F-test between equation 1 and equation 2)<sup>9</sup>. *A priori* arguments might be made that competition from private sector employers would force public sector pay increases to be comparable to those gotten in the private sector in response to tight labour market conditions, but that no analogous force exists to hold public sector pay increases down to the level of those received in the private sector during times of labour market slack. There is no evidence of such asymmetry in relative public to private sector responses to labour market conditions in our data. Public sector pay rigidity relative to the private sector does not appear to vary significantly over the cycle. Hence, we eliminate the VRDUM variable from our final estimation results in equation 3. However, it should be noted that the failure of this variable to perform may be the result of our use of a simple earnings figure, rather than the more appropriate "full pay" figure which would include the monetized value of fringe benefits. To the extent that public sector fringe benefits are more generous than those typically available in the private sector, public sector earnings may lag behind private sector earnings during buoyant periods without resulting recruiting problems in the public sector.

The estimation results also indicate that public sector pay rigidity does not differ significantly between those observations for which no public sector collective bargaining is allowed and those for which public sector bargaining is allowed, but with arbitration as the only legal impasse procedure. This can be seen from the t-statistics associated with the ARB variables in equations 1 and 2; as well as from an F-test comparison of equation 2 and equation 3<sup>10</sup>. However, collective bargaining *with* the strike *does* change the cyclical responsiveness of the public sector, relative to the private sector. Hence, we eliminate the ARB variable, but retain the STR variable in our final estimation results in equation 3.

The estimates for equation 3 indicate that in the absence of any public sector collective bargaining over pay, public sector pay scales are significantly *more* responsive to recent price inflation and significantly *less* responsive to labour market conditions than private sector pay scales are. When collective bargaining without the strike is made available to public sector employees, there is no significant change in these differences. However, when collective bargaining *with* the strike is made available to public sector employees, this has the effect of significantly reducing (by about one-half) the differences between public and private sector responsiveness, both to price inflation and to labour market conditions; the differences that remain are still significant<sup>11</sup>.

9 The test value is  $F = .922$ , compared to the critical value of  $F(3, 94)_{.05} = 2.7$ .

10 The test value is  $F = 2.079$ , compared to the critical value of  $F(2, 97)_{.05} = 3.1$ .

11 The t-value for the relative price response is  $(.090 - .051) / .0155 = 2.516$ . The t-value for the relative labour market response is  $(-.090 + 0.39) / .0241 = -2.116$ .



## POLICY IMPLICATIONS AND CONCLUSION

Prior to drawing policy implications from these results, it is desirable to point out some potential problems in the interpretation of the results. Our model assumes that any systematic change in the ratio of public to private sector average weekly earnings will arise in response to cyclical variation in the economy, as measured by the vacancy rate and the rate of inflation. However there may be *secular* changes in the ratio as well, perhaps due to a secular change in employee skill requirements in either public administration or in the private sector industry mix. We attempted to include a time trend variable in the estimated equation in order to control for this possibility, but found the time trend so highly correlated with the PDOT variable that inclusion of both was impossible. Hence, the coefficient estimated for PDOT may pick up some secular effects as well as the cyclical response we desire.

A second potential problem is that our measure of pay includes (of necessity) only earnings, and hence is not the "full pay" measure that is theoretically appropriate for a comparison between public and private sector compensation. It is possible that cyclical changes observed in the earnings ratio between public and private sectors are offset by compensating changes in the value of fringe benefits. If this occurs, then the "full pay" responses of public and private sectors could be similar and consistent with the maintenance of parity, despite the absence of such results for our earnings measure. However, this seems unlikely. If there is any cyclical variation in the relative value of fringes, it seems more likely that it would accentuate rather than offset the changes observed in the earnings ratio. The relative gain in earnings for the public sector during inflation is likely to be still greater once the enhanced value of a price-indexed pension plan, which is more typical of the public than the private sector, is considered. The relative maintenance of earnings levels for the public sector during slack labour markets is also likely to be still more pronounced once a value is placed on the lower probability of lay-off in the public sector relative to the private sector. Hence, the difference we estimate between public and private sectors in cyclical response would not likely be eliminated by consideration of fringe benefits, were such data available.

Subject to the caveats mentioned, our results indicate, for the provincial public administration, that:

- a) without collective bargaining, public sector pay scales more responsive to recent price inflation, and less responsive to labour market conditions, than private sector pay scales;

- b) there is no significant change in the size of these differences when public sector collective bargaining is allowed, but does not include the right to strike;
- c) when the public sector collective bargaining privilege does include the right to strike, this has the effect of making public sector wage responses more similar to those in the private sector, but significant differences still remain.

If the maintenance of parity is the goal in public sector pay determination, then our results indicate that public sector pay determination via collective bargaining with the strike is preferable to pay determination by collective bargaining without the right to strike or by unilateral employer action, because public sector pay scales track the private sector more closely under collective bargaining with the strike than under either of the two alternatives.

We can only speculate about the reasons for this, but we think that the following reasoning may be plausible. The evidence seems to indicate that in the absence of collective bargaining, the public employer is quick to adjust pay scales only in response to changes in the price level, thus tending to maintain the real value of public sector pay regardless of labour market conditions (at least until recruiting problems develop). This may be because changes in the price level are easy to observe, both for employer and employees, whereas current information on competitive pay scales in the private sector requires a more costly monitoring effort. With the advent of collective bargaining, one would expect both public employer and employee groups to implement procedures to better monitor pay scales in competitive private sector employment, resulting in a greater reliance on labour market conditions, and hence a reduced reliance on simple price level adjustments in the process of pay determination. This is the result we find when public sector collective bargaining is accompanied by the right to strike. It is perplexing, though, that this result is absent when arbitration is the only legitimate bargaining impasse procedure. Possible explanations for this difference in results between bargaining with arbitration versus bargaining with the strike might be based on:

- 1) *the characteristics of the arbitration process*, in which the arbitrator is usually a lawyer, untrained in making appropriate use of labour market information. He may thus duplicate the public employer's tendency to rely heavily on simple price level adjustments in the absence of pressure to do otherwise arising from the threat of strike or severe recruiting problems.

2) *the characteristics of the strike situation*, in which the strike threat enables public employees more effectively to insist on pay increases in excess of price level adjustments when real pay in the private sector is rising; but in which the threat or occurrence of a strike may also serve to focus public attention on the pay scale in the public sector, thus constraining the public employer from granting increases in excess of those won in the private sector more effectively than would be the case if settlements were reached out of the public spotlight.

An important implication of our results is that, contrary to widely expressed fears, the introduction of collective bargaining into the public sector has *not* weakened the parity link between public and private sector pay scales. The link was *already* weak before the advent of collective bargaining, resulting from unilateral pay determination by the public employer.

This conclusion is buttressed by evidence from Smith's (1977) study of public sector pay in the United States. In that study, Smith found a pay premium existed for most public employees at all levels of government whether or not pay was set by collective bargaining in the public sector. She found that the size of the pay premium was consistently related to the size and level of government. Public employees in local government received little or no premium, but those working for larger cities were more likely to get a premium than those working for small towns. The probability and size of the public sector premium increased for state employees and increased still more for federal employees even though federal employees are not permitted to bargain over pay in the United States. Smith attributes the result to the predominance of political influences on the public employee.

"Thus, any decision on government wages must take into consideration its impact on votes for the legislators in power. If, as Downs (1957) suggests, voters become informed only on issues of immediate concern to them, lawmakers will be most concerned with the reaction of government workers to their wage decisions. The political nature of these decisions gives rise to an inherent upward bias to government wages that is unchecked by market forces. The same forces that lead to this upward bias lead to an increase in the bias with an increase in the size of the governmental unit. As the number of government workers and the number of issues concerning the government unit increase, the political power of government workers with respect to wage decisions probably increases relatively more than that of other voters." (Smith 1977, p. 134).

If public/private sector pay parity is the goal to be achieved, these results suggest that a major impediment to its achievement is the absence of effective incentives operating on the public employer to prevent offering employees more than parity would require. (Competition from private sector employers should assure that the public employer cannot for long offer less than parity would require, if the public sector is to retain its work

force.) Out of the spotlight of public attention, the incentives facing the public employer apparently induce the offer of more than parity would require.

Whether or not collective bargaining exists in the public sector, our results suggest that it is necessary to alter the environment in which the public employer makes decisions on pay and promotion if the parity link with the private sector is to be close. At a minimum, it would seem desirable to set up a fact-finding agency in each provincial jurisdiction, similar to the Pay Research Bureau in the federal jurisdiction, whose mandate is not only to *collect*, but also to *publicize*, the data necessary for public/private pay comparisons. Further, comparisons should be made not only by job title, as is currently done by the Pay Research Bureau, but also by employee characteristics. The latter is the more useful comparison for two reasons: 1) job title descriptions are sometimes not comparable between public and private sectors; and 2) the public employer may disguise pay increases in excess of parity in the form of rapid promotion through the job classification structure<sup>12</sup>.

Public information concerning a pay premium in the public sector relative to the private sector for employees with comparable training and experience might then be used both as impetus and ammunition by taxpayer groups seeking ways to reduce the expense of government. Given easy public access to comparative data on public and private sector pay scales, public pressure might be sufficient to restrain the generosity of the public employer with respect to pay and promotions. If not, consideration might be given to introducing a system of financial incentives, whereby the pay received by those in public sector management positions would be inversely related to the size of the pay premium, relative to comparable private sector employees, received by the public employees under their direction<sup>13</sup>.

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<sup>12</sup> See pp. 23-34 in SMITH (1977) for a discussion of the bases for pay comparison.

<sup>13</sup> One consequence of maintaining strict comparability with the private sector is that any labour market discrimination against females or certain ethnic groups would be transmitted to the public sector as well. To present this it may be desirable to permit some public sector premium for those groups who are discriminated against in the private sector.

**TABLE 1**  
**Regression Estimates**

<i>Variable Name</i>	<i>Variable Mean</i>	<i>Equations (t-values in parenthesis)</i>		
<i>Dependent:</i>				
LogWRATIO	-.065			
<i>Independent</i>				
		<i>1</i>	<i>2</i>	<i>3</i>
NF	.125	-.093 (1.89)	-.089 (2.69)	-.099 ( 3.00)
PEI	.125	.084 (1.71)	.085 (2.63)	.072 ( 2.26)
NS	.125	-.097 (1.84)	-.095 (2.57)	-.108 ( 2.95)
NB	.125	.081 (1.50)	.086 (2.49)	.073 ( 2.14)
ONT	.125	.058 (1.31)	.063 (2.20)	.069 ( 2.44)
MAN	.125	.158 (3.21)	.157 (4.91)	.149 ( 4.67)
SAS	.125	.161 (2.93)	.162 (3.97)	.146 ( 3.63)
ALB	.125	.058 (1.21)	.057 (1.80)	.049 ( 1.55)
PARTIME	.178	-.276 (3.35)	-.258 (3.17)	-.213 ( 2.72)
LogPDOT	1.308	.071 (5.87)	.076 (6.51)	.090 (12.94)
ARB*PDOT	.513	.014 (0.77)	.077 (0.41)	---
STR*PDOT	.356	-.031 (1.50)	-.038 (2.01)	-.051 ( 3.13)
LogVR	2.117	-.084 (3.35)	-.086 (5.17)	-.090 ( 5.48)
ARB*VR	.642	.010 (0.71)	.006 (0.44)	---
STR*VR	.487	.033 (1.99)	.032 (1.96)	.039 ( 2.52)
VRDUM	1.078	.006 (1.01)	---	---
ARB*VRDUM	.394	-.012 (1.52)	---	---
STR*VRDUM	.209	-.009 (1.02)	---	---
R <sup>2</sup>		.932	.930	.927
S.E.E.		.034	.034	.034

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## La négociation collective dans la fonction publique provinciale

Le but de cet article est d'établir d'une façon empirique jusqu'à quel point les taux de salaires dans le secteur public s'alignent sur ceux du secteur privé face aux changements cycliques de l'économie mesurés en tenant compte à la fois de l'inflation et des emplois disponibles sur le marché du travail. Il vise aussi à déterminer si l'introduction de la négociation collective dans le secteur public a modifié ce rapport d'une façon significative. Nous le faisons à partir des statistiques relatives aux salaires des employés du secteur public dans la fonction publique provinciale et de ceux des employés de l'ensemble du secteur industriel privé, qu'il y ait ou non négociation collective dans le secteur public. Les taux de salaires du secteur public sont plus sensibles à l'inflation et moins sensibles aux conditions du marché du travail que les taux de salaires du secteur privé.

Une des conséquences de cette constatation, c'est que, contrairement à des craintes largement répandues, l'introduction de la négociation collective dans le secteur public n'a pas affaibli le lien de parité entre les échelles de salaires du secteur public et celles du secteur privé. En effet, le lien était déjà faible avant l'avènement de la négociation collective, parce que l'employeur du secteur public fixait les salaires unilatéralement. Si l'établissement de la parité des salaires entre le secteur public et le

secteur privé est la fin recherchée, cette constatation permet de voir qu'un des obstacles principaux à sa réalisation réside dans l'absence de motifs suffisamment forts de la part de l'employeur du secteur public pour l'empêcher d'offrir aux employés plus que la parité l'exigerait. (La concurrence des employeurs du secteur privé ferait que l'employeur du secteur public ne pourrait pas pendant longtemps offrir moins que la parité l'exigerait, si le secteur public veut conserver sa main-d'oeuvre.) Si l'on fait abstraction de l'opinion publique, les motifs auxquels l'employeur du secteur public a à faire face le poussent apparemment à offrir plus que la parité l'exigerait.

Qu'il existe ou non de négociation collective dans le secteur public, les résultats de l'enquête indiquent qu'il est nécessaire de modifier «l'environnement» dans lequel l'employeur du service public prend ses décisions en matière de salaires et de promotions si l'on veut que le lien de parité avec le secteur privé soit plus serré. Pour le moins, il serait désirable de mettre sur pied, dans chaque province, une agence, semblable au Bureau de recherches sur les traitements qui existe au gouvernement fédéral, dont le mandat serait à la fois de recueillir et de diffuser les statistiques comparatives des salaires entre le secteur public et le secteur privé. De plus, les comparaisons ne devraient pas se faire par appellation d'emploi uniquement comme au gouvernement fédéral, mais en tenant compte des fonctions des employés. Cette dernière méthode est la plus utile pour deux motifs: 1<sup>e</sup>, parfois, les descriptions par appellation d'emploi ne sont pas comparables entre le secteur public et le secteur privé; 2<sup>e</sup>, l'employeur du secteur public peut déguiser des augmentations de salaires supérieures à la parité sous forme de promotion rapide au moyen de la structure de classification des emplois.

L'information diffusée à l'occasion d'une augmentation de salaires dans le secteur public par rapport à ce qui existe dans le secteur privé pour les employés qui ont une formation et une expérience comparables peut servir d'impulsion et de munition aux groupes de contribuables qui cherchent des moyens de réduire les dépenses du gouvernement. En facilitant l'accès du public à des statistiques comparant les échelles de salaires du secteur public et du secteur privé, il peut être possible de contenir la générosité de l'employeur du secteur public en matière de salaires et de promotions. Sinon, il faudrait penser à introduire un système de stimulants financiers par lequel le traitement des cadres du secteur public serait inversement relié à l'amplitude de l'augmentation de salaires obtenues par les fonctionnaires placés sous leur autorité par rapport aux salaires des employés du secteur privé.

Toutefois, la comparaison exacte entre le secteur privé et le secteur public aurait pour conséquence de maintenir, au détriment des femmes et de certains groupes ethniques, les discriminations qui existent sur le marché du travail. Pour éviter ce danger, il serait souhaitable d'accorder à ces groupes du secteur public certains ajustements de salaires.