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Globalization and the Canadian Economy: The Implications for Labour Markets, Society and the State

edited by Richard P. CHAYKOWSKI, Kingston, Ont.: School of Policy Studies, Queen's University, 2001, 312 pp., ISBN 0-88911-911-2 (bound) and ISBN 0-88911-909-0 (pbk).

This volume is the result of a May 2001 forum organized by the Canadian Workplace Research Network. Given the proximity of the Quebec City Summit (April 2001) and the XIIth Inter-American Conference of Ministers of Labour (October 2001), this forum provided a timely opportunity for Canadians to bring their concerns about the implications of economic globalization to the attention of government.

In their introductory chapter, Richard P. Chaykowski and Michael Abbott emphasize the dual role of governments: in promoting trade agreements and in fostering institutional arrangements that help minimize the social costs generated by the implementation of these agreements. Increasing international competition, the relative decline of full-time employment "as the norm," workplace change, intense pressures on the "traditional" industrial relations system and an overall decline of the labour movement, according to many participants at this forum, "make it more difficult for governments to regulate undesirable practices and support productive and equitable labour market programs."

In their chapter on the implications of globalization for labour and labour markets, Richard Chaykowski and Morley Gunderson point out that "labour becomes a source of competitive advantage... because the price of goods and capital are often fixed in international markets, as the law of one price applies." And in countries like Canada, which can no longer rely primarily upon the export of raw materials or privileged access to domestic markets, labour "becomes a crucial resource to be optimized, not a cost of production to be minimized..." This is crucially important for high-wage industrialized

countries that cannot be expected to be able to compete on the basis of lower labour costs and where workforce flexibility, skills development, employee commitment, etc. are indeed extremely important to ensure their competitiveness in the global market. Yet, the paradox noted by the authors is that if production and markets are heretofore global, laws governing collective bargaining and union policies are still at the national and subnational levels. In response to the challenges of globalization, many unions are now looking for ways to coordinate their strategies across national boundaries. Similarly, note the authors, "by constraining the independence with which nations set labour policy, globalization also increases political interdependence among nations."

The chapter on the social dimensions of the new global order by Thomas Courchene is, in this reviewer's opinion, the pivotal piece of the book. It reflects forceful and refreshing idealism; optimism is a word that the author might prefer. The dominant theme is that globalization, if responded to dynamically, is a development ultimately leading to a better performing and more equitable Canadian economy, and to a better world. Canadian and international concerns are blended throughout the chapter, to an extent that has made this reader conscious of the fact that further pioneering work remains to be done if one is to advance a concept of globalization that is not the mere extrapolation of western values to the entire planet. For example, how widely are the twin societal objectives of economic competitiveness and social cohesion, so worthy for us as Canadians, acceptable and accepted? To what extent could they be promoted (or tolerated) as pillars of an

“international system of governance?” Or is the concept of “human capital,” so dear to economists, consistent with established beliefs and traditions in the non-western world? These are the types of questions that this chapter has the merit of generating in this reader’s mind. Whatever the responses, Courchene’s promotion of economic competitiveness and social cohesion as the twin pillars of his hope for globalization make this chapter an ideal document for those interested in going beyond a purely economic approach to globalization. That said, a touch of respectful skepticism cannot be avoided here. This reviewer was reminded of the disappointed expectations of a similarly optimistic literature after World War II often read to a younger generation during tragic times with a view to nourishing their hopes for a new world, after the war.

In his chapter on public sector restructuring and governmental capacity, Alasdair Roberts considers recent reforms in the public services: internal deregulation to promote greater flexibility in the use of human and financial resources; privatization or the reliance on private enterprises for the delivery of public services; devolution, as exemplified by the Canadian Government devolving responsibility for the design and delivery of federally funded labour-market and social-housing programs. The author also notes the greater contrasts on the discretion of governments in the formulation of economic and fiscal policy as well as the concentration of authority within the executive branch of government following the decade of retrenchment in public administration. Apart from a review of the reforms, the author identifies three characteristics of the new kind of state that results from these years of retrenchment: first, a willingness to experiment with new ways of executing public functions; second, the increased importance of intergovernmental relations; third, a revised role for political executives and a small set of

truncated departments and agencies. In a subsequent brief appearing in this book, Michael McDermott offers a detailed and penetrating review of this new state and, in particular, the necessary coexistence of legislation and self-regulation.

The book also includes twelve briefs or perspectives on the core themes under investigation. Taken as a whole, they offer worthwhile and refreshing reading. As a relatively new subject, globalization at this stage requires a wide spectrum of sensitivities, experience and knowledge. Michael Abbott looks at European integration as a reference for the possible integration of the Americas. Carol Agocs draws attention to two contradictions inherent in globalization: first, while globalization has brought employment for certain groups, it has also generated new forms of exploitation; second, the retreat of governments when their role in protecting vulnerable and exploited workers is most needed. Jean Gérin-Lajoie (the author of the only text in French in the book!) focuses on the dimensions of globalization: demographic explosion, competition for jobs, globalization of knowledge, the absence of human migration, computerized processing of information. Isik Urla Zeitinoglu appropriately draws attention to the compounded sources of exploitation in the context of globalization: gender, age, ethnic origin, etc. Anil Verma’s discussion of corporate codes of conduct raises, from the perspective of this reviewer, the question as to whether transnationally applied codes of conducts could provide the basis for new ILO conventions, just as collective agreements in national contexts have provided the basis for labour standards?

For all of these reasons, this reviewer strongly recommends the critical discussion of this book in government and academic circles and beyond. Future books of this kind will be enriched by additional discussion, more linguistic balance and the integration of corporate

views on globalization. If this reviewer has a major criticism of this book, it is—as is so often the case today—that labour relations processes are dealt with second hand. Future publications should pay more attention to labour relations outcomes, whether they be achievements or failures. For example, what have labour and management jointly achieved, or attempted to achieve internationally in meeting the challenges of globalization? Research should be

conducted beyond codes of conduct and international agreements.

Much appreciation is due to Professor Richard Chaykowski for having edited the book, with remarkable care, in addition to playing a leading role in the organization of this successful and productive forum.

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Douglas McGregor, Revisited: Managing the Human Side of Enterprise

by Gary HEIL, Warren BENNIS, and Deborah C. STEPHENS, New York: Wiley, 2000, 196 pp., ISBN 0-471-31462-5.

I was a student of Doug McGregor. In a way he was my mentor. This was in graduate school at MIT in the late 1940s, sometime before he coined his famous terms, “Theory X and Theory Y.” So it was with considerable anticipation that I opened this “revisiting” of Doug’s work hoping for its reevaluation in the light of present knowledge. Perhaps expecting too much, I ended disappointed.

The book revisits, but not critically, and it largely ignores some of the more complex elements of Doug’s evolving thoughts. Further, it is often unclear which of the concepts discussed are originally Doug’s and which are those of the present authors. Doug wrote clearly; they do not. But their main thesis comes through nicely: as business has become more technologically complex, the time has come to put McGregor’s teachings into practice, that is to build “intrinsically motivating, actualizing organization” and to create “cause[s] worthy of commitment.”

Aside from six years as President of Antioch College, Doug spent most of his professional career at MIT. During that time he wrote on many things, including labour-management relations, but his best known work centered on Theories X and Y and their implications. Every

manager, Doug argued, makes implicit assumptions about employee motivation. Admittedly oversimplifying, Doug distinguished between two sharply different sets of such assumptions or “theories.” Theory X is that workers are lazy, dislike responsibility, are resistant to change, and so “must be persuaded, rewarded, punished, controlled.” Theory Y is that workers are not inherently lazy or resistant to change. On the contrary “[t]he motivation, the potential for development, the capacity for assuming responsibility, the readiness to direct behavior toward organizational goals are all present in people. Management doesn’t put them there... The essential task of management is to arrange organizational conditions and methods of operation so that people can achieve their own goals *best* by directing *their own* efforts toward organizational objectives” (emphasis in the original). Among the Theory-Y related “organizational conditions and methods of operation” that Doug discussed were decentralization and delegation, job enlargement, participative management, and performance appraisal based on management by objectives. Today these techniques are often linked together under the general term “employee involvement.”

Strictly speaking, Theories X and Y were alternative managerial assumptions.