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Cooperation, Economic Performance, and Public Policy:
Lessons From Canada and Abroad

March 1992

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PREFACE

This report consolidates the findings and conclusions of a consulting study commissioned by the Public Policy Forum and carried out through the fall and winter of 1991/92. The Public Policy Forum is a not-for-profit membership organization dedicated to excellence in government and the general improvement of the public policy process in Canada. It's members are drawn from leaders of businesses and business organizations, governments, labour unions and federations, academia, and the media.

Members of the Forum, like most Canadians, are concerned by Canada's economic performance and prospects. They noticed that many of the Organization for Economic Cooperation and Development's (OECD) strongest economies are found in jurisdictions which have well developed mechanisms for encouraging cooperation and building consensus within and between the public and private sectors. They wondered what contribution, if any, these mechanisms make to improving either or both of the public policy process and economic performance.

The Forum asked The Coopers & Lybrand Consulting Group to review these matters and identify any lessons which Canadians might learn. This report is the outcome of that effort.

The study was jointly funded by the Canadian Labour Market and Productivity Centre, The Molson Group of Companies, and six departments of the Federal Government:

- Consumer and Corporate Affairs, Canada;
- Environment Canada;
- External Affairs;
- Fisheries and Oceans, Canada;
- Industry, Science, and Technology, Canada; and,
- Labour Canada.

This report reflects the contributions, advice, and encouragement of a large number of people. They include representatives of the CLMPC and six Federal departments, who constituted a study advisory committee which was Chaired by Maryantonnet

Flumian of Fisheries and Oceans, Canada. The committee supplied numerous helpful ideas, suggestions, and contacts. Public Policy Forum personnel, Sheldon Ehrenworth and André Piché, were also most supportive and helpful.

In addition, I would like to acknowledge the contribution of Coopers & Lybrand personnel both in North America and Europe who helped with referrals and interview and roundtable discussion arrangements. I would particularly like to thank Deridre McIsaac of the Ottawa office who undertook key background research and other data collection and preliminary analysis, and also prepared a number of the Example Summaries in Appendix I. Pat Lafferty, the Coopers & Lybrand partner responsible for the assignment, deserves special mention. Pat made a number of useful suggestions, observations, and comments. More important, Pat gave me an opportunity to work intensively on a series of issues and questions that have been of personal and professional interest for twenty years.

Finally, and most important, I would like to thank the many people who agreed to be interviewed or who attended one of our roundtable discussions. All gave most freely of their experience, insights, and wisdom. To them goes the credit; any oversights, faulty analysis, or flawed presentation are entirely of my doing. Without their generous cooperation none of what follows would have been possible.

Trip Kennedy
March 1992
Ottawa

1. INTRODUCTION AND EXECUTIVE SUMMARY

In many countries the public and private sectors work together more closely on social, economic, and political problems than they do in Canada. The private sector "labour market partners" in many of these countries also have well developed cooperative mechanisms. They still see each others as adversaries, but many of the ways they deal with each other are not familiar to us.

The Public Policy Forum is a national organization of business, government, and labour leaders. Members share a commitment to excellence in government and an improved public policy process. Like most other Canadians, members of the Forum are concerned about Canada's recent economic performance.

They became interested in these mechanisms of cooperation when they noted the fact that many of the countries, such as Germany and Japan, have enjoyed much better long term economic performance than has Canada. The Forum wondered if there was a connection and asked Coopers & Lybrand to examine how cooperation takes place and how it relates to the public policy process and economic performance. They wanted us to look for the lessons that Canadians might learn.

At the outset we were sceptical. It was far from clear why dealing with economic, social, or political questions cooperatively, rather than adversarially, would enhance economic performance or the public policy process. And even if it does, we thought that the behaviours would probably be so rooted in unique cultural and historical conditions as to be untranslatable; that Canadians could not apply any of the lessons that might be learned.

We suspect that a number of Canadian leaders share our initial scepticism. Some leaders see it as their responsibility to make decisions, seize the initiative. They are inclined to fight it out in the marketplace, in the workplace, and in the political arena. Such leaders will be likely to reject the basic proposition out of hand. Other leaders, however, understand their role more in terms of building consensus, trust and partnerships. They will be more prone to find the coincidence interesting and suggestive.

The decision was made at the outset to rely on interviews and roundtable discussions to capture a mix of objective data and subjective views from leaders. We make no pretence at having given the topic comprehensive coverage. We reviewed the literature and conducted roundtable discussions in five Canadian cities: Halifax, Montréal, Ottawa, Toronto, and Vancouver; and in Boston. We also conducted interviews in Ottawa, San Francisco, Oakland, Sacramento, Boston, Paris, Bonn, Köln, Frankfurt, Bad Homburg, Helsinki, Utrecht, and the Hague. We also talked to Canadians with public and private sector experience in Japan and Vancouver based executives of Japanese firms. In total we talked to about 150 leaders during the fall and early winter of 1991 from government, business, labour, education, science, associations and advocacy groups, and the health care and human services communities.

Our intention was not to prove that cooperation improves economic performance. Rather we were looking for experience that is consistent with the basic proposition and useful to the Forum and to Canadians. After each discussion we asked ourselves: "What have we heard about cooperation to improve the public policy process or economic performance? How do these mechanisms work? Do they depend on attitudes or behaviours that are culturally, socially, historically, or politically

inappropriate to Canada?" Subjecting what we heard and learned to this test of relevance and appropriateness allowed us to extract the lessons we think will be most helpful.

Our findings relate to three basic sets of questions:

A. Is the Canadian economy in real difficulty or are we only experiencing a more or less normal cyclical downturn? How does our long term economic performance compare to that of some of our major international trading partners and competitors? Do they know something about the contribution cooperation can make to economic performance and the public policy process that we don't? And if so, what?

B. Do the major social and economic interests in those other countries actually cooperate more effectively than we do? If they do, can we use their experience to help us learn how to do better? Why do people cooperate with normal adversaries and how do they do it? What makes their cooperative efforts more effective than ours? What are the process ground rules and structural lessons about cooperation within and between the private and public sectors?

C. Are there meaningful opportunities to apply the lessons in Canada? Could they improve the public policy process and the resulting policies? What contribution, if any, could they make to the short and long term performance of Canadian firms? Do they have anything to offer workers and the labour movement, and if so what? How, if at all, does cooperation serve the needs of other interests like health care, education, human services, or associations and advocacy groups?

Our most general findings surprised us somewhat. There are effective ways for normally adversarial interests to cooperate. Doing so seems to have a positive impact on both the quality of public policy and economic performance. We are convinced that these cooperative behaviours are appropriate to Canada and can be learned by Canadians.

To enjoy the benefits, however, Canadians must decide to learn cooperative behaviours. Learning takes place through practice.

Our more specific findings are organized into the three chapters which parallel the three sets of questions and make up the body of our report:

A. Preserving Our Standard of Living (Chapter 2)

The Canadians we talked to are deeply concerned about our long term economic performance and believe that our standard of living is at risk. They suspect that better cooperation between and within the public and private sectors and a concerted effort to develop a shared vision of Canada's future could help reverse the trend. We learned that in some countries:

- there is better cooperation among the stakeholders than in Canada;
- cooperation takes place around key social, political, and economic problems; and,
- such cooperation does, in fact, appear to make a contribution to economic performance and the public policy process.

B. Learning to Cooperate (Chapter 3)

We also found that Canadians should be able to learn many of the lessons from the experience of other jurisdictions. Canada has some experience of cooperation among the various stakeholders but that experience has not been

consistently successful. We uncovered a number of guidelines and ground rules for cooperating in both the private and public sectors. Understanding and following them will improve our ability to cooperate successfully. All reflect a more fundamental finding:

- people cooperate to solve problems they cannot solve alone; and,
- sharing knowledge and power are central to their ability to do so successfully.

C. Applying Cooperative Strategies (Chapter 4)

Finally, we found that there are ample opportunities for applying cooperative approaches in and among Canadian government, business, labour, and the other stakeholders. Cooperation on public policy is consistent with parliamentary democracy and can produce more effective policies. It can also contribute to improved productivity and long-term profitability for business and better wages and job security for workers. Cooperative approaches also provide an effective way to meet the objectives of associations and interest and service groups.

That is not to say that applying those lessons will not require change in how the public and private sectors currently interact, both internally and with each other. But the required changes can be made by people of good will who want to capitalize on the clear advantages that cooperation affords.

Our work really only scratches the surface of what we are convinced will be a vital theme throughout the decade. Virtually every day while our study was underway media reports, studies, and papers were issued that touched on one or another aspect of Canada's economic prospects and cooperation within and between the public and private sectors.

Because our work has been more descriptive than analytical each chapter contains numerous quotations from the people we talked to and references to groups, organizations, processes, examples, and experience drawn from Germany, Japan, the Netherlands, the United States, Finland, France, the United Kingdom, and other countries including Canada.

The quotations are found on the left hand pages and can be read straight through or as something catches the eye. There is not a one-to-one correspondence between the quotations and the text on the right hand pages. A number of the examples of groups, organizations, and processes are described in more detail in Appendix I.

Exploring the three sets of questions, the ideas and findings that relate to them, and the detailed references will, we believe, yield much of value.

Appendix II identifies our Canadian roundtable participants and the people we interviewed in Canada and abroad. A brief summary of the views expressed by our Canadian roundtable participants is contained in Appendix III. We administered a short questionnaire to our roundtable participants. The responses from the Canadian roundtables are included in Appendix IV-A; Appendix IV-B contains the responses from the Boston roundtables. Our bibliography is contained in Appendix V.

2. PRESERVING OUR STANDARD OF LIVING

The Canadian economy is in trouble and has been for some time. The long term trends suggest more basic problems than those evident in the current recession. Many of the Organization for Economic Cooperation and Development's (OECD's) most successful economies are found in jurisdictions with well developed mechanisms that foster social and economic cooperation between and within the public and private sectors. These mechanisms appear to make a contribution to the superior long term economic performance of those jurisdictions. This chapter explores these themes and suggests that choosing cooperative over adversarial methods for resolving key economic and social concerns could prove essential to preserving the high standard of living we enjoy in Canada.

REVERSE THE DECLINE

Most international comparisons of our economic performance are discouraging. The "discomfort index", the sum of the rates of inflation and unemployment, may be a questionable economic measure, but it probably reflects most peoples' sense that a well functioning economy should provide high levels of employment and stable prices. Throughout the 1980's, a number of OECD countries consistently outperformed the discomfort index average. They include Japan, Germany, Finland, and the Netherlands, among others. Canada did not perform as well.

Canada's overall per capita economic output continues to place her second in the world to the United States. But Japan, Germany, and a number of other countries are rapidly closing the gap. Public sector debt also ran high through the 1980's and productivity growth was slow. Household incomes were almost static during the 1980's, despite strong growth in employment and the number of two-income

Average "discomfort index", 1980-89
 standardized unemployment +
 consumer price index
 (source: OECD)

Japan	5.0
Germany	8.8
Finland	12.2
G-7 average	12.3
Netherlands	12.5
United States	12.7
OECD average	14.0
Canada	15.8

Gross public debt, 1990
 percentage nominal GN/GDP
 (source: OECD)

Finland	15.0
Germany	43.4
United States	54.0
OECD average	58.3
G-7 average	58.6
Canada	69.6
Japan	70.2
Netherlands	79.7

households. It seems we were running hard to stay in the same place. The more recent past provides little basis for optimism. Our overall growth in economic output over the last four years, for instance, has been disappointingly slow.

People told us of their concern that things are getting worse rather than better. Key agricultural exports stand at price levels not seen since the Great Depression. The forest products sector and the fishery are in crisis. The energy sector has fallen on hard times. Time and again people told us that the manufacturing jobs lost during this recession are unlikely to return. It seems that hardly a day goes by without an announced plant shut-down or corporate reorganization that will eliminate jobs. Many of our Canadian roundtable participants expressed the view that the current recession is unlike earlier reverses. They see fundamental changes in the world economy and worry about the implications of those changes for Canada. We heard that the Canadian economy is not experiencing a cyclical downturn but rather the early phases of fundamental structural change.

If the 1980's were a decade of economic stagnation, they fear that the 1990's may be a decade of deterioration. G.A.T.T., Canada-U.S. Free Trade, and European economic integration are increasingly opening national markets to international competition. Canadian based firms have more ready access to much larger markets. Canadian consumers should be able to buy higher quality goods at lower prices. The question is whether our firms will be sufficiently competitive to provide the jobs and incomes so that consumers can enjoy the benefits.

We heard that:

- Canadians have for too long relied on our rich natural resources and proximity to the U.S. market;
- we do not understand how wealth is created; we are preoccupied with its redistribution;

Productivity in the business sector, 1979-89

percentage changes at annual rate
all factors
(source: OECD)

Finland	2.7
Japan	2.0
France	1.7
United Kingdom	1.5
G-7 average	1.2
OECD average	0.9
Germany	0.8
Netherlands	0.8
United States	0.4
Canada	0.4

Gross Domestic/National Product growth, 1987-90

1987 = 100
(source: OECD)

Japan	117.6
Germany	112.4
Finland	111.5
France	111.4
Netherlands	110.9
OECD average	110.5
G-7 average	110.4
United States	108.1
Canada	107.8
United Kingdom	107.5

- business people don't understand globalization and its implications; they have no vision of quality or world-class performance;
- we are fixated on short-term economic performance and invest too little in modern technology and human resource development;
- wage rates and labour costs are too high; workers are not well enough trained, not productive enough, not motivated;
- there is massive fragmentation among the equity and human services interests;
- education, research, and science are isolated from the economic mainstream;
- politicians spend too much time in partisan posturing; and,
- governments are too deeply in debt and are too involved in jurisdictional feuding to make a positive contribution to economic growth or performance.

The prevailing view expressed at our Canadian roundtables was that if current trends continue we appear to face a future of leaner corporate profits, lower wages, fewer jobs, rationed public services, and increased social unrest and hardship. In the minds of most of our roundtable participants, the survival of our standard of living is at risk.

For generations the B.C. forest industry provided an easy way to avoid tough realities. Schools did not have to meet the needs of more challenged students. Students did not have to worry about their academic performance. Work that didn't need much education was always available in the bush or at the mill. How does that industry introduce sophisticated technology when 56% of its workforce doesn't have a grade-five reading level? What happens to those who cannot cope? Mining and construction throughout Canada, Alberta's oil fields, farming on the Prairies, assembly lines in Central Canada, and Atlantic Canada's fishery, have all provided similar easy answers. And the challenges are not limited to functional illiteracy in the workplace.

If anyone at this table says we're not in an economic mess you're crazy. We're in an mess provincially, we're in an mess federally. There is no doubt about it.

- Greg Blanchard, President
Nova Scotia Government Employees' Union

I see a massive fragmentation among the various interests and groups. This is compounded by a lack of a common vision of what the country is and where we are going. We are in an economic crisis, the 300,000 jobs that have been lost in Ontario in the current recession are gone, they won't come back. What are we going to do about that? Our adversarial systems and traditions make it very difficult for a common vision or consensus to emerge.

- Peter Barnes, Secretary to the Cabinet
Province of Ontario

The contract between the government and people in Canada is that wealth creation is a private responsibility and attending to the social needs of the country is a public one and from the time the government was established to the late 1970's that worked reasonably well. Suddenly it seems that the model of private wealth creation and government attending to social problems no longer works. The industry that is striving to be competitive through employment reduction is driving costs directly into the public sector and then complaining about this. The Economic Council of Canada in its 1990 report said the only countries that have been able to solve the employment problem and keep unemployment levels relatively low and employment growth in line with growth in the labour force have been those countries where there has been a shared commitment between government, management, labour or government employers and labour that the high levels of employment are important.

- Gary Mullens, Deputy Minister
Ministry of Advanced Education, Training,
and Technology
Province of British Columbia

Where will the investment come from for the pulp and paper industry to meet pressing environmental quality priorities? Where will the wealth come from to support our health care system at acceptable levels of service, taxation, and debt? How can our auto workers compete with Mexican wages? How can we maintain decent rural incomes and communities in the face of the agricultural subsidies war?

The consensus view was that we confront a series of fundamental and interrelated challenges. Some are clearly economic, others are more social or political. But taken in total they cast serious doubt not only on our continued high standard of living but also on our ability to meet the threat effectively.

FORGE A NEW VISION

We were also told, however, that the situation is not hopeless. We need to fundamentally reorder priorities, redirect our resources and efforts. We could start to move in the right direction if we had a shared vision of improved Canadian economic performance and competitiveness. Such a vision would be rooted in:

- visionary management;
- high value added niche markets;
- full use of the skills of our well-educated workforce;
- high wage, high productivity jobs; and,
- quality public services where service providers anticipate and meet the needs of customers.

But recognizing the need for a shared vision, developing it, and then translating that vision into concrete behaviours are three very different things.

Ontario is facing a profound set of economic adjustments growing out of the present recession. They demand more effective communication among the players if we are going to minimize the social and economic costs of those adjustments.

- Bryan Davies, Deputy Treasurer
Province of Ontario

L'approche traditionnelle de faire les choses a tendance à être conflictuelle. Nous avons besoin de nouvelles attitudes et de nouveaux moyens de collaborer.

- Gaëtan Lussier, Président
Boulangeries Weston Québec

Ultimately, in my mind, the objective is that we want to create high quality jobs here. If we are not creating high quality jobs, then everything else will start to crumble. Canada has historically been a natural resource supplier to the world, now we know that is a niche that is probably past. We need to find a new one; we need to create a vision. A vision leads to a focus so that labour, education, government, business, everything, starts to fall into place. If we had this kind of a vision, then we would have a basis for saying what we want to instill as ideas for our children in public schools and universities, for instance. Right now, I have no idea where this country is headed.

- Peter Sandiford, Vice-Chairman
SHL Systemhouse

In the past government played a role in forming a vision but it has lost the ability or the credibility to articulate a vision of society and its future. I suspect that we will need alternate institutions or organizations or vehicles to develop and articulate a vision people will buy into. In the end we focus our effort on patching-up this or that pressing problem rather than dealing with the underlying structural aspects and thus solving basic problems.

- Bryan Davies, Deputy Treasurer
Province of Ontario

The assumption of adversarial relations is basic to our social, economic, and political systems and traditions. But no one we talked to said that the way forward was to make more use of adversarial mechanisms. In fact we were repeatedly told that relations between the public and private sectors, and among groups within both, were already too adversarial. The United States is often seen as being more adversarial than Canada. The Americans we talked to told us that was the wrong path.

Roundtable participants told us that to develop a shared vision of Canada's future we need to pool our resources and perspectives. No one group, interest, or sector, has patented the good ideas. However, people are unlikely to share their ideas and insights through adversarial interactions. We were told that sharing requires trust, personal knowledge of the other parties, confidence in their judgement and good faith, and patience and practice. In summary, we were told that Canadians need to learn how to cooperate with traditional adversaries.

We learned that in many of the OECD countries with the strongest economies, the countries with which we are competing, the public and private sectors work together more closely than they do in Canada.

Extensive networks of government advisory councils integrate perspectives and expertise, build public policy consensus, and coordinate private and public sector initiatives. In other words, people have learned how to develop a shared vision and then work to bring it about. Even in the United States unlikely coalitions sometimes form to help move the public policy agenda ahead. Environmentalists, and agricultural and urban interests in California, for instance, are cooperating to develop a new State water allocation policy^{(33)*}.

* Indicates the number of the Example Summary contained in Appendix 1

What's wrong with a full employment vision for this country; what's wrong with a training and education vision? We have to get clear on our values as a nation. Until we have a vision to sacrifice for we will all just belly-ache.

- Leo Gerard, Director
United Steelworkers of America

It's a recognition that nobody has the one answer that brings us together. We could echo this a thousand times across this Province and we'd be a lot stronger.

- Stewart McInnes, Partner
McInnes, Cooper, & Robertson

The objective of collaboration is to create a richer, more comprehensive appreciation of the problem among the stakeholders than any one of them could construct alone. Collaboration involves building a common understanding of how things appear from their respective points of view.

- Barbara Gray
Collaboration

Labour will have to be welcomed as a genuine and equal partner in the restructuring process in order for change to occur. This is true not only for the firm, but also at the industry and national levels.

- Ann Capling
Department of History
University of Calgary

Canada is facing a crisis, cooperation is the only answer. We need to learn to create greater trust and cooperation in order to find solutions to our problems.

- Peter Barnes, Secretary to the Cabinet
Province of Ontario

We also learned that the private sector "labour market partners" in many of these countries also have well developed mechanisms that build consensus and commitment. Even the phrase "labour market partners" is illuminating. They still see each other as adversaries on the question of who gets what share of the proceeds of growth, as do labour and management in Canada, but some of the ways they cooperate with each other are not part of our repertoire. We were told that German codetermination systems, in the boardroom⁽³¹⁾ and on the shop floor⁽³⁶⁾, make an important contribution to firms' success and German productivity. In the Netherlands we learned that high level cooperation between employers and employees slowed wage increases and created jobs in the early 1980's without government intervention.

Workers in Finland have just agreed to a two-year wage freeze in the face of a currency devaluation. They did not cave in to pressure from the government or employers; adversarial labour relations are balanced with conscious and consistent efforts to build social and economic consensus. Workers are confident that they will shared equitably in the benefits of economic growth when prosperity returns. We heard that the consensus-based Japanese decision making systems, in both the public and private sectors, may seem slow, but that once consensus is reached, implementation is enthusiastic, rapid, and effective.

The people we talked to told us these mechanisms for forging a shared vision make an important contribution to the strong economic performance of the firms and countries that use them.

UNDERSTAND HOW OTHERS COOPERATE

Our study uncovered some interesting examples of how others cooperate to improve public policy and economic performance.

In Britain, a Prime Minister with a ten-vote majority in the House of Commons feels free to ram his or her program through with total disregard for the most deeply held convictions of the opposition parties. But in Japan, whose parliamentary institutions are in theory very similar to Britain's, any sensible Prime Minister will go to extreme lengths to avoid such action. In the Japanese ethic it is abhorrent for anyone, even if he is legally entitled to do so, to brush aside the feelings of his opponents and decline to make at least token concessions to them.

- Robert Christopher
The Japanese Mind

Government in Japan has restricted power to deal with certain areas. These consensus building policy tools, many people think, are important. The consensus among labour leaders and business people drives action, the policy process initiates voluntary action, so we go to great efforts to build consensus.

- Hajime Kuwata, Ministry of International
Trade & Industry
Consul for Economic Affairs
Consulate-General of Japan, Vancouver

The (social) consensus here in Finland has been rather good. For instance, our Prime Minister, you see him walking around alone. And our President, he had a party last week. It was open to everyone, without any guards. This couldn't happen other places.

- Erkki Hellsten, Director of Economic Affairs
Confederation of Finnish Industries (TLK)

Japan's Ministry of International Trade and Industry is the agency primarily charged with developing national "industrial policies." M.I.T.I. maintains a close watch on trade patterns and trends to identify export market opportunities for Japanese industry. Industry then gears up to exploit the opportunity, often with investment, taxation, or other public policy help from government. Whether their kind of industrial policy micro-management is wise or unwise, it is difficult to argue that it has not worked for Japan.

M.I.T.I. officials told us that their system of advisory councils⁽¹⁾ is key to their ability to develop and implement effective industrial policy. Business people, labour leaders, scientific experts, academics, and journalists are appointed to "vertical" and "horizontal" advisory councils. Individuals are selected for their expertise, are appointed for a term of several years, and may be reappointed. Councils are on-going and generally meet monthly. Vertical councils are assembled for their expertise in a particular industry or sector, say steel. Horizontal councils understand certain fundamental technological or social trends, superconductivity or leisure time, for example.

The matrix structure allows a discussion, for instance, of the future of consumer electronics, or of fibre optics, or of the implications of fibre optic technologies for consumer electronics. When a field is discussed, public servants seek advice on general trends, how opportunities can be exploited, public policy initiatives which would be advisable, and the likely impact of policy alternatives. The process aims to develop consensus among the public and private sectors on what each is going to do and how to coordinate their initiatives to be most effective.

The result is a series of integrated and coordinated actions by the public and private sectors. However, it would be a mistake to understand this as illustrating the Japanese government's extraordinary ability to command private sector

When we had to down-size the petrochemical industry in the 1980's we took the same approach. We used financial assistance to achieve a soft landing, retraining, encouraging new companies to locate in the area of closing petrochemical plants, many policy tools. It was not easy, but in the end it was successful.

- Hajime Kuwata, Ministry of International Trade & Industry
Consul for Economic Affairs
Consulate-General of Japan, Vancouver

The Planning Council deals with town and country planning overall, which means that society as a whole should be represented. But it is not possible to have a complete picture of all the advisory boards. Nobody in the Netherlands knows what all the advising bodies are.

- H.A.J.M. Rijssenbeek
Federation of Netherlands Industry (VNO)

The social partners and independent experts are in constant contact and consultation, and always expect reasonable arguments. This call for a measure of sophistication which exercises an important educative and moderating effect.

- Th. Quené, Chairman
Economic and Social Council (SER)

I had an opportunity to talk to Swedish unions about their ship building industry. The industry was not competitive, so they decided to close it down. 5,000 workers were directly affected, thousands more indirectly. The unions did not stand up and strike. Why? Because it was done in consultation with the unions. They had retraining programs for the workers to get them into jobs, real jobs, and ensure that they found the jobs. It was done in a collaborative way, and the workers had security that it wasn't going to rip their lives apart.

- Dick Martin, Executive Vice-President
Canadian Labour Congress

behaviours. Nor is it evidence of the fact that Japanese industry dictates the government's agenda. Rather it reflects a shared understanding of what behaviours are appropriate to the circumstances. This shared understanding results from specific and concerted effort.

Advisory committees in the Netherlands also consciously aim at developing public policy consensus and coordinating public and private sector initiatives. Many are attached directly to government ministries, as in Japan. Perhaps the most noteworthy, however, the Economic and Social Council⁽¹⁶⁾ (SER), is a free-standing non-governmental organization. Its costs are borne by Dutch business through a dedicated tax levy.

The SER has forty-five members. Fifteen are appointed by national labour federations, fifteen by national employer organizations, and fifteen by the Crown. This last group consists of academics selected for their expertise in a particular social or economic discipline. An effort is made to ensure that the political sensitivities of the group of independent experts roughly reflects the distribution of seats in Parliament among the political parties.

Dutch law requires the government to seek, although not to follow, the advice of the SER on any significant social or economic policy initiative. This normally occurs after Cabinet has approved a proposal in principal but before a fully developed proposal is approved by Cabinet for submission to Parliament. Policy debate in the SER serves several important ends:

- encouraging labour and management to find common ground;
- providing the public service with insight into the likely impact of various policy alternatives;
- providing the public service, and the government, with a preview of the likely outlines of the public and Parliamentary debate; and,

We had to educate our members on the difference between real incomes and nominal incomes. I suppose what happened this autumn tells us that the most powerful unions in the SAK now understand and are favouring the policy of trying to pull real wages and costs down so real incomes can increase in future. Before we had the (incomes policy) agreement we have now, it would have been unheard of. We would never have been willing to freeze nominal wages.

- Turo Bergman
Confederation of Finnish Labour
Unions (SAK)

More and more people are waking up to the fact that if we are really going to solve our problems, we have to do it together. They are not interested in what the politicians think or the old model of doing things. They want to find a way to get things done.

- Janet Walden, President
California Foundation for Improvement of
Employer-Employee Relations

Most of these issues, you don't have to be a rocket scientist to see that it's an issue. The difficulties in dealing with most of these are not analytical, they are political.

- Richard Sybert, Director
Governor's Office of Planning and Research
State of California

Studies on the Nordic situation have shown that high job security has not made labour markets less flexible in those countries. It may equally be argued that job security has the contrary effect on the acceptance of change.

- Juhani Lönneroh
Ministry of Labour, Finland

- capture peoples' imaginations;
- mobilize their support;
- engage their commitment; and,
- produce coordinated, effective action to manage change.

These efforts are not based in groups of like-minded individuals. Rather, we saw groups of people who bring different and often incompatible perspectives and priorities to the table. They sit down together to build a shared vision and define the roles each will play in bringing it about. Having hammered out agreement, they then act in a coordinated way to make their agreement real. The same patterns of cooperation are evident in the public policy process, in dealings between the public and private sectors, and within the private sector.

MAKE THE STRATEGIC CHOICE

Whether in firm level labour/management relations, trade, fiscal, or monetary policy, intergovernmental relations, or any of a host of other fields, we have ample experience of adversarial relations in Canada. Many of our roundtable participants would argue that those mechanisms have made a significant contribution to the economic, social, and political problems which are rapidly approaching, if they have not already reached, crisis proportions.

The products of other countries' cooperation mechanisms include:

- broad social and political public policy consensus;
- public policies that perform as they were designed to do with a minimum of interjurisdictional wrangling complemented by private sector action that goes well beyond mere regulatory compliance;
- flexible and adaptive firms that compete effectively by investing in people and technologies for the long term;

The idea of national economic competition is a thing of the past. Governments can't deliver consistent sustainable economic performance any more. The growth that takes place is too uneven, too regionalized.

- Dian Cohen, economist and journalist

Labour today is typically considered by governments and firms as a "cow" and not as an "asset". We have to move to an approach based on labour as a resource which is strategic for building the future growth and competitiveness of firms and nations.

- Bruno Lamborghini, Vice-President
Corporate Strategic Analytical Planning
Olivetti

As work is changing so our schools and training systems must also change. Our systems need to be comprehensive, collaborative, continuous, integrated, and targeted. It's an agenda that the social partners can agree on.

- Paul Cole, Secretary-Treasurer
New York State AFL-CIO
Vice-President, American
Federation of Teachers

I will put on my economist's hat for a minute. Economics cannot provide a definitive answer on whether cooperation is better than competition. Subjectively, I guess, it's a matter of preference. Alliances at the sectoral level do deliver benefits to an industry, but it is not always clear if that is in the public interest as a whole.

- Dian Cohen, economist and journalist

- a flow of technological innovation and productivity improvement supported by workers; and,
- education and training systems that provide graduates and workers with the skills they, and their employers, need.

The jurisdictions where people have learned how to cooperate more effectively are home to the same economies that consistently outperform both Canada and the averages. Where people rely more heavily on adversarial mechanisms, the United States and the United Kingdom, for example, the economy exhibits performance more like ours.

We can not conclude that cooperation is the cause of superior economic performance, but the coincidence is striking. The simple message seems to be that many of the world's most successful economies have developed in jurisdictions where people know that to compete effectively, they must cooperate effectively. They have learned how to strike a more productive balance between adversarial and cooperative ways of interacting.

Our roundtable participants told us that the need for Canadians to learn the same thing is real and immediate. Failing to do so may well place our continued high standard of living at risk.

3. LEARNING TO COOPERATE

Knowing that our standard of living may well depend on learning how to better balance adversarial and cooperative behaviours is one thing. Actively practising cooperation within and between the private and public sectors is an entirely different matter. To cooperate effectively we need to be able to learn how to cooperate and we need a base of experience that can be expanded. In addition, we need to understand why and when people cooperate, who they cooperate with, the process ground rules, and how they organize or structure their cooperative efforts. This chapter explores these themes.

STRIKE A BETTER BALANCE

This section argues that Canadians have a great deal to learn about cooperation if we are to strike a more effective balance between adversarial and cooperative relations. Some representative cooperative structures and processes in other jurisdictions are reviewed to provide examples and behaviour models of how others achieve that better balance. The section then suggests that cooperative behaviours are not so rooted in the unique cultures of other countries that Canadians cannot learn the lessons their experience has to teach.

OUR RELATIVE INEXPERIENCE

When we compare ourselves to some of our most successful international competitors, we in Canada have a lot to learn about how to cooperate in matters bearing on economic performance.

I'm highly puzzled. I see in Canada a rich and well-endowed country but we do not seem to be able to get it off the ground. Canadians always look to the next decade. However, they do not realize that the country's seemingly inevitable success is being continually pushed back because government, business, organized labour, the academic communities, and others do not approach the nation's business with a sense of common purpose. It is the presence, acknowledgement, and application of this sense of common national purpose that has made success possible in Japan, South Korea, and the European Community, where the regional differences tend to be greater and the natural endowments less.

- George Kuhn, President
Danzas (Canada) Limited

We expect government to solve all our problems. We've always expected someone else to solve all our problems. Alternate methods are needed, but whatever method is used, we have to assume responsibility.

- Stanley H. Hartl, Chairman,
President, & CEO
The Campeau Corporation

Our political system seems to operate on an agenda that doesn't arise from any consultation or public input, although it purports to. We have a lot of consultation but it has nothing to do with an agenda that the public relates to. I think this creates such an attitude of mistrust that we are derailed, really infected with it.

- Ross Haynes, President
The Haynes Group

Compared to:

- Massachusetts' Technology Development Corporation; or,
 - Finland's incomes policy process; or,
 - Massachusetts' Housing Finance Agency; or,
 - Japan's Ministry of International Trade and Industry advisory council process; or,
 - Massachusetts' Health Care Opportunities Fund; or,
 - the Netherlands' advisory committee processes;
- the academic and scientific community, business, government, labour, and advocacy groups in Canada know very little about cooperative public policy development and implementation.

Compared to:

- the German apprenticeship program; or,
 - the Bay State Skills Corporation; or,
 - Jobs For the Future;
- education, government, labour, and business in Canada know very little about cooperating on human resource development.

Compared to:

- California's Three-Way Water Process; or,
- the Santa Clara County Manufacturing Group; or,
- the California Foundation for Improvement of Employer-Employee Relations; or,
- the Centre for Finnish Business and Policy Studies; or,

The transition from school to work, measured by the length of time and number of things you do between school and when you achieve a successful attachment to the workforce, is more difficult in Canada than in any other industrialized country. Moving from high school, whether it is through completion or not, to a successful attachment to labour is more difficult in Canada than in any other industrialized nation.

- Gary Mullens, Deputy Minister
Ministry of Advanced Education, Training,
and Technology
Province of British Columbia

Retraining, which in Sweden involves 2.5% of the labour force per year, is perhaps the most important of all the (adjustment) programmes. It has played a decisive role in the massive transformation of, for example, shipbuilding, steel, and other sectors.

- Allan Larsson, Minister of Finance
Sweden

It's not unusual in this country, whether it's a Federal program or a state program, that if it's initiated by the government, people are generally going to assume that it's second rate. They're not going to bother with it, if they even know about it.

- Don Eamshaw
Undersecretary for International Trade
Executive Office for Economic Affairs
Commonwealth of Massachusetts

The stakeholders do not have their acts together, there is almost no positive constructive dialogue. We simply must overcome this blockage.

- Deszö Horváth, Dean
Faculty of Administrative Studies
York University

- the Community Economic Development Assistance Corporation;
Canadian equity and advocacy groups, associations, government, and labour
know very little about developing and advancing a shared vision.

Compared to:

- the Swedish shipbuilding industry; or,
- the Japanese steel industry; or,
- the German coal mining industry;
business, labour, and government in Canada know very little about
cooperating on industrial adjustment.

Compared to:

- the Foundation of Labour in the Netherlands; or
- quality circles in Japan; or,
- Supervisory Boards in Germany; or,
- works councils throughout continental Europe; or,
- the Confederation of Finnish Employers and the Confederation of
Finnish Labour Unions;
business and labour in Canada know very little about cooperating on
corporate business strategies, process and productivity improvement,
technological change, or labour/management relations.

OUR CAPACITY TO LEARN THE LESSONS

It is too easy in any international comparison to explain away the lessons by referring to culture. As an example, the argument runs something like: Japanese consensus-based decision making systems are a logical expression of deeply felt

Many professors in world famous universities are saying, "well, let's follow the Japanese management style." But what Japan has accomplished has been done by following the North American style. People in my generation have spent a lifetime trying to change Japanese style, to learn North American style.

- Hiroyoshi Tsuchiya
Executive Vice-President
& General Manager
Mitsubishi Canada, Limited

We operate in solitudes, and its getting worse, not better. The academic community for instance. Labour leaders do not teach courses in business schools, there is no understanding of government in business schools. The academic community is probably more out of touch than the government is. The reality of all this is that we do not know each other. What we can learn from other countries is that the dividing line between the public and private sectors is less rigid, that business and labour play from the same deck of cards, that the business community is more sensitive.

- Sheldon Ehrenworth
Public Policy Forum

People say (about a white paper) that the government undervalues the contribution of a particular sector to the nation, or that it has a cold heart about these things, but never that the facts or figures have been intentionally distorted. The honesty of the report is not put into question, because the report itself has been prepared in consultation. There are people who would know if the report had been prepared with the intent to mislead.

- Jaakko Iiomemi, Managing Director
Centre for Finnish Business &
Policy Studies (EVVA)

group identity that runs throughout Japanese society. Japanese are, by nature and upbringing, group oriented and consensual. Organizational loyalty and consensus-seeking behaviours express Japan's cultural heritage and identity. As "cultural artifacts" they are unique and cannot be exported to other countries.

In fact, we observe very similar decision making systems being used in places like Germany, Finland, and the Netherlands, among others. If consensus-seeking and cooperation were somehow uniquely Japanese, it would be difficult to explain their presence in countries such as these. The behaviours are not unique to Japan and, in fact, flourish in the same European countries to which many Canadians trace their roots.

What we observe in all these countries are not cultural artifacts. Rather, we see habits of behaviour. Habits can be learned and unlearned. Such learning may not always be easy, but it is far from impossible. There is, in fact, a considerable body of evidence that Canadians can and have learned at least some cooperative behaviours, and want to learn more.

During our Canadian roundtables we heard about a number of examples of Canadian institutions and mechanisms that bring different interests together to share perspectives, develop a common vision, and then try to put it in place. The interests participating may include some or all of business, labour, government, human services and other public policy advocates, and scientific and academic experts.

Enterprise 77 was a government sponsored effort to bring the business, labour, and academic/scientific communities together to help develop industrial policies similar to those developed by Japan's M.I.T.I.. Task forces were assembled on a sector/

There is no way we can transpose any model to this country. There are interesting situations in Germany, Sweden, even in the U.K.. There are long-standing relationships there, those people have been dealing with each other for two or three generations and that creates a totally different environment. What we can draw from their experience is that by starting, very likely the way we are starting, they have built those relationships and now it's a part of their culture.

- Gerard Docquier, Co-Chairman
Canadian Labour Force
Development Board

I've had the opportunity to work on resource development and environmental problems in North America, the Caribbean, Australia, and New Zealand. What I've found is a remarkable consistency in the effectiveness of collaborative public/private approaches.

- Scott McCreary
Centre for Environmental Design Research
University of California, Berkeley

The networking institutions for cooperation do not exist. We think we can reach agreement, but we can't. We need to think about new modes of thought, new categories, new institutions. Talking is not a futile exercise, but talking within the traditional institutional frameworks may be futile.

- Dian Cohen, economist and journalist

Those entities created by State statute to institutionalize collaboration with business on the boards and labour and some government officials on all of them, those entities continue on. They are the sources of deal making.

- Frank Keefe, President & CEO
JMB Urban
former Secretary of Administration
and Finance
Commonwealth of Massachusetts

industry basis to analyze trends, identify opportunities, and suggest public policy and private sector initiatives to help realize those opportunities.

The National Round Table on the Environment and the Economy⁽²⁷⁾ is another broad ranging advisory body. It brings together environmentalists, economists, business people, and opinion leaders. The Round Table is specifically charged with consensus building around the notion of sustainable development. Similar Round Tables have been established in most of the provinces. The Canadian Labour Market and Productivity Centre⁽⁸⁾ (CLMPC) is a labour/management research and consensus building organization. It's focus is research and discussion aimed at improving the operation of the labour market and improving productivity.

The Sectoral Skills Council⁽³⁰⁾ brings together labour and management from the electrical and electronic industries with help from government. They look at human resource trends and issues and develop joint training and workforce adjustment measures. The Western Wood Products Forum⁽³⁵⁾ (WWPF) is a similar body interested in western Canada's forestry industry. The Canadian Labour Force Development Board⁽⁷⁾ (CLFDB) represents national business and labour organizations and equity interests. Mechanisms have been developed to integrate the perspectives of provincial governments and training providers as well. The Board advises the Minister of Employment and Immigration on more than \$800 millions of vocational training and development spending.

The Minister of International Trade has established a network of sectoral advisory committees (the ITACSAGT system)⁽²¹⁾. These bring together the business, labour, consumer, and academic/scientific communities interested and knowledgeable about particular industries or sectors. They help Ministry staff analyze trade issues relevant to the sector and develop trade negotiation strategies and tactics.

The Parliamentary Committee that reviewed the Forger Commission invited four or five of us to go at once; the Social Development Council was there, the B.C.N.I., the C.L.C., the C.F.I.B. and an anti-poverty organization. We spent four hours with them. Everyone came out feeling not only that we had our time, but that we had time to interact with each other too. These things don't have to be a major centralized exercise, the idea can be used within the existing institutional frameworks.

- Terry Hunsley, social policy analyst

À Montréal, l'initiative est venue de l'industrie de travailler avec les universités pour développer un programme inter-universitaire qui a résulté après un an en une spécialisation en aérospatiale au niveau génie-maîtrise. Ce modèle de coopération devrait être aussi appliqué au niveau du BAC. L'industrie fournit aux universités des professeurs.

- Jack Lightstone, Vice-recteur associé
à la recherche
L'Université Concordia

There's a fairly small group of people in Canada who have a track record of being involved in crossing the solitudes between academic, politics, government, and business and labour. That's where I believe a focus in terms of our objectives should be.

- Tim Reid, President
Canadian Chamber of Commerce

I try to formulate policy statements so that the broad principles are very clear. On the specific recommendations, I leave us some flexibility. If you don't like the recommendations, I say, "OK, let's look at the principles. If you don't like that mechanism to achieve the goal, let's talk other mechanisms." There are various ways to solve problems. We're not going to be doctrinaire. We're willing to make deals.

- Mike McGill, Executive Director
Bay Area Economic Forum

Universities and aero-space companies in Montréal worked together to create a masters' level program that would provide students with the skills companies need. Co-op education programs⁽¹⁵⁾ also bring education and employers together. They flourish in at least some educational institutions. Joint union/management work redesign projects, jointly run training and retraining programs, and "team managed" plants can all be found in Canada. Voluntary Planning⁽³⁴⁾ in Nova Scotia brings business, labour, civic interests, and the academic and human services communities together with the general public to advise the Provincial Government on economic development. Municipalities routinely build public participation into their formal decision making processes.

In Hamilton, United Way agencies faced a serious problem when Stelco withdrew its financial support. The United Way convened a meeting of all the stakeholders: member organizations, local government, schools, universities, community groups, and so on. Together they are working to identify non-financial resources and opportunities for joint ventures to help make good the shortfall.

Michael Porter's 1991 competitiveness study jointly sponsored by the Business Council on National Issues and the Federal Government contains numerous recommendations that are united by a common theme. Canada needs to develop more cooperative partnership type relationships among businesses, between business and labour, between business and education, and among business, government, and labour.

The Federal government's "prosperity initiative" makes frequent reference to the need for more effective cooperation between and among the interests. The Green Plan also talks extensively about the importance of partnerships. Environment

Characteristics of Adversarial and Collaborative Processes for Dispute Resolution

<u>Adversarial</u>	<u>Collaborative</u>
<ul style="list-style-type: none"> · <i>Rules position parties as adversaries</i> · <i>Third parties intervene before issues are mature</i> · <i>Positional bargaining</i> · <i>Facts used to buttress positions</i> · <i>Polarization of parties and issues</i> · <i>Face-to-face contact restricted among contending parties</i> · <i>Seeks winning argument</i> · <i>Yields all-or-nothing resolution of issues</i> · <i>Narrows options quickly</i> · <i>Authority for decision rests with judge</i> · <i>Characterized by suspicion and high emotion</i> · <i>Parties often dissatisfied with outcome</i> · <i>Often fosters bitterness and long-term mistrust</i> 	<ul style="list-style-type: none"> · <i>Parties positioned as joint problem solvers</i> · <i>Issues can be identified before positions crystallize</i> · <i>Interest-based bargaining</i> · <i>Joint search used to determine facts</i> · <i>Joint search for underlying interests</i> · <i>Face-to-face discussion among all parties encouraged</i> · <i>Seeks workable options</i> · <i>Yields resolution by integrating interests</i> · <i>Broadens range of options</i> · <i>Authority for decisions rests with parties</i> · <i>Characterized by respect and application of reason</i> · <i>Outcome must be satisfactory to all parties</i> · <i>Promotes trust and positive relationships</i>

- Barbara Gray
Collaborating

Canada knows that it, acting alone, cannot save the environment. It needs the active involvement and participation of a host of other governmental agencies, groups, and interests to even begin to address the challenges.

Even this very incomplete inventory demonstrates two things. First, Canadians already do talk to each other across organizational and interest boundaries. It is just that we seem to do less of it, and do it less well, than many of our most successful international competitors. Second, there is no shortage of interest in cooperation. Canadians recognize that cooperation can help improve economic performance and want to see more cooperative relations among the various interests.

Although we are relatively inexperienced, Canadians already know something about cooperation. There is a base of experience which can be expanded. We can improve through practice. The message from our Canadian roundtables is that we should be getting on with the job.

POOL KNOWLEDGE AND POWER

Why would people cooperate with normal adversaries? What kinds of situations call for this approach and how do people decide with whom to cooperate? What ground rules make it possible for normal adversaries to cooperate successfully? How do they structure their cooperative efforts? Our roundtable participants told us that these are important questions.

When we reflected on the examples, on what we read, and on what people told us, a general pattern emerged. Cooperation succeeds when knowledge and power are shared. This section explains why knowledge and power must be pooled. It

The building trades in Boston, like everywhere else, do an apprenticeship kind of thing. It was a father-son kind of thing. There weren't many women. There weren't many minorities. So we collaborated with the communities to do apprenticeship training in the communities and did a couple hundred people in the first year of the project. The concept of working with the government, recognizing a problem and a need and being responsive to the community - it's a nice thing.

- Joe Negro, President
Boston Building and Construction
Trades Council

There is a growing accumulation of instances where attempts to achieve a quick result have generated so much public resistance that in the end the time consumed was greater than would have been required for a more open process.

- Arthur Kroeger, Deputy Minister
Employment and Immigration, Canada

This is a long and arduous process. We think it's an excellent collaboration, but it wasn't something that we just called a meeting and had.

- Paul Proett, Executive Director
PALCARE

For every complex problem there's a simple solution, and it's wrong.

- Lorne Seitz, President & CEO
B.C. Trade

then discusses the implications of that reality for when, and with whom, cooperation takes place, the process ground rules for effective cooperation, and provides some guidelines for cooperative structures, particularly as they relate to the public policy process.

PROBLEM SOLVING STRATEGIES

In the first instance, people work together because they are confronting a problem that they, alone, lack the resources to fully address. It is useful to think about a continuum of problem solving strategies from unilateral action at one end to joint ventures or collaborations at the other.



Points along the continuum are distinguished from each other by the nature and amount of help one party needs from one or more other parties:

<u>Strategy</u>	<u>Help required</u>
Unilateral action	None
Public relations program	Acquiescence/non-obstruction
Public education program	Informed consent
Consultation	Advice and consent
Cooperation	Consent and moral support
Active cooperation	Active assistance on implementation
Joint venture/collaboration	Define problem Identify and evaluate alternatives Share implementation

It is imperative that we start looking together at what the problems are rather than the traditional way where companies were always run from the top down. Today we have to get the troops at the frontline in on the decisions; bring people from the shop floor level in on what the direction is, where the company is going, what the future is, and what the problems are.

- Ron Brenner, President
B.C.T.V.

There's no such thing as making policy in the dead of night in this State, and we wouldn't want there to be. We benefit from the public debate. The two great things about being an American are that everybody is entitled to an opinion and everybody has one.

- Richard Sybert, Director
Governor's Office of Planning
and Research
State of California

Collaboration is a process in which those parties with a stake in the problem actively seek a mutually determined solution. They join forces, pool information, knock heads, construct alternative solutions, and forge an agreement.

- Barbara Gray
Collaborating

As with any continuum, the points are not water tight compartments, they shade into one another. Where a particular problem solving effort will lie along the continuum is determined by its peculiar characteristics, which may change over time in response to changing circumstances.

Identifying the Optimum Strategy

However, leaders are less interested in taxonomy that in understanding what kinds of strategies are most likely to be productive. Three key aspects of the situation appear to define the optimum problem solving strategy:

- power;
- knowledge; and,
- time.

How much of each of these objective characteristics each party brings to the table, absolutely and relative to the other parties, determines where along the continuum the optimum strategy lies.

Where the party that is experiencing the problem most directly has the power to unilaterally implement an effective solution, the optimum strategy will lie more toward the unilateral action end of the continuum.

Where the same party fully understands the problem, this likewise will tend to move the optimum strategy away from joint venture/collaboration.

Working with other people takes time. Where the party experiencing the problem most directly faces a serious time constraint, this will tend to move the optimum strategy towards the unilateral action end. If you are in a hurry, collaboration is probably not your best choice.

We found that it was so large, so broad, that we really needed to build partnerships with other organizations so that they would not only take ownership of it but also help make it a success for them. It was not going to work if it was just for us.

- Shelley Kessler, Assistant Executive Officer
San Mateo County Central Labour Council

In many situations ... unilateral decisions are either morally or practically unacceptable. Because of the extremely sensitive nature of many choices, attempts to impose unilateral solutions that ignore or minimize risks perceived by some stakeholders are likely to encounter disabling resistance.

- Barbara Gray
Collaborating

Where somebody can take their knowledge in marketing and manufacturing and put that on the line in a competitive process, that is where market forces work very well. I think that market forces do not work well when we have a collective societal interest in what is going to happen in ten years in a given field, the market does not know how to respond to that, it is too far ahead.

- Charles Shank, Director
Lawrence Berkeley Laboratory

Conversely, if:

- other parties command sufficient power to constrain one party's ability to take effective unilateral action;
 - some aspects of the problem are not completely understood or the most effective means of resolving it are not known with certainty; and,
 - time is not the primary consideration;
- the optimum strategy will lie more in the direction of joint venture/collaboration.

Objectively speaking, effective unilateral action is not possible where no single party commands the power and knowledge to implement a solution. If unilateral action cannot produce an effective solution, then the optimum strategy necessarily lies somewhere in the consultation-cooperation-collaboration part of the continuum. (For convenience we can call this part of the spectrum "cooperation").

In the Netherlands labour and management meet in the Foundation of Labour¹⁹⁾ to develop joint recommendations to individual bargaining relationships. In their recent recommendations regarding increasing the representation of women and minorities in the workforce, for instance it is clear that the power, knowledge, and time factors combined to make the Foundation of Labour joint venture the appropriate mechanism to address the problem.

Managers of individual plants could not take effective unilateral action to increase the representation of minorities in the workforce. The problem is social in scale, not specific to one plant, and established workplace rules constrain managers' ability to hire whomever they want. Similarly, unions don't make hiring decisions, although they can and often do influence such decisions.

Even if individual plant managers could take effective unilateral action, it is far from clear what "effective" action would be. How "under-represented" are certain

The increasing interdependence of public and private organizations and the interweaving of local, national, and global interests has reduced the capacity of any organization to act unilaterally. No agency controls the essential elements of a policy making system. The adoption of collective strategies offers a viable antidote to turbulence. For example, private-sector firms that cannot incorporate sufficient operational flexibility in their own organizations to address changing technology and global competition have established collaborative arrangements such as joint ventures, licensing agreements, and R&D partnerships with other organizations to compensate for this loss of flexibility.

- Barbara Gray
Collaborating

In cooperation we all sit at the table and tell each other what we do and we all like each other, but we don't have a shared responsibility. A true collaboration means a sharing of power; a sharing of decision making. This is definitely a collaborative condition in which each partner has a different piece of the power structure.

- Paul Proett, Executive Director
PALCARE

This pile-up of problems and the inability of organizations to contend with them reflects the turbulence of our environment. Under turbulent conditions organizations become highly interdependent with others in indirect but consequential ways. Under these circumstances it is difficult for individual organizations to act unilaterally to solve problems without creating unwanted consequences for other parties and without encountering constraints imposed by others. The recognition by stakeholders that their desired outcomes are inextricably linked to the actions of other stakeholders is the fundamental basis for collaborating.

- Barbara Gray
Collaborating

groups, how could you determine what "appropriate representation" would consist of, why are certain groups under-represented, what kinds of measures could achieve appropriate representation? These and a host of similar questions indicate that the problem is not clearly defined and fully understood.

Finally, while there was some urgency in addressing the problem, a fully effective solution could not be implemented immediately. In fact, the nature of the problem is such that a fully effective solution could only be put in place over time. One might argue over whether an appropriate time frame is five years or twenty-five, but it is not going to happen tomorrow morning.

In California, what brought environmentalists and urban and rural water interests together in the Three-Way Water Process⁽³³⁾, more than anything else, was the power dynamics of the situation. Each was strong enough to effectively frustrate the ability of either of the others to achieve its objectives but none had sufficient power to dictate State water allocation policy.

When a German Supervisory Board⁽³⁴⁾ reviews a management recommendation to appoint a particular candidate as Director of Personnel, for example, they do so not only because of a legal requirement. Management knows that it cannot make a lasting, productive appointment unilaterally. Workers have to accept the appointment because they are in a position to frustrate the individual's ability to do the job. In addition, workers who deal with Personnel probably understand some of the qualities a successful Director needs as well as senior managers. But senior managers understand the dynamics of the Management Board, of which the Director will be a member, much more clearly than workers. Both the power relationships and the fact that neither party fully understands the problem place the optimum strategy closer to the joint venture part of the continuum.

When we get a group of people together, we sometimes invite the labour groups in. Typically we're in agreement; they're interested in the economic health of this area, in creating jobs. We can distinguish between their union organizing activities and the public policy issues where we share common ground, and work collaboratively with them on those areas.

- Gary Burke, President
Santa Clara County Manufacturing Group

Collaboration does not take place in a context devoid of power. Stakeholders in a collaboration essentially share the power to define a problem and initiate action to solve it.

- Barbara Gray
Collaborating

If you take business, government, labour, the universities and encourage people to move from one to another, everybody would get a better understanding of what the other sectors' agendas are, how they make decisions, how they think; everybody would get a better understanding of how the system works. I think that would go a long way towards building some consensus on what needs to be done.

- George Richard, Deputy Minister
Nova Scotia Department of Fisheries

When Japan's M.I.T.I. advisory councils⁽¹⁾ sit down to look at a particular industry, technology, or trend they recognize that they do not fully understand the situation. Often they believe an opportunity exists, but they are not yet certain how to define it or realize it.

Massachusetts' Community Economic Development Assistance Corporation⁽¹²⁾ (CEDAC) is a State "quasi-public" joint venture. It encourages real estate development in depressed neighbourhoods and strengthens non-profit community development organizations. It works because it combines three sources and types of power and knowledge. Community based organizations have the knowledge of their communities that developers need to identify viable development opportunities. Developers have the technical resources to make development happen. Its State charter permits CEDAC to raise financing at below market rates.

A number of the more recent Canadian joint venture/collaborations also illustrate the importance of the three key aspects: power; knowledge; and, time. The Sectoral Skills Council⁽³⁰⁾, Canadian Steel Trade and Employment Congress^(9?) (STEC), and CLFDB^(7?), are all examples. None of labour, business, or government fully understands the human resource development problem. Nor does any one have the power to unilaterally implement an effective solution. And, while there is some urgency, an effective solution cannot be put in place, and is probably not even required, immediately.

The knowledge and power characteristics of the situation and the participants make cooperation the optimum problem solving strategy. So, too, knowledge and power define who needs to participate in the cooperative effort. That is to say,

Il y a plusieurs exemples au Québec de coopération en plus. La recette pour ces succès incluent:

- on doit d'abord faire un constat d'échec comme première étape;*
- le dynamisme d'un groupe ou d'une personne est important pour prendre le problème en main; et,*
- on doit identifier les gens qui doivent être impliqués parce qu'ils ont quelque chose d'important à contribuer.*

- Treflé Lacombe, Directeur exécutif
Emploi et Immigration, Canada

Successfully advancing a shared vision, whether in the public or the private sector, requires identification and coordination of a diverse set of stakeholders, each of whom holds some but not all of the necessary resources. To be successful, coordination must be accomplished laterally without the hierarchical authority to which most managers are accustomed. These circumstances require a radically different approach to organizing and managing.

- Barbara Gray
Collaborating

When we started to trust them, and they started to trust us, when it was no longer them and us but it was "we", then things really started to move along rapidly.

- Jerry Nelson, President
International Association of
Machinists, Local 1781

groups or individuals who have the knowledge required to identify the best solution to the problem need to take part in identifying the solution. Those with the power required to achieve effective implementation need to be involved.

Identifying the Stakeholders

Stated somewhat differently, a party with the power to frustrate a solution has to believe that the solution is a reasonable one; they need to buy-in. Implementation can only proceed when those with the power to block implementation feel that they own the solution. If that is the case they will not exercise their power to frustrate. Thus, any party with sufficient power to frustrate implementation of a solution needs to be involved in helping develop the solution.

Industry and enforcement officials are members of the Canadian Commission on the National Building and Fire Codes⁽⁶⁹⁾. A Code to which industry would not build, or which would not be enforced, would be no Code at all. Germany's apprenticeship system⁽⁷⁰⁾ involves government, business, labour, and training organizations. The system would not work if any of the following were to occur:

- the trainers would not train;
- the employers would not hire;
- the unions would not accept trainees as members or the skills they have as relevant;
- the government would not set uniform standards.

Finland's incomes policy negotiation process^(13, 14) clearly demonstrates the same principle. When labour and management are able to achieve agreement without the government's involvement, they do. Government only comes to the table when abstaining would frustrate the ability of labour and management to implement an effective solution on their own.

People believe they are entitled to participate when they will be impacted by the decisions taken. Collaboration presumes that their voice is also critical to arriving at a comprehensive and fair resolution of the problem. The importance of having those stakeholders who will be responsible for implementing the solution present during the negotiations cannot be emphasized enough. Acceptance of any solution is enhanced when those who must abide by it are included in designing the solution.

- Barbara Gray
Collaborating

It is only my opinion, but I think Canada is a charter member of NATO: No Action, Talk Only. I don't think the cultural and historical differences make for big differences in economic performance. The decision making process knowing what the rules are, and understanding that democracy means majority rule, 51% in favour makes a decision - this accounts for much of the difference in economic performance, I think.

- Hiroyoshi Tsuchiya
Executive Vice-President
& General Manager
Mitsubishi Canada, Limited

Consensus building means that you've got to be prepared to give and take, with all the partners at the table ready to come up with a common solution for whatever problems there may be.

- James Kranias, General Vice President
DMR Group, Incorporated

Knowledge also plays an important role in determining who needs to be involved. Japan's M.I.T.I. sets up advisory councils⁽¹⁾, in part, because it recognizes that it does not have the detailed knowledge of industries that the managers and workers in those industries do. The Ministry needs the knowledge workers and employers bring to the table. The University of Waterloo's Cooperative Education Programs⁽¹⁵⁾ demonstrate the same thing. Employers and faculty need to pool their knowledge of what skills graduates need and how those skills can be acquired for the system to work. In the Bay Area Economic Forum⁽³⁾, local government politicians, academics, and business-based economists pool knowledge of the public policy agenda and process and expert economic knowledge to identify and promote innovative approaches to difficult public policy issues.

The people who need to be at the table are those with the knowledge required to identify potential solutions and the power to facilitate, or frustrate, implementation of the preferred solution. While the theory is clear, its application may raise an important question. If:

- the power to frustrate a solution defines who needs to be at the table; and,
 - the only way to decide what potential solutions exist is through being at the table;
- how can you be certain that someone key has not been left out until its too late?

There does not seem to be a hard and fast answer. The advice we received was to err on the side of having more interests at the table rather than fewer. They can always opt out if they decide they do not have a contribution to make.

This is certainly the message from the Louisiana Comparative Environmental Risk Assessment Project. Forty three stakeholders worked together to rank potential threats to Louisiana's natural environment. The group included representatives of

State and Federal agencies, petroleum and chemical companies, public health officials, minority groups, and the Sierra Club and Environmental Defense Fund, among others. The United Way in Hamilton assembled everyone they could think of when Stelco withdrew its financial support.

But a shot gun approach is not the answer. In fact, the overwhelming majority of the successful cooperative efforts we learned about, in Canada and abroad, had four or fewer interests at the table. Associations and federations like the Centre for Finnish Business and Policy Studies⁽¹⁰⁾ or the Christian Labour Organization⁽¹¹⁾, by their very nature, consist of only one interest even though they still do important consensus building work within that interest.

The messages from our discussions, interviews, and readings may not be absolutely definitive, but they are unmistakable:

- cooperation is an effective and pragmatic problem solving strategy for situations in which no single party commands sufficient knowledge and power to unilaterally identify and implement a fully effective solution;
- those with important knowledge, insights, or perspectives belong at the table; and,
- those who can facilitate or obstruct either agreement on the optimum solution, or implementation of that solution, also belong at the table.

PROCESS GROUND RULES

Gathering the right group of stakeholders, however, is not all there is to successful cooperation. The fact that an effective solution to the problem can only be found and put in place by working with others raises a number of process questions:

1. How can we define our roles?
2. Are some participant roles incompatible with others?

Participants in a collaboration are directly responsible for reaching agreement on a solution. Unlike litigation or regulation...the parties impose decisions on themselves. They set the agenda; they decide what issues will be addressed; they decide what the terms will be. The underlying premise to collaboration is that shared power is becoming increasingly necessary to advancing both private and public interests. In order to move ahead as a society, we must devise ways to share power.

- Barbara Gray
Collaborating

There's a general criticism about consultation because it's typically something you're invited into after the very tough decisions have already been made. I can think of all kinds of examples where we come to the table and end up having to say, "but, why are we being asked to deliberate this set of problems? If we'd come to this thing two years earlier we could at least have dealt with some of the larger issues that we think impact on this set of problems."

- Phillip Legge
Executive Assistant to the President
International Woodworkers of
America, Canada

I know these numbers are wrong; they way understate the reality. But I used to say we have 160 programs to deal with children and youth administered by thirty seven different entities and seven State agencies, governed by twenty five different sets and eligibility criteria and 869 different confidentiality statutes that prohibit us from talking to each other. We've produced a situation where you have to find the piece of the kid that fits the program. Everybody is absolutely dedicated to protecting their turf. You have to have leadership if you want to make fundamental changes; it won't happen at the bureaucratic level. The Governor's role is key.

- Maureen DiMarco
Secretary of Child Development
and Education
State of California

3. What, specifically, is the problem?
4. How are we going to attack it?
5. How do we gather the knowledge we need?
6. What kinds of solutions are available?
7. How do we decide which solution is best?
8. How will we put it in place?

The answers to all of these questions reflect the fact that no single party has the power and knowledge to unilaterally identify and implement an effective solution. Each party needs the knowledge and power the others bring to the table to produce an effective solution. Sharing power and knowledge are at the centre.

Thus:

1. **No one party defines the rules others will play. The parties use their power and knowledge to define their respective roles together.**

The Santa Clara County Manufacturing Group⁽²⁹⁾ (SCCMG) wanted to help the County improve its ability to conduct environmental audits of its own operations. Until SCCMG and the County sat down to review each others needs and capabilities, the concept remained a nice idea.

However, this is not carte blanche for each party to do whatever it wants.

Participants need to commit themselves to sharing knowledge and perspectives, to working honestly and openly, to achieving consensus, and to using their best efforts to see that their agreement is implemented. This is what makes Finland's incomes policy negotiation process possible.

People must bring judgement and good faith to the table or they forfeit their right to participate.

Identifying and selecting stakeholders to collaborate, in effect, circumscribes the domain and empowers a specific group to address the problem. The power of conveners, then, is the power to organize. To select appropriate participants for a collaboration, the conveners must be able to identify the legitimate stakeholders and be able to elicit their participation.

- Barbara Gray
Collaborating

Every one of these collaborations that I see comes about because there is an individual who wants to make it happen. It is not something proposed in the abstract. "Gee, I think we should have a collaboration between us and the XYZ company." The chances of that happening are hard zero. The only way it makes sense is if someone sees a real opportunity and discusses it to reveal the opportunity. Someone needs to get excited about making it happen, have the right kinds of communication in the right places, identify the problem, and then build it up into something really useful.

- Charles Shank, Director
Lawrence Berkeley Laboratory

When you look at the bottom line, nobody can make it work without the cooperation of all the other bodies. It's a wonderful marriage between different entities brought together by outside people who have an interest in solving a problem.

- Denis Boney, Deputy Director
San Francisco International Airport

2. **Some participant roles may be incompatible with other roles.**

Parties participate because they command essential power and knowledge and, presumably, have certain interests to advance or protect.

The party experiencing the problem most directly will usually initiate a cooperative effort. The "convener" determines, at least at the outset, who else is at the table. By opening the discussion, the party that convenes also exercises considerable influence over how the problem is ultimately defined. No one we talked to suggested that it was inappropriate to be both a participant and the convener.

However, a number of people suggested that it is difficult, and often inappropriate, to be both a participant and the process facilitator. We learned that the work of building consensus around information, alternatives, and solutions demands serious attention. The participant who tries to both advance its interest and attend to the needs of the process often does justice to neither role. And they risk undercutting the legitimacy of the process in the eyes of the other participants.

Employer and employee representatives in California's education system knew that their relations were difficult. But it was not until the Public Employment Relations Board facilitated a cooperative effort⁽⁵⁾ to improve relations that anything changed. PALCARE made little concrete progress until The Child Care Coordinating Committee (4-C's) got involved. When the unions and employers finally realized that they needed 4-C's to facilitate their effort, however, things really started to move. It was not possible to simultaneously participate and facilitate the process.

M.I.T.I. officials describe their role in advisory councils⁽⁶⁾ as facilitating. Their job is to help build and articulate consensus. The Chairman of the Netherlands' SER^(6a) describes the role of that organization in the same terms. In an

Successful collaborations are not achieved without considerable effort on the part of the participating stakeholders and usually not without the skill and forbearance of a convening organization and/or a skilled third party. For collaboration to occur, someone must introduce a mind set, a vision, a belief in the creative potential for managing differences, and must couple this mind set with a constructive process for designing creative solutions to complex multiparty problems... Once stakeholders have agreed to participate, power dynamics are largely played out through efforts to control the process of negotiations and the flow of information. Here the role of a third party can be critical in structuring a process of information exchange.

- Barbara Gray
Collaborating

The Child Care Coordinating Council did a lot more than just provide expertise. They gave us a place to come to learn how to be board members, to learn how to share ideas in a non-antagonistic way, to help develop our ideas, and to keep us on track. They really played an active facilitating role.

- Shelley Kessler, Assistant Executive Officer
San Mateo County Central Labour Council

These kinds of multi-party dispute resolution collaborative processes only work with skilled and dedicated staff support. Your facilitators need to know process, but they also need to really understand the issues, their technical, economic, and political dimensions, at least to some level.

- Scott McCreary
Centre for Environmental Design Research
University of California, Berkeley

important sense, the purpose of the CLMPC⁽⁸⁾ is to facilitate the development of labour-management consensus on labour market and productivity issues. The Louisiana Comparative Environmental Risk Assessment Project was going no where so long as the various State agencies were managing the process. They badly needed a skilled facilitator who was not a participant.

3. The parties, together, must agree on the definition of the problem.

Participants in the Massachusetts Health Care Opportunities Fund⁽⁹⁾ each brought their own definition of the problem to the table. Some saw it as underutilized hospital space. Others saw excessive health care costs. The unions saw it as potential job losses. It was only after they developed a shared definition of the problem as resource misallocation and looming skills shortages, that they could start to talk meaningfully about solutions.

4. Similarly, the plan for attacking the problem can only emerge from deliberation among the parties.

Representatives of national business and labour organizations in the Netherlands come together in the Foundation of Labour⁽¹⁰⁾. They work together to identify workplace issues that need attention, such as the absenteeism or the representation of women and minorities in the workforce. They then recommend that the various collective bargaining pairs address the problem and suggest the broad outlines of a reasonable agreement. The Foundation's recommendations carry the moral force that they do because they have been jointly developed by labour and management representatives. Unilateral recommendations from one or the other would not be nearly so influential.

5. The need for new knowledge, and the best way to acquire it, cannot be determined by any one party. All parties must first share the knowledge they already have with the other parties and then agree on what new knowledge is needed and how it can be gathered.

An important ingredient in building a consensus is reaching agreement on the facts supporting the problem definition and the proposed solutions. If the stakeholders have their interpretations on different sets of facts, much time can be spent arguing over whose facts are right... These differences cannot be resolved at the technical level but are rooted in the value premises embedded in each piece of research. In order to reach agreement on the acceptability of technical input, the parties will need to agree on the underlying value premises.

- Barbara Gray
Collaborating

We have to stop focusing on distribution. The economies that work, understand that saving and investment are essential to wealth creation. You have to create it before you distribute it. We do not understand how wealth is created in Canada. All we've ever done is cut it down and ship it out; we've never learned that you have to save it to have it.

- Stanley H. Hart, Chairman
President, & CEO
The Campana Corporation

It's important to set up a joint fact-finding process to put everyone on an equal technical footing.

- Scott McCreary
Centre for Environmental Design Research
University of California, Berkeley

The Bay Area Economic Forum⁽³⁾, consists of representatives of local government, business, and educational institutions in the greater San Francisco Bay area. They research and advocate innovative approaches to particularly difficult local economic development issues. First they identify constraints to economic development. Then they pool their knowledge about the constraint and agree on what new information they need and how it will be developed. The public policies they ultimately advocate are based in a body of jointly developed and shared knowledge and information.

6. With a shared understanding of the problem and a common body of knowledge, the parties can then identify potential solutions together.

The Massachusetts Housing Finance Agency⁽²⁵⁾ met with tenants, social agencies, and police to talk about tenant security concerns. The group identified the need for a tenant assistance program to help people deal with substance abuse. Nobody had ever thought of that as a potential solution before.

7a. All participants have a role in defining the criteria that a good solution must meet.

All the parties to PALCARE⁽²⁸⁾ had to agree on a host of criteria. They included cost limits and an overall financial structure, the minimum number and mix of types of child care spaces, the centre's distance from the Airport, the allocation of spaces among employee groups, and the basic design, among others. Failure to reach consensus on any one would probably have ended their effort.

7b. Agreeing on the best solution requires the involvement of all participants.

M.I.T.'s advisory councils work hard to reach consensus on the package of public and private actions that combine for the best solution. However, once that consensus is achieved, each readily implements their part of the bargain. And thus:

People's public positions and private opinions may not always be the same. An economist for the Bank of Finland is only going to say the same thing that the Bank of Finland says. But everybody can read basic facts. Trade unions, the government, the Bank of Finland, everybody knew that devaluation was coming.

- Erkki Hellsten
Director of Economic Affairs
Confederation of Finnish Industries (TLK)

We tend to bring together a group at a pretty high level to deal with a crisis as opposed to establishing the long term process of bringing people together to deal with issues over a longer period of time. We need to build up some trust through long term relationships.

- Lorne Seltz, President & CEO
B.C. Trade

After you have thought, invented, proposed, then do. The question is implementation, doing or not doing. That's what makes for results. I think it depends most on middle managers.

- Hiroyoshi Tsuchiya
Executive Vice-President &
General Manager
Mitsubishi Canada, Limited

The government financial resource? I see that resource every morning when I shave.

- David Bond, Vice-President
Hong Kong Bank of Canada

8. **All parties have a role in implementing the preferred solution.**

It was the fact that each party had a necessary role in implementation that initially won it a place at the table. Having fully participated in defining the problem and its preferred solution means that the parties must then act responsibly to help implement the agreed solution.

The process ground rules for successful cooperation derive from the fact that no one party has the power and knowledge to identify and implement an effective solution alone. If one party did not need the knowledge and power others bring to the table, that party could, and probably would, act unilaterally. If that party's power and knowledge do not permit unilateral action, unilateral action is not possible.

The same objective conditions that make cooperation the optimum problem solving strategy define the process ground rules for successful cooperation.

PUBLIC POLICY STRUCTURES

Structural questions, questions about the focus of a cooperative effort and when cooperation should occur, rarely arise if only private sector parties are involved.

We learned, however, that these questions can be quite important when the effort involves both the private and public sectors. When the public sector is at the table, issues of democratic legitimacy and accountability come into play.

Cooperative public policy processes thus demand more or less formal mandates to deal with such issues. Questions regarding mandates or terms of reference become significant.

The politicians, ultimately, have to decide who is a legitimate player and who is not and then live by that decision. In the final analysis, I think, if people are comfortable with who the partners are and how the process is put together, then it will work, and if they're not, then it won't.

- Des Gelz, Group Vice-President
Coast Wood Products
Fletcher Challenge Canada Ltd.

We've gone crazy with this business of consultation. It seems to me that we have substituted consultation for decision making. Consultation is an end rather than a means. It hasn't built trust; it's perhaps made for more distrust and misunderstanding.

- Jim Cowan
Stewart, McKelvey, Sterling, & Scales

We're ready to sit down with government and business to talk about process, but we refuse to comply with a predetermined process dictated to us, particularly a process so highly political and played out on a political platform. All of the partners must know that they won't get snookered by the process.

- Dick Martin, Executive Vice-President
Canadian Labour Congress

As a minister, you can neglect the advice of an advisory committee, no doubt. But, well then, you need good arguments in Parliament for why you just neglected the advice.

- N. Smil-Kroes, President
University of Nigenrode
former Federal Minister of Transportation

Identifying the Optimum Mandate

Participants in our Canadian roundtables characterized most of our experience at cooperating on public policy as ad hoc and not very successful. They wondered whether decision making power was an essential ingredient for successful public policy cooperation and if merely advisory cooperative efforts could succeed. They also wondered about how wide a mandate the effort should have. Is cooperation more successful when the problem is confined to a fairly narrow policy field, say one particular program, or is a broader scope effort more likely to succeed? They suspected that the crisis-driven, ad hoc nature of many of our efforts contribute to their failure.

Finally, while it is not specifically a question of the effort's mandate, they wanted to know if government should take the lead or should it await a private sector convertor? This section discusses those of our findings which bear on the organizational or structural aspects of public policy cooperation.

Advisory vs. Decision Making Mandates: It does not seem to make much difference whether the group has an advisory or decision making role. M.I.T.'s advisory councils⁽¹⁾ are advisory while the Massachusetts Housing Finance Agency⁽²⁵⁾ decides who gets loans for what kinds of housing. In Canada the Canadian Commission of the National Building and Fire Codes⁽⁶⁹⁾ advises while the Sectoral Skills Council⁽³⁰⁾ determines some of the criteria for program funding. All appear to be successful.

What does seem to matter, however, is that it be clear from the outset whether the group's mandate is to make decisions or to advise decision makers. The RBB⁽⁴⁰⁾ in the Netherlands, for example, understands that its role is advisory. It

One of the oldest industry/government consultation mechanisms is focused on the development of building codes. National government, through the N.R.C.'s Canadian Commission on the National Building and Fire Code, works in collaboration with industry to undertake a formal cycle of code review and revision. Membership is governed by formal requirements for industry sectoral representation.

- John Archer
Institute for Research in Construction
National Research Council of Canada

Equally important is the day-to-day process of consultation, involvement, and cooperation that is more or less unheralded and is sort of in network form or in the form of problem solving exercises. It's possible to invite people to a meeting where you have all of the participants in the same room instead of, on an environmental question, for instance, where you have three separate meetings: one for labour, one for business, another for the environmentalists, and you never even get to the consumers. But it's essential to have the communication lines already built so that people already know each other.

- Bruce Rawson, Deputy Minister
Fisheries and Oceans, Canada

The problem with many of the public policy issues is that they require you to talk about policy issues that don't fall within your general ken. What is your attitude on day care, on immigration? These are things that you don't deal with day to day and that's why good public policy is difficult to achieve because there is no common understanding.

- David Bond, Vice-President
Marketing and Public Affairs
Hong Kong Bank of Canada

knows that the government is free to accept or reject the advice it renders. This situation does not seem to generate any resentment or sense that their efforts are futile.

Narrow vs. Wide Ranging Mandates: The breadth of the effort's mandate appears to make some contribution to its likelihood of success. We learned about a number of the examples with mandates of different breadths. The SER⁽¹⁶⁾ in the Netherlands advises on all significant social or economic policy. Germany's apprenticeship system⁽²⁾ has a narrower mandate. It deals only with vocational education at school-work transition point although it is involved with all aspects of that system.

In Canada, the TTAC/SAGIT system⁽²¹⁾ has a still narrower mandate, dealing only with trade issues, and generally on a sectoral basis. Advisory committees abroad, however, generally deal with a somewhat wider range of questions. The RBB⁽²⁰⁾ in the Netherlands, for example, deals with any policy initiative that touches on its mandate, irrespective of its ministerial "home". Thus, it looks at the intergovernmental administrative implications of initiatives in education, transportation, human services, or land use planning.

Advisory structures abroad seem rarely to have mandates so narrow as a specific government program. The National Round Table on the Environment and the Economy⁽²⁷⁾ in Canada has a very wide mandate, but does not seem to have much impact.

The optimum mandate appears to be not so broad that expertise and intimate knowledge cannot be brought to bear while being broad enough to permit scope, challenge, and a mixing of perspectives.

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There is a constant dialogue going on in this country in all sectors. The consultative process among the politicians and the civil service and the civic organizations and the interest organizations is going on all the time; there is an unending dialogue.

- Jaako Itoniemi, Managing Director
Centre for Finnish Business &
Policy Studies (EVA)

Continuity of participation is absolutely essential.

- Scott McCreary
Centre for Environmental Design Research
University of California, Berkeley

When you talk about how these things occur, very often they occur on a personal level.

- Dennis Bouey, Deputy Director
San Francisco International Airport

In some cases this meant urging people who had never met face-to-face to work effectively together. It meant encouraging groups with natural antagonisms to suspend their differences, creating a spirit of collaboration that lasted well beyond the life of the particular board or commission.

- Michael Dukakis, former Governor
Commonwealth of Massachusetts
Creating the Future

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Ad Hoc vs. On Going Mandates: Ad hoc public policy mechanisms seem very rare abroad. On going structures and processes are much more common. In fact, virtually all of the public policy consensus building and advisory mechanisms we learned about outside North America fall into this category. It is not difficult to understand why successful ad hoc efforts at cooperating on public policy are uncommon.

First, effective cooperation requires trust and confidence in the other participants. Trust and confidence in others don't just happen. They develop over time and result from shared positive experience. This is particularly true if the parties have a history of adversarial relations. Cooperation demands the kind of trust that develops only through the long term accumulation of good experience.

When our roundtable participants talked about their experience of ad hoc cooperation on public policy we heard concerns about what might be called stakeholder legitimacy and behaviour. We were told, for instance that:

- stakeholder representatives should actually represent the interest they are supposed to;
- they should report back regularly;
- they should be able to deliver the stakeholder group's support when agreement is reached;
- they should also respect the other stakeholders, the process ground rules, and be committed to reaching agreement.

It is important to note that these concerns characterize issue specific, ad hoc, cooperative efforts. The concerns come up because people don't know each other, don't know the other interests, and are not familiar with the process. These concerns do not seem to arise abroad because people are more fully accustomed to cooperating on public policy.

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Virtually every single one of these mechanisms had its birth out of a public-private sector task force discussion; there was some shared ownership. They also wanted to depoliticize the decision making and ensure the durability of these kinds of initiatives beyond any one administration.

- Frank Keele, President and CEO
IMB Urban
former Secretary of Administration
and Finance
Commonwealth of Massachusetts

Industry groups tend to be reactive in the face of government policy or action. The major industry associations are requested by government to submit views on proposed legislation. However, this does not usually occur at the beginning of policy development. Nor is it with on-going collaboration.

- John Archer
Institute for Research in Construction
National Research Council of Canada

The government asks the SER for an opinion and the SER asks us, and so we ask our members. I don't think the government has those channels to find out what's going on in society. Also, you talk with each other because you meet in the SER and in the Foundation all the time. You know what the employers are thinking, and the other labour organizations, and the academics. If you didn't meet them there you wouldn't know what they were doing, what they were thinking. It would be much more difficult if we talked with each other only once or twice a year. Now we talk to them constantly.

- P. Kroon, Chief Economist
Christian Labour Organization (CNV)

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A comparison may help illustrate the point. There are few significant differences between governmental advisory committee structures in Japan, the Netherlands, and Germany, for instance, and our ITACSAGIT system⁽²¹⁾. People are appointed by the ministry, generally as individuals. Their interest and expertise are specific to an industry or industrial sector. The bodies' mandates are on-going; people are not assembled on an ad hoc basis to deal with a single issue or question.

However, the ITACSAGITs, and many other advisory structures in Canada, meet infrequently. In general, advisory committees abroad meet monthly. The greater frequency of meetings not only provides more opportunity to become familiar with the process. It also provides a better opportunity for the advisory committee to play an active role in determining the advisory agenda. Finally, more frequent meetings provide a better opportunity for members to get to know each other personally, better understand their respective perspectives, and build trust.

When people are accustomed to working together, we were told, they have a much better likelihood of enjoying success than if they are simply assembled to deal with one issue or situation. Personal knowledge of the other interests and their representatives can make the difference between a successful cooperative undertaking and a failure.

A number of Massachusetts' quasi-public financing agencies, like the Massachusetts Technology Development Corporation⁽²⁶⁾, build networks among government, business, and other interests that are called into action to deal with matters other than those which originally brought the parties together. Personal contacts developed through an association of people involved in school/business partnerships also served as the launching pad for the Massachusetts Business Alliance for Education⁽²³⁾.

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If the initiative had been developed inside the Department, it would have less credibility. They could come up with the same program and it would be attacked from all sides. Things are often more credible under the auspices of a private sector alliance.

- Lisa Blout
Executive Office of Administration
& Finance
Commonwealth of Massachusetts

The economic information we use for negotiating is prepared by the officials from the Department of Finance, but there is a tri-partite committee where the labour market parties are there working along with them.

- Tapani Kahri, Managing Director
Confederation of Finnish Employers (STK)

There is no disagreement about the figures. We have agreed to accept the Central Planning Office's figures. They have some independence. Sometimes they say, we don't think the Minister's numbers are good and people believe them, not the Minister. And the Bureau of Statistics has an advisory committee: business, labour, and academics.

- P. Kroon, Chief Economist
Christian Labour Organization (CNV)

I agree with the general statement of my CNV colleague. The discussion is about the way to improve the numbers, but there is no discussion about the numbers.

- J.A.M. Klaver
Secretary for Economic Affairs
Federation of Netherlands Industry (VNO)

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Successful cooperation within the private sector may also be a factor of experience and established personal relationships. PALCARE⁽²⁸⁾ in California came about, in part, because key employer and employee representatives had developed good personal working relationships. It seems reasonable to believe that workplace cooperation in Japan or Germany also works as well as it does because they have been doing a lot more of it, for a lot longer, than we have. They simply have a lot more experience. We don't do as well because we have not had as much practice.

New behaviour, whether it is effective cooperation with traditional adversaries or riding a bicycle, can only be mastered through practice and the accumulation of experience. On going cooperation provides the opportunity to accumulate that experience.

Public Sector vs. Private Sector Initiatives: It does not, however, seem to make much difference whether government convenes the cooperative public policy effort or sanctions a private sector initiative. For example California's Public Employment Relations Board convened the group which ultimately became the California Foundation for the Improvement of Employer-Employee Relations⁽⁵⁾ (CFIER) while the SER⁽¹⁶⁾ in the Netherlands was a labour-management initiative through the Foundation of Labour⁽¹⁹⁾. The government subsequently sanctioned the effort. Canadian examples of the former would include Voluntary Planning⁽³⁴⁾ while the Steel Congress⁽⁹⁾ (CSTEC) is an example of the latter. All four, and a number of others in both groups, seem generally to be regarded as successful.

Identifying The Links to Existing Organizations and Processes

Although the question did not come up at our roundtable discussions, our readings, interviews, and discussions have convinced us that another organizational variable

It's not enough to simply pull together a group of senior people and have them collaborate. You need to have a way for them to report back to the broader public.

- Scott McCreary
Centre for Environmental Design Research
University of California, Berkeley

I will speak about things with the two vice-presidents. They are the channel to the biggest employer organization and the biggest trade union. I know them very well. I can even write their speeches for almost any issue, as I am sure you can understand. They can write speeches for each other too.

- Th. Quent, Chairman
Economic and Social Council (SER)

It's very important to start with a real private-public partnership. A lot of the work I do was started by the public sector and really never got picked up on by the private sector even though it deals with competitiveness and lots of important issues. If you try to bring on the private sector after the fact, it becomes very difficult.

- Leslie Schneider, Executive Director
Manufacturing Resource Centre
Tufts University, TEChnet

The government is 50% shareholder in this bank which came about after the War and the need to rebuild the economy and industry. But they have absolutely no, nil influence in the policy of this bank; they are the most ideal shareholder you can imagine because they don't really influence our policy.... They do that very much on purpose. Their reasoning is that this bank must be as independent as possible, we are only of use to the government if we stand with both feet in the market.

- Jan de Vroe, Director
De Nationale Investeringsbank N.V.

is crucial. A successful cooperative effort demands clear links to established groups and interests. Comparing the Netherlands' Economic and Social Council⁽¹⁵⁾ (SER) with the Economic Council of Canada⁽¹⁷⁾ (ECC) may illustrate the point. While both enjoy Federal legislative sanction, there are some significant differences.

The ECC was, until recently, one of our longest-lived efforts at building national public policy consensus. It was in existence for almost thirty years and brought together people from a wide range of backgrounds to analyze economic trends and developments. Many of its studies dealt with national economic policy questions and issues such as the potential costs of Quebec's separation from Canada or the rate of the Goods and Services Tax.

Two-thirds of the members of the SER are appointed by constituency organizations, the other one-third are appointed by the Crown. Crown members are selected for their expertise and a conscious effort is made to mirror the political balance in Parliament. All members of the ECC were appointed as individuals by the Prime Minister. Regional representation appeared to be a key criterion. Unlike members of the SER, members of the ECC had no clear ties to established, non-governmental social institutions.

The ECC was financially supported by government, the SER by employers.

The combination of these two factors means that the ECC could not possibly have enjoyed, or be seen as having enjoyed, the same independence and legitimacy as does the SER.

Although the ECC was tied more closely to the government than the SER, its relationship to the public policy decision making process was much less clear. The

We need to be of value to the nation. My goal is to make us user-friendly, the partner of choice. It's very easy for us to get to be the partner of last resort.

- Charles Shank, Director
Lawrence Berkeley Laboratory

We organized a meeting of representatives from the major industries, the universities, and some people from government. It was a two or three-day session. Everybody came out of there gung ho. I don't know if anything ever came of that meeting.

- Stewart McInnes, Partner
McInnes, Cooper, & Robertson

It's also important, with any of these ad hoc processes, to have a clear tie-back to the formal policy making processes.

- Scott McCreary
Centre for Environmental Design Research
University of California, Berkeley

The collaborative effort needs to involve the perceptions of the general community as well as the internal people who are working on it.

- Susan Ruane
Child Care Coordinating Council
of San Mateo County, Inc.

government of the Netherlands is required by law to seek the advice of the SER on significant social and economic policy initiatives. The government of Canada was under no obligation to seek the advice of the ECC.

Without financial independence or clear ties to either non-governmental institutions or the formal public policy process, one should not be puzzled if the ECC seemed to have less impact in Canada than does the SER in the Netherlands.

The incomes policy process^(13, 14) in Finland, unlike the SER, is informal and extra-legal. However it, like the SER, is a joint effort of the non-governmental stakeholders: labour and employers. When government participates, which it does not always do, it does so as an equal partner.

As is the case with the SER the links between Finland's incomes policy negotiation process and established social institutions, both governmental and non-governmental, are clear and explicit.

CSTEC⁽⁹⁾ has clear ties to both non-governmental organizations and the public policy process. The Western Wood Products Forum⁽³⁵⁾ (WWPF) has the same ties to non-governmental organizations, but the link to the public policy process is not well developed. The people we talked to who are involved with CSTEC offered a much more favourable assessment of that effort than did those who are involved in the WWPF. The WWPF effort appears to suffer from the lack of clear linkages to government and the public policy process.

Organizing or structuring public policy cooperation involves issues of legitimacy which do not arise in purely private sector cooperation. Thus, the mandates or terms of reference of such efforts deserve careful consideration.

I guess from our point of view the difficulty is knowing what kind of consultation you are participating in. Is it something that leads to shared decision making, or participation in decision making, or is it a process where you are informed what is going to happen to you next month? That really is the difficulty. You find that the power holders are not really willing to invite everybody into the room to share the decision making process. I know a lot of this falls back to our political system, but somehow we have to reform that, or we will be in more trouble than we are today.

- Roger Stayner, Vice-President
International Woodworkers of
America, Canada

Our general findings on successful public policy cooperation suggest that:

- Ad hoc efforts rarely succeed. Experience improves the likelihood of success.
- Mandates should be broad enough to provide for a mixing of perspectives and narrow enough to allow expertise to be brought to bear.
- Clear and explicit links to established organizations and processes are crucial.
- Success does not seem to depend on decision making authority. Purely advisory cooperative efforts also succeed.
- Either the public or the private sector can initiate a successful cooperative public policy process.

In general cooperation is an effective and pragmatic problem solving strategy. It is the optimum strategy when someone experiencing a problem does not have the power or knowledge to effectively resolve it. The strategy rests on pooling power and knowledge among individuals, groups, or interests. Such pooling means that the participants, among themselves, must agree on a number of key process ground rules which they will respect. In addition, where issues of public policy are involved, certain key organizational or structural questions must be addressed.

These lessons may not seem to reflect much more than good judgement and good faith. We agree. Success appears to depend on people turning their minds to the process and organizational issues and on dealing with each other openly and honestly. That may not be revolutionary, but it is also not very common.

Our literature search was not very productive. Much of the available material on this kind of cooperation is contained in anecdotal reports or case studies. There is very little that develops the lessons into a theoretical framework or even a good practitioner's guide. A recently published book, Collaborating, by Barbara Gray, addresses the deficiency. We heartily recommend it.

4. APPLYING COOPERATIVE STRATEGIES

This chapter reviews some of the examples of cooperative institutions, mechanisms, and strategies we learned about that will be of particular interest to the leaders of the major interests:

- government;
- business;
- labour; and,
- education, health care, associations, the scientific community, advocacy groups, the human services community, civic and public interest groups, and not-for-profit organizations, which we refer to collectively as the "other stakeholders".

It then discusses a number of opportunities for leaders to apply the lessons about cooperation to contemporary and fundamental problems each interest confronts.

DEVELOP EFFECTIVE PUBLIC POLICIES

At our Canadian roundtables many participants were critical of predominately adversarial means by which Federal and provincial public policies are developed. They associated adversarial approaches with political posturing, interjurisdictional wrangling, and ultimately ineffective policy. The general view was that more cooperative approaches would produce more effective policy, policy that is better conceived, designed, and implemented.

We heard, however, that there are two serious impediments to the general adoption of more cooperative public policy processes.

We have this bizarre situation in B.C. where I have a budget of 1 billion dollars for post secondary education and training and we spend 1.6 billion on unemployment insurance benefits.

- Gary Mullens, Deputy Minister
Ministry of Advanced Education, Training,
and Technology
Province of British Columbia

We need to look at how our institutions are discredited, the disrepute the politicians are in, even though they are trying hard. Obviously, we need some new ways. This era of information has produced different attitudes to authority and institutions. To engage in consultation, you have to make clear what's on the table and what's off, the rules, what kind of advice you're prepared to accept. And when you've done that, you have to give real room to the non-government players. Politicians have to accept that there are things that they have to keep their hands off if we are going to interact with the private sector and have a real sharing of power. Public servants have to lose some of that sense of always being right. We also need more willingness on the part of the private sector to accept trade-offs instead of sticking government with making all the trade-offs.

- Arthur Kroeger, Deputy Minister
Employment and Immigration, Canada

There is interest within labour and business to take a different approach and look for solutions where government is more of a facilitator. But there is a big obstacle. There is too much political posturing and interjurisdictional fighting. For cooperation to work the government must put some responsibility where it belongs, on business and labour.

- James McCambly, President
Canadian Federation of Labour

- Cooperation requires the sharing of knowledge and power. It is not clear how to integrate that process requirement with the notion of ministerial responsibility and the adversarial political relations implied by democratic parliamentary government; and,
- The public service lacks a consultative culture. There is real conflict about whether public servants can or should participate in or facilitate cooperative public policy processes and confusion about their appropriate role.

This section discusses cooperative public policy processes, their relationship to our democratic institutions and adversarial relations among political parties, and the role of the public service.

PUBLIC POLICY PROCESSES

Participants at our roundtable discussions focused their criticism on three aspects of the prevailing Canadian public policy process. First, policies are too often conceived and designed in a vacuum. People in other departments, at other levels of government, and outside government are brought into the process too late, if they are brought in at all. Second, the process takes place behind closed doors. Too often, nobody knows what is going on, why, or who is influencing the process until a fully developed proposal is rolled out and the political posturing begins. Finally, implementation difficulties abound because those affected by policies often do not understand, and may well oppose, its objectives. They thus devote their efforts to trying to circumvent or frustrate policies.

We learned that more cooperative policy processes abroad address these three deficiencies. Cooperatively developed policies are better conceived and designed, the process is more open and accountable, and the resulting policies are more readily and fully implementable.

Do we feel badly that we did not start this process, or is there some jealousy? We are more than happy to take what people want to give us, people who have already done much of the groundwork. There is very little pride of authorship around here. The pride is in getting something done and in making sure it's good public policy.

- Larry Goldband, Deputy Cabinet Secretary
Office of the Governor
State of California

The government is always dealing with the business community as a whole, including the unions.

- J. Jürgen Jeske, Chief Editor
Frankfurter Allgemeine Zeitung

We are fundamentally trying to undo the political system that has described problems in sound bites and tried to give the populace solutions in sound bites. Public policy is a lot more complex than that.

- Maureen DiMarco
Secretary of Child Development and Education
State of California

Our Advisory Committee is made up of the unions and employer groups active in education. We really look to them to keep us honest, as it were, to make sure we are doing the right things, that we are going in the direction that they think we should be going in. We know that without them, their interest and support, we are nothing.

- Janet Walden, President
California Foundation for Improvement of
Employer-Employee Relations

Many public policy advisory structures, both in Canada and abroad, rest on the notion that good policy design requires the knowledge and insight of private sector interests. The host of quasi-public agencies in Massachusetts, like the Technology Development Corporation⁽²⁶⁾ and Housing Finance Agency⁽²⁵⁾, for example, reflect a belief that the non-governmental partners bring a knowledge of private sector needs and realities that is required for effective public policy design. Similarly, our ITAC/SAGIT system⁽²¹⁾ is based on the idea that a detailed understanding of the probable impact of policies is as likely to be found outside government as within and that knowledge of those impacts is necessary for effective policy design and implementation.

When Japan's M.I.T.I. initiates its policy development process, the first step is to discuss trade and industry trends and opportunities with the scientific experts, academics, and business and labour leaders assembled in its standing advisory councils⁽¹⁾. The private sector stakeholders are actively involved even prior to the concept stage. Thus, policies are conceived and designed based on a full appreciation of real world conditions, perceptions, and needs. Bringing people to the table early in the process contributes to better policy design in another important way, particularly where interests may be in conflict. If cooperation takes place early enough, the issues will not have crystallized and the positions will not have hardened.

The point is illustrated by a comment from the Environmental Defense Fund's Tom Graff, who is taking part in the Three-Way Water Process⁽³³⁾ in California. The agricultural, urban, and environmental interests have a long history of adversarial relations. He described the Process as "a way of moving the situation from highly polarized to simply polarized." He might be more optimistic if the interests had started working together before the issues and options had become

There is no resentment of that type of activity. It gives you a feeling for the broad consensus. In most cases, I would say the advice is rather clever. It is a combination of what you can expect in parliament and in the outside world.

- N. Smit-Kroes, President
University of Nijenrode
former Federal Minister of Transportation

These roundtables are real working roundtables. They are quite effective. They are more or less institutionalized - business, labour, and the state and local governments.

- J. Jürgen Jeske, Chief Editor
Frankfurter Allgemeine Zeitung

You have to be clear right from the beginning about who you want to hear from, and what interests you want to have represented, and why you're talking to them and to not some other people. If the ministers were smart they would turn the decision back to all of these people who line up at their doors and say "Look, you want us to do something about this; you sit down with these other people and figure out something that you can all live with and then tell us what that is."

- Phillip Legg
Executive Assistant to the President
International Woodworkers
of America, Canada

All the legislation about labour and the social welfare system is prepared in three-party committees or working groups. They review and discuss the legislation before it is introduced into Parliament. Already, before it is introduced, all three parties have agreed to it in principle.

- Johannes Korona, Deputy Managing Director
Confederation of Finnish Employers (STK)

so clearly defined and polarized. It is hard to take the step "backwards" from advocating solutions to defining the problems they are meant to address and a clear definition of the problem is always the necessary first step in designing an effective solution.

Cooperative public policy processes can often prove more open and accountable as well. When the government of the Netherlands asks the SER's⁽¹⁶⁾ advice on a policy initiative the major institutionalized bodies of opinion and expert insight are canvassed and publicly debated. At best, a consensus emerges blessing a particular action. The key interests have judged the initiative to be likely to prove appropriate and effective. At worst, the alternatives are surfaced and the government and public get a preview of the social and parliamentary debate on its proposal.

Seats on advisory bodies like the SER are often designated for specific groups or organizations and formal meetings are often open to the public. M.I.T.'s advisory councils often even include a media representative. When appointments are made they are a matter of public record and, occasionally, public comment. The result is that the public knows, specifically, who is influencing the public policy process, when, and how. If the media is present the public even knows the direction in which policy is evolving and why. So open a process stands in stark contrast to the prevailing norm in Canada.

But cooperative public policy processes in the United States, Finland, Japan, the Netherlands, and Germany reflect more than the notion that cooperation is more open and accountable and produces better designed policy. People who watch and participate in the public policy process told us that cooperative processes are more effective; cooperation improves implementation.

Often a consensus forms which allows government to exercise public authority.

- Ira Jackson, Senior Vice President
Bank of Boston

If government is going to pass laws, undertake programs, take initiatives, then the better it understands the impact of its actions and the more consciously it designs them to limit the economic burden of what it does, the better those policies are. In addition, if the people who are effected by policy have input into it so they feel like they're part of the process, they're much more likely to be willing parties in the implementation of that policy. You get much better implementation.

- Richard Sybert, Director
Governor's Office of Planning and Research
State of California

Advisory boards are platforms to discuss new policies. They are also, in some cases, a way to achieve coordination between the government and various institutions.

- J.B.M. ten Berge
Intergovernmental Relations Advisory
Council (RBB)

You can't make decisions without alienating some people. The issue is how you bring people in. If you do not get everyone at the table, then no one has a stake in the outcome. You must let people have a stake in what goes on. If that doesn't happen, there is no way you'll have the political support to get anything done.

- Larry Goldzband, Deputy Cabinet Secretary
Office of the Governor
State of California

As we suggested above, private sector knowledge and insight are often required to accurately anticipate a policy's impact and thus ensure that it can be effectively implemented. But cooperative policy development improves implementation in another important way. Often a policy's or program's effectiveness depends on cooperation through voluntary compliance. Implementation cooperation comes much more easily when the policy has been designed cooperatively.

For example, the fact that M.L.T.I.'s advisory councils achieve consensus among the public and private sector interests ensures fast implementation and voluntary supporting actions that go well beyond compliance. When the Finns negotiate incomes policy agreements^{13, 14}, they deal not only with wages and working conditions, but with such complementary public policy matters as taxation, trade policy, unemployment insurance, and education. When agreement is reached, all parties move rapidly to implement it.

Interestingly, much the same story emerged in California and Massachusetts, where adversarial processes are even more deeply rooted than in Canada. The literature and our Canadian roundtables carried the same message. Cooperation produces policy that is better conceived, designed, and implemented.

PARLIAMENT AND DEMOCRACY

Our parliamentary system is based in adversarial relations between political parties. Parties advance competing programs and the party favoured by the most voters forms a government with a mandate to implement its program. The system usually produces a majority government.

This distinguishes Canada from Finland and the Netherlands, for instance, with their multi-party traditions. Coalition governments are the rule and a certain

Pluralist societies, with an economic order characterized by private enterprise on the one hand and social security provided by both the state and the social partners on the other, exist by the grace of mutually supplementary responsibilities. Institutions for consulting and advising in which government, employers, and unions meet are required. In my view, they are a necessary supplement to parliamentary democracy; they enhance the democratic content of society and make the social struggle controllable.

- Th. Quené, Chairman
Economic and Social Council (SER)

Clearly, where matters of public policy are under consideration, collaboration cannot serve as a substitute for constitutional decision-making processes. However, it can provide a sense of direction, smooth social conflict, and speed formal processes.

- Barbara Gray
Collaborating

A dialogue between the government and business community is part of the democratic process. Without it it would be impossible to reach the necessary degree of consensus; you need fundamental consensus. If you don't have that, you can forget everything else.

- Dr. Seipp, Chairman, Supervisory Board
Commerzbank AG

Because some special interest group says "This is an important problem," government intervention takes place on the basis of that.

- Leslie Burke
Fisheries & Oceans, Canada

amount of cooperation among political parties is a fact of political life in these countries. The same cannot be said, however, of Germany and Japan where, like Canada, majority government is the rule rather than the exception.

In all these countries, just as in Canada, lobbyists advocate on behalf of interests. Editorialists comment. Political parties argue opposing positions and platforms. Politicians accuse opponents of insensitivity, lack of insight, and wrong headedness. However, politicians, and public servants, also work hard to identify opportunities to build and reinforce public policy consensus.

Perhaps habit, not parliamentary institutions, accounts for the dominance of adversarial public policy processes in Canada. If policies were developed and implemented in cooperation with other agencies, other governments, and affected interests, might they not attract less partisan criticism? Might they not also enjoy broader public support? This seems to be the experience of Germany, Japan, Finland, and the Netherlands.

Advisory bodies in these countries discuss both policy objectives and the means that are most appropriate to achieve them. Once agreement is reached, the government knows that both its policy objectives and its selected instruments are acceptable to the key interests. The advisory process acts almost as political life insurance.

So far as democratic principle itself is concerned, people abroad told us that their mechanisms rest on three basic beliefs:

- that cooperation makes for an open, transparent public policy process;
- that more inclusive processes are preferable to more exclusive ones; and,

You can take risks in the public sector, and you can fail. But, unlike the private sector, you can't come back and try again.

- Ira Jackson, Senior Vice President
Bank of Boston

Risk sharing is a concept central to partnerships.

- Lisa Blout
Executive Office of Administration & Finance
Commonwealth of Massachusetts

You bring people to the table because they should be represented. And you work hard to try to convince them that they would rather be in on a solution than on the outside looking in and complaining.

- Larry Goldband, Deputy Cabinet Secretary
Office of the Governor
State of California

I often find that officials really feel caught in this business of what their role should be in consultation. Sometimes they feel they should be a part of it and open, and other times they think they are supposed to stand back and represent an overall public interest. It's a problem we can't address by mechanisms at the most senior levels. We have to push this process down so that people at the lower levels of management of the various parties are working together on an ongoing basis. We could have the best mechanisms in the world, but if they only exist at the top and you try to push agreements down from the top, it is not going to work. We have to build in throughout the system.

- Lorne Sietz, President & CEO
B.C. Trade

- that democracy entitles those most effected by public policy to meaningful input.

These principles seem consistent with how democracy is understood in Canada.

PUBLIC SERVANTS

Even if more cooperative processes are more open and accountable and result in better designed policies that are more readily implemented and if such processes are consistent with our parliamentary democracy, do they not, in any case, place public servants in a difficult position? Does cooperation compromise the independent, professional advice the public service is mandated to provide? Do cooperative processes force public servants to risk Cabinet confidentiality? Do they place public servants in the position of being apologists for politicians? How can public servants, with very limited decision making authority, participate in the give and take of a real cooperative public policy process?

Politicians and public servants abroad agree that these problems are more apparent than real.

A former Netherlands' Minister of Transportation, for example, told us that she wanted her officials to take part in advisory body meetings. Advisory bodies helped them better understand how government policies and programs were perceived by key interests and exposed them to a wider range of views and policy options. Having civil servants participate in advisory bodies provided her with important political intelligence.

The present Chairman of the SER⁽¹⁶⁾ was previously the equivalent to our Clerk of the Privy Council. He also told us that civil servants appreciate the opportunity to explain proposed policies to SER committees. They are exposed to a new range

When you see a facilitative role within the bureaucracy, people who see their role as being not simply controllers of the agenda but as people who are supposed to move the agenda along, that, in a small way, is really revolutionary.

- Philip Legg
Executive Assistant to the President
International Woodworkers
of America, Canada

The level of expertise in the central confederations, of both the trade unions and the employers, is really quite high. I think the government officials appreciate that expert advice and opinion.

- Johannes Koroma, Deputy Managing Director
Confederation of Finnish Employers (STK)

We were just looking at an opinion poll today and it is clear that the political parties are moving closer and closer together; ideology really has disappeared.

- Tapani Kahri, Managing Director
Confederation of Finnish Employers (STK)

Policy has to be made on the basis of common sense and trust.

- Charles Shank, Director
Lawrence Berkeley Laboratory

of arguments and insights. And they do not have to confess to their ministers that they got the ideas from a discussion at the SER.

In these examples, and many others we learned about, the advisory process takes place before, not after, policy is defined. Issues of sharing information and cabinet confidentiality, for instance, do not arise. Similarly, concerns about public servants participating openly and fully in the process do not really arise. They are present because of their knowledge and understanding of the problem being discussed, just like everyone else around the table. When the process is organized in this way, cooperation enhances, rather than detracts from, the role of the public service.

People cooperate on public policy in other jurisdictions because they have decided that cooperation results in more effective public policies and they understand that cooperation is a logical adjunct, not an alternative, to a healthy parliamentary democracy. Many of the specific institutions we learned about developed in response to specific circumstances. But a conscious decision was made to establish them. And conscious decisions are made every day to continue to use them. Those day-to-day decisions are made because the mechanisms work, for everyone. Stakeholders have learned, over time, how to interact with each other to develop effective public policies.

No one suggested to us that there is anything so deeply rooted in the character of Canadian political institutions that we could not learn the same things.

Many people suggested that it was critical for us to get on with learning those lessons.

Beaucoup de politiques économiques nationales son beaucoup moins importantes qu'on pense. La culture d'une ville et son ouverture à l'innovation, au changement, la culture de ses entreprises, sont les facteurs culturels qui donnent le dynamisme à une ville-région et lui permette de se développer économiquement. Les politiques nationales on tendance à favoriser la grande entreprise mais pas nécessairement la petite entreprise qui est la source la plus importante d'innovations.

- Marcel Côté, Associé
SECOR

In general you find in this country, and in Western Europe, that things tend to happen in spite of the governments. It is the private sector companies that do things. The government is not that effective in creating jobs or in stimulating the economy.

- Frank Schreye, Director
Rebobank Nederland

North American business is always looking to quarterly performance to the point that managers are paid on that basis. This is more or less a provocation to kill the company.

- Alfred Pfeiffer, Chairman, Management Board
Viag AG

Well, let me start by assuming that Germany is economically successful. Then let me ask why? I think it is, in part, because of codetermination, which means the influence of the workers and their unions is a real fact and it is accepted by the employers. They needed about 40 years to get kind of reconciled with these institutions, but now they have learned to work with them and see the advantages.

- Hans Mathöfer, CEO
Beteiligungsgesellschaft für
Gemeinwirtschaft AG

IMPROVE PRODUCTIVITY AND LONG-TERM PROFITABILITY

The messages for business, from both the Canadian roundtables and our conversations abroad, were clear, short, and to the point:

- individual firms are the source of Canada's economic performance;
- long term success demands both long term strategies and the long term investments in skills and technologies to support those strategies; and,
- productivity is the key. Management and labour necessarily share an interest in productivity. Workers and their unions are not "the enemy".

This section discusses the relevance of cooperation to business. It argues that businesses succeed when they cooperate on long term business strategies and invest in technologies and worker skill development to realize those strategies. It also suggests that joint ventures with workers and other stakeholders are essential to improving firm level productivity and profitability.

LONG-TERM INVESTMENTS IN TECHNOLOGIES AND SKILLS

Japan's Nippon Steel provides an interesting brief example of how cooperative business strategy development and implementation helps ensure long term success.

The steel industry in Japan, like everywhere else from the early-1980's on, faced serious overcapacity problems. Nippon responded to overcapacity the same way any business with a long term view would, it diversified. Management and labour sat down together. They agreed that the firm was threatened, assessed their strengths and weaknesses, and identified available opportunities. Then Nippon made its capital investments and retained its steel workers to raise cattle. A pragmatic decision, given the high price of beef, the growing popularity of North American style fast foods, and the relatively basic worker skill requirements.

There's a good labour/management training program at Zahers (grocery chain) but we had to fight like hell to get it. Turn-over went down, productivity went up, profits went up. But no one wants to try to duplicate our experience because they are all so afraid of the unions.

- Cliff Evans, Canadian Director
United Food and Commercial Workers'
International Union

About the relationship between labour and capital, I think there is one statistic that speaks very much in the favour of the German approach. I think, at least over the longer term, we have by far the fewest days lost to strikes of all the G7 countries. But I wouldn't say that is clearly positive in itself. It is good only in so far as it is combined with another good outcome, namely price stability.

- Werner Flandorfer, Assistant Deputy Minister
Federal Ministry for Economic Affairs

The greatest supports of free labour markets are tenured university economics professors.

- Stan Shapiro, Dean
Faculty of Business Administration
Simon Fraser University

In Canada management pays no attention to labour. In Switzerland there is an on-going dialogue between labour and management, not just at contract negotiation time. Where is business' sense of social responsibility? In the last recession Danzas' chairman wrote to every employee telling them that managers were not permitted to lay-off any employees.

- George Kuhn, President
Danzas (Canada) Limited

Time, however, proved that diversification into beef production was not enough. To fully occupy Nippon's work force and maintain its level of business activity and profitability, they needed to diversify further. Japan's Ministry of International Trade and Industry has concluded that Japanese work too hard. They need more attractive leisure time activities. Nippon's managers and unions took another look at their situation. Nippon Steel is now in the theme park business and is retraining steel workers for jobs in its amusement park.

The case of Nippon Steel is not unique. Sweden's shipbuilders, Germany's coal, steel, and textile industries, and the steel industry in Britain have all experienced severe downsizing. All have worked hard to diversify their businesses and to retrain, redeploy, and help relocate their workers. No one told us, however, about a similar Canadian example. We think three factors distinguish Nippon from the typical Canadian firm:

- active worker participation in developing long term business strategies;
- investment in training and technology to support long term business strategies; and,
- managers' attitudes to workforce reduction.

Business leaders from Germany, Finland, and the Netherlands told us the same thing. Cooperation on long term business strategies, investments, and employee skill development combined with secure employment build long term worker commitment and business profitability.

JOINT VENTURES

We also learned that employees and the skills they bring to their work are an essential source of firm level competitive advantage over the shorter term as well. This is becoming increasingly the case as businesses evolve towards higher value

There was the theory that if the workers had power then they would only want to protect their jobs, they would fight good progress if it abolished jobs. Nothing of this kind is true as far as German unions are concerned. Why? You know that if you don't have the most modern technology, you lose, and then you not only lose a few jobs but the company will close down. This is, I think, one success of codetermination.

- Hans Matthöfer, CEO
Beteiligungsgesellschaft für
Gemeinwirtschaft AG

The problem with developing a shared understanding of business realities throughout the organization, as I see it, gets back to the fact that people will commit to solutions if they understand the problem. If they don't believe that there's a problem, or if they think a lot of B.S. is coming at them, then they're not going to commit to a solution.

- Des Galz, Group Vice-President
Coast Wood Products
Fletcher Challenge Canada Ltd.

One of my friends owns a fish processing plant. He decided to have a meeting and tell everybody what was going on in the company. A couple of things have come out of it. Productivity increased across the board, and there's a real sense of developing joint solutions to problems. When they've got a problem they all get together and say "what the hell are we going to do about this problem?" But it needs to be done continuously so that when there is an emergency it's no different than when there isn't an emergency.

- David Bond, Vice-President
Hong Kong Bank of Canada

My employees make real decisions about the business. I also have a profit sharing plan. I never see a photocopier salesman, or whatever. The employees take care of that. They use the technology and they have to be happy with it or not. And they are able to see the impact of their decisions on the bottom line. Last year the bonus was \$7,000 or \$8,000. It's not peanuts. I make less money, but I have people want to be there; they participate in the business and they make decisions. Profit sharing is a key ingredient in developing a strong relationship with your employees.

- Ross Haynes, President
The Haynes Group

added, more knowledge intensive activities. Educational institutions produce future employees. Government impacts on business in ways too numerous to recite. Without regular and faithful customers, a business cannot survive. Business, we were told, needs the active cooperation of employees, unions, governments, the academic community, and key suppliers and customers to achieve its crucial goals. Just as few of these stakeholders are ever invited to help develop and implement long term business strategies, they are rarely invited to participate in joint ventures to achieve shorter term goals.

With Workers and Unions

We were told that to survive in a rapidly globalizing competitive environment, Canadian businesses must boost productivity. To boost productivity, more output can be obtained from present inputs or input costs can be reduced. The two are not mutually exclusive. We were told quite clearly, however, that an exclusive focus on reducing labour costs is unlikely to deliver long term improvement. We cannot ultimately win a low wage competition. Rather, we were told, businesses need to derive full benefit from the skills of a committed workforce that believes in what it is doing and feels that its contribution is valued.

We heard about two kinds of productivity improvement programs. Command style and joint venture. No one we talked to told us about a successful command style program anywhere in the industrialized world. However, everywhere we went, we heard that joint ventures between managers and workers are the secret ingredients in firm level economic performance. It is not hard to understand why.

Improved productivity means analyzing systems and processes in detail to identify possible improvements. Managers rarely have the detailed knowledge of work

Previously, a lot of work was organized around the concept of "Do as you're told. You are basically a human extension of a machine." But now people are expected to use their brain in their work. One thing that we all share as knowledge workers is that we don't do as we're told. The knowledge worker basically requires to be committed and to understand before requests or orders are converted into actions.

- Gary Mullens, Deputy Minister
Ministry of Advanced Education, Training,
and Technology
Province of British Columbia

From a Western perspective some might criticize the Japanese team-oriented decision making process. It takes a lot of time. Maybe they think it wastes time. But it does not waste time. Once you have decided, everybody is all geared up and ready to go.

- Hiroyoshi Tsuchiya, Executive Vice-President
& General Manager
Mitsubishi Canada, Limited

Major investments, acquisitions, lay-offs, major hirings, these are things you have to submit to the works council for advice. The works council doesn't have the final vote in these things. But if they give a negative opinion that is a factor you have to take very much into account as a manager.

- Frank Schrewe, Director
Rabobank Nederland

The function of management is to lead by organizing cooperation, and communication is a big part of that. The ability to communicate is very important in the talent mix of managers. This has been proved in Germany.

- Hans Mathöfer, CEO
Beteiligungsgesellschaft für
Gemeinwirtschaft AG

processes and flows that workers do. Workers rarely have the knowledge of business purposes and plans that managers do. Both sets of knowledge are needed. Once improvements are identified they have to be implemented. Implementation is carried out by workers. Their belief in, and understanding of, what is being done and why are critical to effective implementation. The required commitment will only come through cooperation.

The Energy and Chemical Workers' Union represents workers at the Shell plant in Sarria. We learned that it has been team-managed for fourteen years and enjoys the best profit margins in the firm. The Camco plant in Montréal has some experience with joint job redesign with the Communications and Electrical Workers' Union. There is a good labour/management-run training program at Zahers. Unions and employers cooperate on apprenticeship in construction, for instance. But Canadian experience remains limited.

There is a lot of experience overseas. Many people know that German employees elect one half of the members of their employer's Supervisory Board⁽³¹⁾, the body that appoints and oversees the Management Board. Japanese quality circles and European works councils^(36, 37) are also well known. Workers and managers routinely discuss everything from product design, to processing techniques and technologies, plant design and organization, work design, work assignment and scheduling, training, supervision, and customer feedback, in fact virtually anything that touches on what workers do and how. Problems are jointly identified. Solutions are developed and implemented cooperatively.

European labour leaders told us that their members almost demand technological change and productivity improvement. Business people and labour leaders from Europe and Japan told us workers' positive attitudes to productivity improvement

The identification between workers and the company, especially for such traditional companies as Mercedes Benz, is very high. Because of the works councils, workers are interested in good profits; everybody sees that when the company profits it's good for the workers. The other thing is training; workers get trained and retrained for new plants, new products, new forms of production. That is done together with the labour unions.

- Dr. Blessing, Federal Secretary
Social Democratic Party

We're in the knowledge industry and there is very effective communication throughout the organization. We couldn't operate otherwise and the employees wouldn't accept it to be otherwise. The communication channels are very short, very effective, and wide open.

- Bruce Hartwick, President & CEO
MPR Teltech

I visited a plant in Japan and the first person I met was the union representative. The first thing he asked me was "How do you like our product?" I don't think that happens often in Canada. So long as unions have to fight for their existence and have to prove, time after time, that they are viable partners and that they belong at the table, they are going to be ugly; they are not necessarily going to the best people to sit down with. But if they are recognized as legitimate partners, then you'll find they spend their time in constructive ways doing good things for the enterprise, the sector, and the country.

- James McCambly, President
Canadian Federation of Labour

Managers learn how to use computers and calculate the bottom line, but they are not taught to use resources to create industries, to improve productivity through peoples' commitment to doing something in their work they believe in. Those values don't exist in management, by and large. I would say that it is the experience in the labour movement nationally that management's approach forces us to deal with the basic rights of workers. We are forced into an adversarial mode.

- Dean Tipps, Executive Secretary-Treasurer
California State Council
Service Employees' International Union

can be traced to their active participation in developing and implementing process improvements. We talked to labour leaders in California, Massachusetts, Nova Scotia, Ontario, and British Columbia who told us that their members also support productivity improvement. They want employers to do well because then their members do well too.

Were we just handed a line? We don't think so. However, there is a gap between the stereotypical labour leader's views on innovation and the ones we heard. There are, as well, some unions with formal policies of resisting Total Quality Management and other team based productivity improvement techniques.

Business people abroad, and in Canada, suggested that the gap between the stereotypical unionist's view and the one expressed to us reflects the gap between North American managers and Japanese and European managers. That it to say, if North American managers behaved more like Japanese and European managers, then North American unions would probably behave more like Japanese and European unions.

The advice from both our roundtables and abroad is that Canadian management must change now. Like any other important business activity, measurable change objective should be set, programs must put in place, and progress should be measured against objectives. We were advised to keep the objectives modest and sane but meaningful. What that means in a specific situation is, of course, dependent on the specific power and knowledge characteristics of the situation.

But the message is clear. German, Dutch, and Japanese managers are convinced that the very survival of their firms depends on:

Japanese unions cooperate more with management because they participate in managing the company. Companies agree to cooperate with the union, to try to comply with the requests of the union, and so the union will also try to consider the situation of management and try to cooperate as much as possible.

- Toshiyuki Egawa, President
Oji Paper Canada Ltd.

You get one thing out of a published paper. You get knowledge that something has been accomplished. But in technology transfer it is the intimate knowledge of the details that really makes it happen. That is what our industrial collaborators get. They get curly warning, they make a real contribution to the philosophy of the work, and they help guide where it goes. We build industrial collaboration from the ground up. It's not something we do and then say, "Oh, by the way, do you want to sign on?" That's not the way to do it. I want them involved from day one.

- Charles Shank, Director
Lawrence Berkeley Laboratory

To me, the important thing is the inter-sectoral relationships between faculty and business people, the thinkers and the doers. That is pretty well churned up in Boston, more so than in most places, where they tend to live lives apart. Some of the resulting partnerships are really aimed at bridging the cultural gaps, and once the lessons are learned they propagate on their own.

- Professor Lewis Branscomb
Centre for Science and International Affairs
John F. Kennedy School of Government
Harvard University

- active worker participation in developing long term business strategies;
 - investment in training and technology to support long term business strategies;
 - the known reluctance of firms to reduce the workforce; and
 - active worker participation in developing and implementing process improvements.
- No one offered any reason to think that the situation is different in Canada.

With Other Stakeholders

Suppliers and Customers: Total Quality Management teaches that it is critical to fully understand customers' perceptions of value and to consistently meet or exceed their expectations. Just-in-time and preferred supplier programs depend on tightly coordinated specifications, quality standards, and schedules. These can only be achieved by actively cooperating with customers and suppliers on tactics and strategies.

Manufacturing networks are a variation on the same themes. Large manufacturers source sub-assemblies from a number of small suppliers, for instance. Alternatively, a group of small manufactures undertake joint research and development or marketing. TEChet⁽³²⁾, a university based joint venture, encourages manufacturing networks and provides a computer network to help small manufacturers find suppliers, customers, and critical business information. It also helps provide and finance advisory services on manufacturing and process problems encountered by small manufacturers. It's ability to meet their needs depends on effective cooperation.

The prime responsibility for job training, both skill training of the young and up-skilling of adults, rests with the private sector.

- Tom Alexander
OECD Director for Manpower, Social Affairs,
& Education

If you look at a metalworks plant, for example, the people in the works council have formal (apprenticeship) training, 2.5 - 3.5 years practical training. If they stay there they will continue to train with the company and may even get their master craftsmen. Now these people have a different view of the industry. They are more professional in their view of the industry than the unskilled worker who has to just fight for his life.

- Hasso Freiherr von Falkenhausen, Chairman
Quandt Group, DataCard Corporation

One of our main concerns is to interest business people in investing in training. It's obvious that the government cannot do the job itself. It has some responsibility, but its responsibility is to deal with unemployed people, the poor, and minorities. We are lacking in the effort the industrial/business community puts into training its workforce. Germany can compete with anyone, and they have likely the highest wages in Europe. Their competitiveness has been raised because they invest very heavily in training. Where major industries have restructured, like ship building, steel, textiles, mining. They have been able to train the people in other niches.

- Gerard Docquier, Co-Chairman
Canadian Labour Force Development Board

The major companies all have many partnerships with schools. There are hundreds of them going on and they are proliferating. And there are dozens of other programs that interact businesses with schools.

- Gary Burke, President
Santa Clara County Manufacturing Group

Education: German manufacturing has a world-class reputation for quality and durability. Business and labour leaders alike told us that their jointly managed apprenticeship system⁽²⁾ makes a major contribution to German manufacturing excellence. These programs produce large numbers of highly skilled workers. Seventy-five percent of age-eligible German youths are enrolled. Unemployment within this group is virtually unknown. The University of Waterloo's co-op education programs⁽¹⁵⁾, a more academically oriented variation, gets similarly high marks. It, too, depends on cooperation between educators and business.

The demographic trends are unmistakable. As our population ages we will have an increasing shortage of skilled entry-level employees. The Bay State Skills Corporation⁽⁴⁾ in Massachusetts is a business-government-labour-education joint venture. It helps employers fund vocational skills programs that provide workers and potential workers with the specific skills employers want. Much of their training is targeted to individuals who have a history of marginal workforce participation. Jobs For the Future⁽²²⁾ is another business based joint venture aimed at expanding the labour force's skills base. It undertakes vocational training research, development, and advocacy.

Business needs entry-level employees who have the skills to contribute to success. Graduates want to make a contribution to society and their employers. Education wants students to be able to be productive contributing members of society. This is an unequivocal win-win opportunity for business and education to cooperate. We were told that business should be addressing that opportunity aggressively.

Government: Our roundtable participants also told us that business, like government in Canada, doesn't have much experience cooperating on public policy. What experience business has tends to be more reactive and adversarial. Industry

À l'usine Weston, des changements technologiques ont demandé un partenariat entre le patronat, le syndicat et les institutions scolaires afin d'améliorer le niveau de scolarité des plus vieux employés afin qu'ils puissent apprendre à opérer la nouvelle technologie.

- Gaëtan Lussier, Président
Boulangeries Weston Québec

Why is business becoming more interested in education? I think the reasons are economic. It's an economic necessity for business to have the education system perform.

- Hillary Pennington, Executive Director
Jobs for the Future

Where adversarial relations exist around public policy, I blame business for a good deal of that. I don't think we have done the kind of job that we can to bring together the stakeholders. By and large, business has the resources, the technical expertise, the kind of vision necessary to bring people together.

- Gary Burke, President
Santa Clara County Manufacturing Group

Le secteur privé doit faire du gouvernement son allié. Le gouvernement représente les intérêts de toute la société et se doit d'intervenir lorsque des problèmes importants sont réglés par le secteur privé. Le gouvernement de Singapour a eu dans le passé une politique de hausser régulièrement le taux de salaire minimum, ce qui a forcé les entreprises à innover technologiquement et à faire de la formation de leurs employés.

- Norman Riddell, Sous-ministre
Ministère des Communautés culturelles
et de l'Immigration
Province du Québec

and business associations rarely engage in cooperative efforts with other stakeholders. The Federation of Netherlands Industry⁽¹⁸⁾, the Centre for Finnish Business and Policy Studies⁽¹⁹⁾, and the Santa Clara County Manufacturing Group⁽²⁰⁾, for example, behave differently from most industry and business associations in Canada. They advance the interests of their members by actively seeking out opportunities to cooperate with government and the other interests in building public policy consensus.

Finland's incomes policy process^(13, 14), for instance, is based on the shared recognition by all of labour, business, and government that securing social harmony demands cooperation among the stakeholders. The Netherlands' Foundation of Labour⁽¹⁹⁾ teaches the same lesson.

We heard that the industry/government relationship in Japan is as fruitful as it is because both are committed to working together. Both believe that the business strategies and public policies that work best are the ones that complement each other. And they know that the way to get complementary strategies and policies is to develop them cooperatively.

If business is to make a positive contribution to improving Canada's economic performance, it will have to learn the lessons European and Japanese managers have mastered. Canadian managers need to learn how to cooperate much more effectively on both long and short range business challenges with labour, suppliers and customers, government, and education. Effective cooperation can only be learned by cooperating.

Business and government need to raise living standards, quality, and productivity. It cannot be done without labour. Labour is the legitimate, institutionalized representative of working people.

- Leo Gerard, Director
United Steelworkers of America

When it (codetermination) was introduced in Germany, the American unions said to the German unions, "This is the worst thing you can do, now you are a part of the group you want to fight." But the German unions said, "We do not want to fight with them, we want to help them because a rich cow gives more milk than a scared cow."

- Alfred Pfeiffer, Chairman, Management Board
Vlag AG

The Foundation of Labour says, for instance, you should negotiate about work sharing. The people bargaining can say "We'll do it" or "We won't", but the moral authority of the Foundation of Labour is such that all the people bargaining will talk about it.

- P. Kroon, Chief Economist
Christian Labour Organization (CNV)

We're in favour of business being successful. People always thought the labour community wanted to tear down the business community. I want you to make all the money you can, so that you can afford to pay workers a commensurate income.

- Joe Negro, President
Boston Building and Construction
Trades Council

ADVANCE WORKERS' INTERESTS

A decent standard of living for workers is a fundamental goal of the labour movement. Unions have always struggled for good wages, secure jobs, and adequate social security. Much progress has been made over the years, largely by adversarial means. Unions in Germany, Finland, Japan, and the Netherlands bargain for better wages and working conditions, much as they do in Canada. Adversarial bargaining, however, is balanced by cooperative mechanisms that help build consensus between labour and management on fundamental economic and social concerns.

We saw two levels of consensus building abroad. Works councils^(36, 37) and similar institutions operate at the workplace level. Institutions like the Foundation of Labour⁽¹⁹⁾ in the Netherlands and Finland's incomes policy process^(13, 14) operate at the level of society as a whole.

Labour is a full and equal partner in them all.

This section discusses how labour in Germany, Finland, Japan, and the Netherlands advances the interests of workers through firm level cooperation on productivity and competitiveness. It also examines the mechanisms and institutions that build economic policy and broad social policy consensus and the implications of those processes for workers and unions.

PARTNERSHIPS

Traditionally, labour's role has been to push for higher wages and better job security while resisting changes that eroded jobs, pay, or both. We were told, for instance, that in the adversarial model, labour sees the narrow job descriptions of

We can't continue to act like dinosaurs and blame everything on poor management. We have to start taking responsibility for our work, or we will end up with decisions we won't like.

- Peter Kingyens, President
E.C.W.U. Local 800
The Ottawa Citizen
23 October 1991

Of course we are careful to save jobs and we do not want lay offs, of course not. But what is going to happen if the company goes bankrupt?

- Jörg Barczynski
IG-Metall Pressestelle

Labour does not want it all. Labour accepts the need for a profit for business.

- Leo Gerard, Director
United Steelworkers of America

We as a union are always open to the development of new technologies. We never say no to new technology. Yes, new technology please! But we also say, let's look at what is happening to the organization of work. What is happening to this?

- Xander den Uyl
Abvakabo [Netherlands Federation of
Public Sector Unions]

"scientific management" as being good for workers. This model sees things like production teams as blurring the distinction between workers and managers and veiling a management plot to cut jobs. From this point of view, productivity and competitiveness are not a problem for workers, they are a problem for managers.

Some of the Canadian business and government leaders we talked to think this is the consensus view of labour: that competitiveness is some kind of plot.

Productivity and Competitiveness

However, most of the participants at our Canadian roundtables and people we talked to abroad told us that times have changed; workers' views are changing. Many workers and labour leaders now suspect that a heavy reliance on adversarial approaches may not serve their interests as well in the future as it has done in the past.

We heard that in a rapidly globalizing economy, firms must supply high quality goods and services at competitive prices to be able to provide good wages and secure jobs. To meet the challenge, productivity must improve. Improving productivity demands that industry take a hard look at what it does and how. The alternative is low wage competition, a contest Canadian workers have no desire to enter and cannot ultimately win. Canadian labour is ready to work with business to improve the productivity and the international competitiveness of their firms, we were told, because it is in their long term best interests to do so.

We also learned that productivity cannot be improved by command. Managers, alone, cannot critically assess what industry does and how. Workers have important knowledge and perspectives that need to be incorporated into any

For too long labour has come to the table saying only "No, that's not enough." We all need more creative ideas and approaches to achieve consensus.

- Cliff Evans, Canadian Director
United Food and Commercial Workers'
International Union

I don't know if you know this model. It is that the most important sector in the economy is the open sector, the export sector. We see that success in exports is what makes it possible for the whole economy to develop and also what makes possible the rise in wages and so on. There are two basic elements: the change in the terms of trade and productivity changes. We try to balance these because if the increase in wages is bigger it means there will be inflation. We have a sophisticated statistics and calculating and forecasting system. With representatives from all of the parties, the state side, the employers side, and the employees side. And we are all together calculating and following what is happening in the economy. We have common statistics and we see what is possible and what is not possible. When we start to negotiate, we are at the same level. We have the same basic figures.

- Turo Bergman
Confederation of Finnish Labour Unions (SAK)

Labour relations in Canada are almost exclusively adversarial. In Europe, labour understands management and the international competitiveness needs of industries, but there is not enough openness and information sharing in Canada.

- Desz6 Horvath, Dean
Faculty of Administrative Studies
York University

serious effort to improve productivity. Labour in the Netherlands⁽¹¹⁾, for instance, told us that it is anxious to talk about new technologies, how they will boost productivity and competitiveness, how they will be introduced, and how job content will be enriched. German workers play an important role in managing that country's apprenticeship system⁽²⁾ and actively review employers' training plans and priorities through their works councils⁽³⁶⁾, as do workers in the Netherlands⁽³⁷⁾.

No one we talked to suggested that workers and unions in Canada are not interested in the same things. What we did hear, however, is that contract negotiations may not be the best opportunity to deal with them. It may be that these questions can be dealt with better outside that often unavoidably adversarial setting. This is, in part, the forum that works councils and similar organizations abroad provide. If management in Canada were to take the initiative to raise these matters outside negotiations, labour might find itself in a reactive, negative role. This is the role labour abroad refuses to play.

We know of no North American example where a union initiated the discussion with management on cooperating to improve productivity. It is interesting to speculate on how Canadian managers would respond if workers and unions:

- offered real input into how work is organized and performed;
- making a positive contribution to the firm's long term prosperity; and thus,
- its ability to provide good wages and secure employment.

Who would lose?

Economics and Economic Policy

To be taken seriously in such a discussion, workers need a good understanding of their businesses' economics. What are the forces shaping the various industries?

In bargaining there are two major figures: one is the increase in productivity and the other is the inflation rate. Because if you negotiate and get a settlement including the growth of productivity and the inflation rate, then it is a zero cost contract for any company. These are the two main figures. The third figure is hard to explain, we call it the redistribution increase, the share for labour versus capital.

- Jörg Barczynski
IG-Metall, Pressestelle

Last month the trade union in the manufacturing sector presented a memorandum on wage development and wage negotiation for the next period. One of the key elements in their reasoning was we have to accommodate ourselves to the situation in Europe.

- J.A.M. Klaver, Secretary for Economic Affairs
Federation of Netherlands Industry (VNO)

This consensus is shared between the union and the employer, that there should be a link between productivity and wage increases.

- Erwin Blasum, Director of Economics
Federation of German Employers'
Associations (BDA)

In the early '80's people took a loss in terms of purchasing power. It was part of the policy of the trade unions. We took our losses in purchasing power and in membership to get the economy started again. I think that is one of the strengths of our system that people maybe don't recognize at the moment. The fact that we could get out of that economic crisis relatively fast was due, in part, to the way the trade unions behaved. They behaved that way because they felt responsible, they felt part of the system.

- Xander den Uyl
AbvAKabo [Netherlands Federation of
Public Sector Unions]

What drives profits and the ability to pay wage increases? What factors guide investment decisions? What are various industries' long term prospects? Where are the threats to market and market share? What opportunities exist for workers to add more value?

These are the kinds of questions with which the Canadian Steel Trade and Employment Congress⁽⁹⁾ (CSTEC), the Sectoral Skills Council⁽³⁰⁾ (SSC), and the Western Wood Products Forum⁽³⁵⁾ (WWPF) are grappling.

Finland's SAK⁽¹⁴⁾ told us about an economic model it uses in the incomes policy negotiations. According to the model, growth in the real value of exports determines the economy's potential for non-inflationary wage increases. IG-Metall in Germany identified three factors that go into its wage bargaining equation: productivity growth, inflation, and the redistribution of income from capital to labour. The CNV⁽¹¹⁾ in the Netherlands also talked about the key role productivity and export growth play in domestic wages. All understand and discuss the economics of an open market and its implications for their members.

We learned that a command of economics serves workers' interests by enhancing their ability to secure wage growth and job security and by helping establish the legitimacy of their place at the table in the eyes of management and government.

BROAD SOCIAL CONSENSUS

Irrespective of whether labour does or does not want to cooperate to improve productivity, neither business nor government is facing to embrace labour as a partner. Business and government both see the same potential for cooperation that our labour leaders talked about. But there is a credibility problem. Not

One of the things you have to understand about Finland, through the '40's and '50's and '60's there was a very big struggle between the Communists and the Social Democrats, both in politics and in the trade union movement. Because of that struggle, the trade union movement couldn't assist or cooperate with the government. From the late '60's when the Social Democrats overcame the Communists, cooperation between the trade unions and the employers and the government has been fairly close.

- Tapari Kahri, Managing Director
Finnish Employers' Confederation (STK)

The professors of economics in the SER always want to say something about wages and those kinds of things, but we always tell them "We do it in the Foundation of Labour". It's always a fight at the SER to convince the academics to come along with our position. They are more and more taking the employer side, but basically labour organizations do not criticize the SER.

- P. Kroon, Chief Economist
Christian Labour Organization (CNV)

The SER and the Labour Foundation, are institutions whose main purpose is to produce a consensus in social and economic policies; one cannot but grant that their role in the establishment of common views has no mean merit. A concrete and telling example was the Labour Foundation agreement of 1982 under which the employers' and trade union federations struck a deal trading wage moderation for jobs of their own accord, without government intervention. This was a major contribution to the Dutch economic recovery of the 1980's.

- Th. Quec, Chairman
Economic and Social Council (SER)

surprisingly, many labour leaders have the same reservations about the credibility of business and government. Government is not convinced that business and labour can be trusted. No one owns the credibility gap.

On the other hand, each of the participants in Finland's incomes policy negotiations knows that the others can and do play a constructive role. In fact, one of the most interesting things that came out of our discussions with labour leaders and business people in Finland, Germany, and the Netherlands is that they all explained economic success and wage determination the much the same way.

Labour and business seem to share a common understanding of the source of wealth and the basis on which workers should be compensated. The Chairman of the SER⁽¹⁶⁾ in the Netherlands attributes the consensus in his country to the on going dialogue in the Foundation of Labour⁽¹⁹⁾ and the SER. It seems a plausible explanation.

There are few institutions in Canada specifically designed to help build social consensus. Several of our roundtable participants said quite clearly that Canadians need a shared understanding of the process that creates our nation's wealth. Judging from the experience abroad, encouraging the development of such institutions would help address that need.

It is interesting that Germany's effort at building broad national social and economic policy consensus in the late 1960's, Concerted Action, failed. Other cooperative efforts, however, prosper. German unions, for instance, play an active role in vocational training⁽²⁾. German business people said it took them a long time to learn to work with their Supervisory Boards⁽³¹⁾. They were initially

I think codetermination is good on the level of each enterprise because it helps to integrate workers into the economy. I think there must be a certain consensus between employers and employees, a certain consensus about economic principles. Because of codetermination, the labour unions are probably the best informed people about economic development in general and the development of each industry.

- Dr. Seipp, Chairman, Supervisory Board
Commerzbank AG

Because every business must have a works council, every manager in Germany has been trained in the course of his management experience to deal with unions and labour issues. It's just a fact of life. On a micro-scale it helps settle management-labour disputes. But if you ask the general manager, "Why don't you have the kinds of confrontational meetings with labour that they have in North America?" I am convinced the major reason is that everyone who runs a plant is trained to be concerned about labour issues, to talk about them, and to deal with them.

- Hasso Freiherr von Falkenhausen, Chairman
Quandt Group, DataCard Corporation

Familiarity does not breed contempt. It is the lack of it.

- Stan Shapiro, Dean
Faculty of Business Administration
Simon Fraser University

concerned that workers would only use their influence to block innovations that increased productivity. But the experience has clearly been that workers are just as committed to their firm's prosperity as are its managers.

It may be that more narrow cooperation makes workers' and managers' community of interest more immediate and obvious. The labour leaders we talked to in Germany, the Netherlands, and Finland all told us that managers and workers share a commitment to the prosperity of workers and the firm. They also said that the commitment is most evident in the works councils (36, 37).

Japanese business people told us the same thing. Workers and managers working together is the key. They solve short and long range practical business problems to secure success for firms and long term earnings and job security for workers. The message is clear. Active cooperation in firm level productivity improvement builds trust, confidence, and credibility all around.

None of our Canadian roundtable participants suggested that Canadian labour would find cooperation much easier than would government or business. There are always grievances to investigate and resolve. Arbitration hearings need preparation. Contracts have to be re-negotiated. In periods of rapid change, workers worry about job security and are inclined to resist innovation. Cooperation takes time and attention. It draws scarce resources away from other priorities and may run counter to many workers' instincts.

Grievances, for instance, may put unions under less pressure in these other countries. Works councils reduce the kinds of conflicts that typically produce grievances. They also provide a non-grievance way of dealing with work place

I think one of the crimes is that the lack of linkage between economic development activities and the social service community. There are very few people who understand the linkage importance, that you can't have one without the other and vice versa.

- Brian Gilmore, Senior Vice President
Associated Industries of Massachusetts

Not all occasions for collaboration are conflict induced. In some cases, parties may have a shared interest in solving a problem that none of them alone can address. The opportunity for collaborating arises because stakeholders recognize the potential advantages of working together. They may need each other to execute a vision that they all share. Managing a joint business venture is a good example. Addressing the problem of illiteracy in a community is another.

- Barbara Gray
Collaborating

Frankly, when I was with the Chamber (of Commerce) I had some responsibility for memberships, and there were two kinds of people, or policy lines if you like. There were the people who wanted to make love and those who wanted to make war. From a responsible public policy development point of view, the love-makers were probably right, but it sure as hell didn't sell memberships. The small business community was not in the least bit interested in what a responsible public policy partner we were. They just wanted us to give it to the government. They liked it a whole lot better when we were making war than when we were cozying up to the government.

- Lorne Seitz, President & CEO
B.C. Trade

Advocacy organizations see their role as public education and advocacy. Strong advocacy also serves the institutional needs of these organizations since they depend on support from membership contributions to sustain their work.

- Barbara Gray
Collaborating

issues and teach managers that workers' views deserve serious attention. It may also be that mechanisms like the SER demand attention by their very existence. Unions know that they cannot ignore them and so devote the necessary resources.

What we heard from labour, government, and business abroad is that the investment is more than worthwhile. Firm level cooperation on productivity improvement enhances workers' earnings potential and job security. It may, as well, provide the base of experience that will permit business and labour to come to see each other as full and equal partners in the discussion of broad economic and social issues and concerns.

MEET THE NEEDS OF THE OTHER STAKEHOLDERS

Voluntary and not-for-profit organizations, the human services community, public interest and advocacy groups, the scientific community, associations, education, health care, and civic organizations might collectively be called the "other stakeholders". All have important insights and perspectives to contribute to the solution of social and economic problems. It is hard to imagine a Canadian consensus that did not take those insights and perspectives into account.

This section discusses how some "other stakeholder" groups integrate adversarial and cooperative tactics in effective strategies which advance their interests. It goes on to review the notion of proactive cooperation and suggests that there is a pressing need for cooperation among the other stakeholders: government, business, and labour to enhance individuals' ability to be active, contributing members of society.

Education works in isolation from its social/economic environment and institutions work in isolation from each other. Co-operative education programs have proven to be excellent at linking education to the workplace and facilitating the transition from school to the labour force. Participation in these programs should be broadened.

- George Kuhn, President
Danzas (Canada) Limited

University professors get no recognition if they go out and help industry solve a problem. They get credit for doing research and writing papers. They are a real technical resource, but we have no effective structure to link them with the economy.

- Tom Nickerson, President
Nova Scotia Research Foundation

Our style has been the cooperative, collaborative approach. Ultimately, you judge the success of your strategy by the results you achieve. We can clearly say that we achieve the results we set out to achieve, and we do that through the establishment of collaborative kinds of relationships.

- Gary Burke, President
Santa Clara County Manufacturing Group

When the growth management package comes out, there will be a mix of things. Some will be entirely new, some will be variations on things previously proposed, some of the variations will be substantial and some will be incremental, and some of the measures will have been incorporated wholesale from other peoples' agendas.

- Richard Sybert, Director
Governor's Office of Planning and Research
State of California

BALANCED STRATEGIES

Participants at our roundtables told us that the other stakeholders are often as isolated from each other, and from government, business, and labour, as are government, business, and labour themselves. We were also told that these organizations are finding it harder and harder to advance their objectives. Long standing problems are becoming more and more pressing. Members' expectations are rising. Government is less willing to underwrite new services while support for existing activities is static at best.

At the same time, there seems to be a proliferation this kind of stakeholder group. Proliferation aggravates an already fierce competition for voluntary time and money. It also generates more strident advocacy as groups struggle to be heard above the crowd. Proliferation and strident advocacy create other difficulties; just when you think you are about to make progress, some other group appears saying that your solution makes their problem worse. Everybody faces the same predicament. We heard that the predicament results, in part, from the adversarial strategies many organizations pursue.

When we looked at "other stakeholder" groups abroad, we learned about cooperative approaches that provide a different model. The Environmental Defense Fund is working with urban and rural water interests in California in the Three-Way Water Process⁽³³⁾. It aims to develop a new State water allocation policy that meets pressing environmental and urban needs without compromising the State's agricultural industry. Water in California is an emotional, high profile public policy issue. Each group has enough political clout to frustrate the others, but not enough to dictate the agenda. Without cooperation, the on going stalemate of the last ten or fifteen years is likely to continue. If the Water Process succeeds, each interest will have met, in part, its central objectives.

You have to take a look at the interest groups and you have to figure out who is willing to get a final product that may not be 100% of what they want. You need people who are willing to settle for 60-80% of what they want, maybe even 90%, people who do not mind giving up something for the common good. We know to a great extent whom we can trust to work with us in an open, above board kind of fashion and we know who has a history of not doing that.

- Larry Goldzband, Deputy Cabinet Secretary
Office of the Governor
State of California

These collaborative processes also build unlikely conditions - between the petrochemical firms and grass roots environmentalists, for instance.

- Scott McCreary
Centre for Environmental Design Research
University of California, Berkeley

The real environmentalists and the business community aren't at odds. To be blunt, environmental quality is a luxury. You only have to look at areas where the economy has collapsed to know that. Environmentalists understand that healthy businesses create jobs and wealth and the tax revenues to pay for environmental quality.

- Richard Sybert, Director
Governor's Office of Planning & Research
State of California

Last week I testified at a press briefing with the Environmental Defense Fund and we jointly supported some changes in State water policy. The press said, "Why would a business organization be testifying with them?" Well, we find, increasingly, that if you look past the rhetoric and some of that, you find there really is some common ground.

- Gary Burke, President
Santa Clara County Manufacturing Group

The same could be said of the reform of Massachusetts' public education system. For decades the politicians and interests have been struggling, through adversarial means, to introduce reform. Employers want better prepared graduates. Social action and equity interests agree. They also want better jobs for minority and disadvantaged graduates and better counselling programs to deal with family disintegration and substance abuse. Educators argue that the system is under-resourced. Business and tax payer groups resist higher taxes to pay for these improvements.

The Massachusetts Business Alliance for Education⁽²³⁾ (MBAE) is a small group of Boston-area business people. It reviewed the proposals put forward by the various interests to identify common themes and basic principles. At the same time it actively broadened the circle of involved stakeholders. The objective was to build consensus for action. MBAE's now agreed reform proposal contains elements that each major group has traditionally advocated and elements each has traditionally opposed. But what is important is that MBAE built a package that everyone supports as a package.

Taking part in the Three-Way Water Process in California doesn't mean that the Environmental Defense Fund has stopped advocating for the environment. The Fund still appears before legislative committees and regulatory tribunals. It argues for aggressive conservation measures and wet lands preservation. Tax payer groups' participation in the MBAE process does not mean they now favour higher taxes. Nor does the VNO⁽¹⁸⁾ in the Netherlands stop advancing the interests of employers when it endorses a Foundation of Labour⁽¹⁹⁾ recommendation to negotiate measures that increase participation rates for women and minorities. Finland's STK⁽¹³⁾ still promotes the interests of Finnish employers when it sits down with labour and government to negotiate an incomes policy agreement.

Bingham (1986) amassed data on 132 environmental disputes in which agreements were sought through mediated negotiation. Success was measured according to (1) whether a decision or an agreement on recommendations was reached and (2) to what extent the agreements or recommendations were implemented if they were reached. Parties came to agreement in 79% of the site-specific cases and 76% of the policy dialogues.

- Barbara Gray
Collaborating

The County had no capacity to deal with environmental regulations, to undertake environmental audits of their operations. We went to them and said, "Look, we can help you get started," and they agreed to let us help. We assembled a team of our members' environmental managers. They went over and set up training programs and got an organization going for them. This kind of thing establishes a rapport, a working relationship based on trust. We've almost looked upon as a resource to the public sector.

- Gary Burke, President
Santa Clara County Manufacturing Group

The government is looking at private financing for infrastructure, bridges and tunnels, for instance. But they don't want to give political guarantees; they don't want to give revenue shortfall guarantees that safeguard institutional investors. Well, it's a very serious problem with this idea and it hasn't been solved yet. But we feel that we can be instrumental in bringing these two together. Government doesn't understand, or really trust, the financial world, and it's the same the other way around, but since we understand both, we can serve as an intermediary or a mediator between the two.

- Jan de Vroe, Director
De Nationale Investeringsbank N.V.

These groups combine "adversarial advocacy" and "cooperative advocacy". Balancing the two tactics produces an integrated strategy. They believe that an integrated, balanced strategy allows them to achieve more than they could through relying more heavily on adversarial tactics.

PROACTIVE COOPERATION

The Director of the Netherlands' national commercial bank described a slightly different strategy. As a bank it understands financial markets and the needs of investors. As a quasi-government agency, it understands how government operates and why. With a foot in each camp, as it were, it can interpret each to the other. It can help government develop financing vehicles that meet the needs of, and are attractive to, capital markets. At the same time it can help investors better understand the risk inherent in these vehicles.

The Santa Clara County Manufacturing Group⁽²⁹⁾ (SCCMG), "Silicon Valley's" industry association, has adopted a similar strategy. It doesn't wait for government to make a proposal that it then tries to change. Rather, it maintains an active watch on the public policy agenda and routinely goes to government with the offer of cooperative problem solving. Politicians were concerned about growing traffic congestion. SCCMG initiated an effort with other civic and interest groups to put a tax increase measure on the ballot. The tax increase would fund highway improvements. The measure won. SCCMG is now trying to put together a similar effort to fund public transit improvements. The County had very little capacity to conduct environmental audits of its own operations. SCCMG offered the services of its member firms' environmental audit specialists to help the County.

Participation in Formal Education Programs, 1986/87

percentage of 17 year-olds enrolled
full-time + part-time
(source: OECD)

Germany	99
Japan	91
United States	89
Finland	83
France	80
Canada	79
Netherlands	78
United Kingdom	49

They surveyed people in our industry and 56% couldn't read at the grade four level. So we are trying to communicate with our employees, in the plants and saying, "Here is a little P and L and here is what is happening in the industry." We distribute stuff and you say to yourself, "Why aren't they understanding?" Well half of them cannot read.

Des Gelz, Group Vice-President
Coast Wood Products
Fletcher Challenge Canada Ltd.

We could probably do more on this than on any other issue. Nobody has an investment in ignorance. Obviously, there would be costs involved, but it seems to me that literacy, if you had to pick one issue, that one would seem likely to entail minimum conflict and is likely to be perceived as a win-win situation all around.

Stan Shapiro, Dean
Faculty of Business Administration
Simon Fraser University

While this kind of proactive cooperation is not common, it does exist. The Netherlands' national commercial bank and the SCCMG do not wait for business, government, or labour to come to them. Organizations like the SCCMG work hard to understand the needs and interests of other parties, identify areas where they can help, and initiate cooperation. By doing so they assume the role of converter and the advantages that go along with that role.

ACTIVE, CONTRIBUTING MEMBERS OF SOCIETY

Education and skill development was a theme that ran through all five Canadian roundtables. In the Introduction we talked about the grave concern participants expressed about adult functional illiteracy. We also heard that illiteracy worries voluntary and not-for-profit organizations many of which have goals involving incomes, living standards, and self sufficiency. To build public support, many groups devote significant effort to "getting the message out." Effective public education, however, depends on a receptive audience. The audience needs basic literacy, numeracy, and reasoning skills.

Participants also talked about the need for better vocational training programs. They want to see business invest more in skills development. We also heard about the need for closer linkages between what students learn and the knowledge employers need new employees to have.

The Bay State Skills Corporation⁽⁴⁾ (BSSC) in Massachusetts is working on this interrelated set of problems. It helps employers identify their skills needs and partially funds training programs for people who need jobs. They focus on training for people with a history of marginal workforce participation and weak educational

There's the example of the Royal Commission on Education in this Province. The process involved twenty-two stake holder groups, all of the people needed to make implementation happen. The plan that was adopted did not differ significantly from the themes of the Royal Commission and it led to legislation a year later. That will continue to move forward because it has momentum and it has public commitment. The ability to deliver consensus to government means action will occur. And we will continue the transformation of our education system because there is a very wide network of participants who are now working out the implementation details.

- Gary Mullens, Deputy Minister
Ministry of Advanced Education, Training,
and Technology
Province of British Columbia

People had to sit at the table for that one with a referee. I'm sure, but once the legitimate self-interests were recognized and the compromises were reached, it was extraordinarily powerful, and it really had a core leadership group that was unassailable by any of the other interest groups.

- Lisa Blout
Executive Office of Administration
and Finance
Commonwealth of Massachusetts

background. Jobs For the Future⁽²²⁾ researches and advocates the kind of vocational training BSSC sponsors. The object is to improve the effectiveness of vocational training aimed at those who need it most.

In Germany, people told us their apprenticeship system⁽²⁾ is key to the performance of German firms and Germany's high standard of living. The system unites education, business, labour, and government to meet the needs of trainees and firms.

We were told that the school to work transition is more difficult in Canada than in any other industrialized country and that more and more, maintaining our high standards of living and public services will depend on a highly educated, highly skilled workforce. Failing to build similarly effective bridges among all the stakeholders will ultimately have serious consequences for all Canadians. Our roundtable participants told us there is the potential to build those bridges. They were angry and frustrated that more people were not working aggressively to do so.

We think that is a compelling invitation to the other stakeholders to proactively cooperate with unions, employers, and government to attack illiteracy and improve the match between the skills students and trainees acquire and the ones they need to be fully active, contributing members of society.

Abroad we learned that balancing adversarial and cooperative tactics produces a more effective overall strategy. We also learned that things really happen when the other stakeholders engage in proactive cooperation. Their agreement can develop such support and momentum that it actually defines the agenda. Other stakeholders have an important contribution to make to resolving the difficult economic, social, and political challenges Canada confronts.

5. CONCLUSIONS

The consensus view expressed at our Canadian roundtables was that Canada confronts a series of fundamental and interrelated challenges. Some are clearly economic; others are more social or political. But taken in total they threaten our continued high standard of living and cast doubt on our ability to meet the threat effectively. If current trends continue we appear to face a future of leaner corporate profits, lower wages, fewer jobs, rationed public services, and increased social unrest and hardship. Our heavy reliance on adversarial interactions within and between the private and public sectors is at least partially to blame.

A number of the jurisdictions that are home to some of the OECD's most successful economies have developed institutions and mechanisms to encourage cooperation and build consensus on key economic, social, and political questions. The products of other countries' cooperation mechanisms include:

- broad social and political public policy consensus;
- public policies that perform as they were designed to do with a minimum of interjurisdictional wrangling complemented by private sector action that goes well beyond mere regulatory compliance;
- flexible and adaptive firms that compete effectively by investing in people and technologies for the long term;
- a flow of technological innovation and productivity improvement supported by workers; and,
- education and training systems that provide graduates and workers with the skills they, and their employers, need.

We found that cooperation among normally adversarial interests improves the public policy process and enhances economic performance in three ways:

1. Cooperative public policy processes are more efficient because they incorporate private sector:
 - understanding of external-to-government needs and realities; and,
 - insight on the likely implications of policy alternatives.

They are more effective because cooperatively developed policies are more readily and fully implementable. In addition to this inherent improvement, a more efficient, more effective public policy process demands fewer resources enhancing overall economic performance;
 2. To the extent that specific public policies bear directly on economic performance, more efficient and effective policies make a contribution to improved overall economic performance; and,
 3. Canada's national economic performance is, essentially, the aggregate of the economic performance of firms located in Canada. Firm level cooperation with key stakeholders improves productivity and competitiveness. To the extent that the economic performance of Canadian firms is improved, Canada's economic performance is improved.
- On the dynamics of cooperation itself we found, at the broadest level, that it is an effective and pragmatic problem solving strategy that depends on sharing knowledge and power among people with different and often conflicting views and values. Other people have learned how to share power and knowledge, balancing adversarial and cooperative behaviours to achieve important goals. Canadians can learn how to do the same thing. Effectiveness and success depend on practice.
- The basic ground rules for effective cooperation among adversarial interests derive from the fact that no one party has the power and knowledge to identify and implement an effective solution alone. The rules include:
- The parties must define and agree on the roles each will play and the ground rules they will observe; they may well need an independent process facilitator.

- The parties, together, must also agree on the definition of the problem and a plan for attacking it which includes agreement on the need for new knowledge and the best way to acquire it.
 - With a shared understanding of the problem and a common body of knowledge, the parties can then identify potential solutions.
 - All participants have a role in defining the criteria that a good solution must meet and in agreeing on the best solution.
 - All parties have a role in implementing the preferred solution.
- Public policy cooperation is consistent with parliamentary democracy, although it involves issues of legitimacy which do not arise in purely private sector cooperation. The terms of reference of cooperative public policy efforts need particular attention in order to deal with legitimacy issues. In general:
- Issue specific, Ad hoc public policy cooperation does not often succeed.
 - Mandates should be narrow enough to take advantage of expertise while being broad enough to provide for a mixing of perspectives.
 - Cooperative efforts need clear and explicit links to established organizations and processes.
 - Either and the public or the private sector can initiate a successful cooperative public policy process.
- Within the private sector, the European and Japanese business people we talked to are convinced that effective cooperation with their workers is crucial to their firms' success. Cooperation on long term business strategies, investments, and employee skill development builds long term worker commitment and business profitability. Cooperation with suppliers, customers, government, and education are other important sources of competitive advantage for firms.

Canadian labour also expresses a willingness to cooperate with business to improve their employers' productivity and international competitiveness because business success is in the long term best interests of workers. We also found that workers need a command of their employers' firm's economics to enhance their ability to secure improved wages and job security. Firm level labour-management cooperation on productivity is key to establishing labour's legitimacy in the eyes of management and government.

Finally, the other stakeholders have important insights, perspectives, and power to contribute to the solution of social and economic problems. Abroad, we found that many such groups balance adversarial and cooperative tactics into a highly effective strategy to advance their interests. There is a pressing need for cooperation among all the stakeholders to enhance individuals' ability to be active, contributing members of society. The other stakeholders can take the lead in advancing literacy and improving the effectiveness of general education and vocational training programs.

APPENDIX I - EXAMPLE SUMMARIES

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Example Summary Thematic Guide - Interpretation Key

Economic Themes - the indicated Examples bear on the following broad economic themes:

- **Productivity:** labour productivity and the competitiveness of firms and jurisdictions
- **Innovation/Technology:** innovation, technological progress, and technology transfer and introduction
- **Training & Development:** education, vocational preparation and training, and human resource development
- **Adjustment:** industry downsizing, worker and firm adjustment to changed business environment
- **Environment:** the natural environment and its relationship to other economic themes
- **Economic Development:** economic growth and development including required social and physical infrastructure
- **Economic Policy:** government fiscal and monetary policies including taxation
- **Trade Policy:** government trade policies including subsidies and other export stimulants and non-tariff barriers
- **Labour Market:** the supply of and demand for human resources
- **Labour Relations:** collective bargaining and relations between employees and employers

Participants - the interests taking part in the collaboration or cooperative effort; people may take part as individuals, or as representatives of organizations

- **Government:** including national, provincial or state, local, and their agencies
- **Business:** employers and their institutional representatives including associations
- **Labour:** organized labour unions and their federations
- **Health:** hospitals, health care workers including public health, and their associations
- **Welfare:** other human services organizations
- **Academic/Scientific:** educational and training institutions and research institutes
- **Advocacy:** other interest and single-issue groups including equity and social action groups

Role of Government - the role government plays in the collaboration or cooperative effort

- **Convenor:** bringing the participants together by legislative, regulatory, or other means
- **Funder:** providing a significant portion of the required funds by means other than direct purchase-of-service
- **Facilitator:** assisting the parties through advice or process support
- **Delegate:** giving the collaboration or cooperative effort authority over policy, administration, or delivery
- **Advisee:** receiving and considering advice provided by the collaboration

Scope of Collaboration - the key phases of problem solving on which collaboration occurs

- **Problem Definition:** developing a shared understanding of the problem
- **Fact Finding:** gathering and assessing objective and subjective information
- **Evaluating Alternatives:** identifying possible actions, determining their relative merits, and determining the preferred alternative
- **Implementing:** putting the preferred alternative in place or monitoring/overseeing its implementation

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Examples	Productivity	Innovation/Technology	Training & Development	Adjustment	Environment	Economic Development	Economic Policy	Trade Policy	Labour Market	Labour Relations	Government	Business	Labour	Health	Welfare	Academic/Scientific	Advocacy	Convener	Funder	Facilitator	Delegate	Advisee	Problem Definition	Fact Finding	Evaluating Alternatives	Implementing

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		Problem Definition
		Fact Finding
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		Implementation

ADVISORY COUNCILS - Ministry of International Trade and Industry - Japan

Mandate:

The Ministry has two types of advisory councils, horizontal and vertical. The mandate of both is to advise Ministry staff on policy directions and initiatives and to help build broad social consensus on the appropriateness of the directions and initiatives being pursued. Horizontal councils cut across the Ministry organization and deal with broad policy issues such as the need for more leisure time and leisure time activities for workers or concerns regarding the natural environment. Vertical committees focus on one industry.

Similar, although less extensive, advisory committee structures exist in other Ministries. Their number and importance is a function of the extent to which the Ministry's activities are public service related. Thus, for instance, the Ministry of Finance, many activities of which focus on the operations of government rather than the provision of services to the public, has relatively fewer advisory councils than M.I.T.I., the Ministry of Labour, or the Ministry of Transportation.

Governing structure:

Advisory councils consist of from ten to twenty members, selected to represent the media, business, labour, and academia. Ministry staff select individuals for appointment based on their knowledge of the industry or question(s) the council deals with. Horizontal councils are generally established to deal with particular issues and have a finite life span; vertical councils are on-going.

Funding/financial support:

Minimal costs, beyond the time of members, are born by the Ministry.

History/development:

Collaboration among various interests is deeply rooted in Japanese tradition. The extensive use of advisory councils in their present form dates from the post-World War II reconstruction effort.

History/development (continued):

Councils play two distinguishable, yet interrelated, roles. First they provide feedback and insight to Ministry staff from key stakeholder groups and opinion leaders on social and economic problems and developments, policy alternatives, and likely impacts. Advice is sought and provided throughout the policy development process. Second, they help build consensus among these various groups on appropriate policy directions. This latter function builds stakeholder and public support for the ultimately selected alternative and significantly eases implementation.

In addition, private sector initiatives are often required to achieve full policy implementation. These initiatives may take the form, for instance, of investments in plant and equipment, establishment of in-plant training programs, diversification, or moderation of bargaining positions. By participating in the policy development process, private sector interests are aware of, and have come to accept as reasonable, the measures that will be required of them to achieve full policy implementation. A significant amount of "voluntary" private sector activity is coordinated in this way.

The views of advisory councils are sought not only on questions of broad policy but on operations as well. Thus, in the Ministry budget development process, councils will be asked to suggest priorities and evaluate relative resource levels among programs and activities early in the annual budget cycle and again as Ministry budgets are being consolidated. Similarly, if administrative problems develop during the operation of a program, the views and advice of the relevant advisory council(s) will be sought.

Lessons potentially applicable in Canada include:

- Advisory councils contribute to a more open, transparent public policy process;
- Advisory councils play an important role in keeping the general public informed on potential policy initiatives and directions and their anticipated implications;
- Advisory councils provide important policy alternative impact analysis for Ministry staff;
- Advisory councils improve coordination between the public and private sectors, facilitate cooperation, and ease acceptance and implementation of government initiatives and directions.

APPRENTICESHIP - Germany

Mandate:

To provide vocational training and qualification for German youth.

Governing structure:

National occupational standards are developed through four-party collaboration among employers, unions, and the Federal and Länder (provincial) governments. The standards are promulgated as Federal government regulations. The regulations define trainer/structor qualifications, describe acceptable in-firm and in-school training, and specify the skills and mastery levels to be achieved to warrant certification.

The system is locally administered through some 70 "Chambers of Industry" and 15 "Craft Chambers" which represent employers in the respective industries or crafts and membership in the relevant Chamber is compulsory. Examinations are set and administered by Examination Boards which consist of the Chair of the relevant Chamber, a licensed occupational Master, and vocational school and union representatives. There are approximately 20,000 Examination Boards operating in Germany.

Chambers also certify individual firms as meeting the requirements to provide in-firm training and operate a number of inter-firm training centres to pool resources among firms too small to individually offer the full range of required training.

Funding/financial support:

The costs of developing occupational standards are borne by the Federal and Länder governments.

The costs of the Chambers and Examination Boards are provided through a dedicated portion of the Corporate Profits (Income) Tax.

In-school training costs are borne by government while in-firm training costs are covered by the firm offering the training. Trainees receive a regulated training stipend which is paid by the firm in which the trainees are employed.

I-3

History/development:

Apprenticeship has a long history in Germany, as elsewhere. The present system dates from 1969 when administrative responsibility was passed from government to the Chambers. Although only employers are represented in the Chambers, government, labour, and vocational schools all play very active roles in determining the need for standards, defining applicable standards, and examining and certifying trainees. Another way of thinking about the system is that the business community provides administrative services while policy development and analysis is carried out through multi-partite mechanisms.

In general, "Dual System" apprenticeship programs are of three-years' duration. They consist of two days in-school instruction and three days in-firm training and practice per week. Up to an estimated 75% of age-eligible Germans pursue this work/school method for achieving formal qualification and work-force entry. Formal full-time schooling ends, and apprenticeship begins, normally, at age 16.

The high level of participation speaks to the system's general acceptance.

Commentators from business, government, labour, and the media universally identify the acknowledged importance of vocational training and the effectiveness of their apprenticeship system as key to the competitiveness of German firms. Relative measures are difficult to establish, but it would appear that German firms may invest as much as ten times as much in training as do their Canadian competitors.

The only significant criticism of the system is that some unions see the training as too focused on specific jobs in specific firms. They advocate a more generic emphasis.

Lessons potentially applicable in Canada include:

- Assignment of greater responsibility for and authority over training to business and labour would justify, and may generate, greater private sector financial participation in the costs of vocational training;
- Close integration of the education system and the workplace provides immediately applicable vocational training;
- Closer integration of the education system and the workplace could facilitate the school-to-work transition which seems particularly problematic for many Canadian youths;
- The part-school, part-firm "Dual System" vocational training model may provide an appropriate vehicle for balancing the related though distinct need for generic instruction, in school, with more firm and task specific training, in the workplace.

I-4

BAY AREA ECONOMIC FORUM - California

Mandate:

The Bay Area Economic Forum is a public policy analysis and advocacy group "... *committed to fulfilling our economic potential while maintaining our unique quality of life.*" Its four goals are to:

- Promote public awareness of the importance of achieving economic vitality;
- Reconcile economic objectives with other quality of life goals;
- Promote more cooperation among local governments on economic problems; and,
- Forge a lasting regional partnership between the public and private sectors.

Governing structure:

The Forum is a formal partnership between the Association of Bay Area Governments and the Bay Area Council. Its Board of Directors is drawn, approximately 1/3 each, from the business, local government, and the academic, philanthropic, and labour communities. Local government representatives are appointed by the Association of Bay Area Governments and business representatives are elected by the business members of the Forum. The two groups consult on appropriate representatives of the academic, philanthropic, and labour communities.

Funding/financial support:

In addition to financial support from its two sponsoring partners, the Forum is supported through membership dues and in-kind contributions from roughly 50 major Bay Area business.

History/development:

In the mid-1980's there was a sense in some quarters that land costs, transportation congestion, water quality and availability, population growth, and a number of public policy initiatives designed to deal with these developments were conspiring to threaten the continued economic vitality of the San Francisco Bay Area. There was a concern that unless an alternate set of public policies were advanced the quality of life and standard of living in the Area would be eroded.

The Association of Bay Area Governments is an association of local government officials in the nine counties which make up the San Francisco Bay Area.

The Bay Area Council is a business-based public policy analysis and advocacy group; its primary objective is to improve coordination among, and rationalize the structures of, local governments and local government agencies in the Bay Area.

These two groups combined efforts to create the Bay Area Economic Forum in late 1988 to provide economic analysis of public policy matters affecting the Bay Area. The intent was to provide an alternative to the no-growth perspective by demonstrating that the application of market based approaches to environmental and growth-related issues made it possible to harmonize these concerns with continued economic development.

Its most significant accomplishments to date include provision of a clearing-house for traditional local government economic development information, formation of a bio-science centre, and publication of two research reports advocating application of market based approaches to transportation problems and water policy. In summary, the transportation report advocates user fees based on vehicle emissions, supplemented by additional peak-hour user fees, the revenues from which would be used to fund transportation improvements. The water report advocates permitting the sale of water rights to encourage conservation and facilitate reallocation of water use from agriculture to urban uses.

The organization has a small staff (2) and relies heavily on the expertise of staff economists of its member firms, particularly the banks.

Lessons potentially applicable in Canada include:

- There is the potential for partnerships among different and potentially adversarial interests in sponsoring public policy research and analysis;
- Basic policy research and analysis conducted by third parties can surface previously unidentified options and thus enrich the public policy debate and provide new room for negotiation between the primary parties.

BAY STATE SKILLS CORPORATION (BSSC)

Mandate:

To "encourage and facilitate the formation of cooperative relationships between business and industry, labor, government, and education to develop and expand programs of skills training that are consistent with employment needs."

Governing structure:

The Bay State Skills Corporation (BSSC) is a "quasi-public" corporation created by an act of the State Legislature for a public purpose. It operates outside of the State's direct personnel and budget authority and has a wide degree of administrative flexibility.

It is governed by a nineteen member Board of Directors each of whom is appointed in staggered terms by the Governor. The Board represents a cross section of business, education, community, and governmental interests:

- from the private sector, the board includes a biotechnology firm CEO from the Massachusetts Biotechnology Council, a CEO from the export community, a CEO from the Massachusetts Computer Software Council, an Electronics Company Senior Vice-President from the American Electronics Association, and a Bank Senior Vice-President; and,
- from the public sector, the board includes the secretary of the Executive Office of Economic Affairs and the Executive Office of Labour, a Chancellor from the State Board of Regents, three Commissioners from the State Departments of Education, Public Welfare, and Employment and Training.

The Chair is appointed by the Governor from among the members of the Board and has traditionally been the State Secretary of Economic Affairs.

The Board meets quarterly and has the responsibility to set the direction for the Corporation and approve all expenditures of funds.

Funding/financial support:

BSSC is publicly funded. Its annual funding request is submitted to the Legislature through the Executive Office of Economic Affairs. BSSC is only allowed to fund education and training institutions. Under the 50/50 program, a BSSC grant is made only if an equal match of funds are contributed by the private sector.

Funding/financial support (continued):

Through 1990, BSSC issued 558 grants totaling \$35.5 million to more than 200 educational institutions. Its grants leveraged \$27.5 million in matching funds from more than 1,000 private sector partners. In total some 36,000 people received training, 84% of whom were subsequently placed in full-time employment.

History/development:

BSSC was created by the State Legislature in 1981 out of concern over the quality of the work force and the lack of communication among schools, training agencies, and the private sector. Corporate executives were concerned about obsolete worker skills, sagging productivity, and the impact of changing technology on the workforce. Educational institutions needed help to keep up with the changing technological equipment and expertise necessary for state-of-the-art training. The fundamental role of BSSC is to help business and the broad spectrum of private industries identify and solve their human resource needs through training.

BSSC is a funding vehicle. It awards contracts on a competitive basis to education and training institutions that develop partnerships with one or more companies to jointly educate and train potential workforce participants.

The application procedures generally include:

- initial informal contact can be made by a company, an educational institution, or both;
- the educational institution prepares and submits a proposal, including specific information about the business partner's cash or in-kind match; and,
- BSSC's Board of Directors reviews the proposals at its quarterly meetings and approves awards.

The BSSC administers three distinct programs:

- **Industry Responsive Training (50/50 Program)** is geared to setting up educational programs aimed at new technologies. The primary criteria are that the training meet specific skill gaps being experienced by industry, that companies participate directly in each program, and that the private sector match the BSSC grant award. Funds are awarded to educational institutions for the development of new education and training programs. Examples of programs developed in different fields include fibre optics, biotechnology, respiratory therapy, computer integrated manufacturing, statistical process control, and manufacturing engineering.

History/development (continued):

- **Bay State Centres for Displaced Homemakers** is funded by a direct State appropriation and a subcontract from the Department of Public Welfare. The program serves about 2,500 women each year who are entering the workforce for the first time. Regional and satellite offices across the State are staffed with personnel expert in counselling, referral, education and training, and job development and placement.

- **Employment and Training Choices for Welfare Recipients** was begun in 1983. It was the State's first effort to establish training programs for welfare recipients with direct industry participation. The Department of Public Welfare views BSSC as the model builder for the E.T. system. Each year, approximately 1,000 welfare recipients are selected, trained, and placed in full-time jobs.

Lessons potentially applicable in Canada include:

- Employer financial participation in vocational training may improve the employment prospects of graduates;
- Business, education, and the public sector share "ownership" of the organization and its programs through their representation on the Board of Directors;
- Multi-partite organizations facilitate and catalyze cooperative efforts among the interests.

CALIFORNIA FOUNDATION FOR IMPROVEMENT OF EMPLOYER-EMPLOYEE RELATIONS (CFIER)

Mandate:

To improve the climate of employer/employee relations in California's public education sector by providing:

- training to school board members and employer and employee group negotiators in alternate dispute resolution methods and techniques; and,
- follow-up advice and assistance to the parties as requested.

Governing structure:

CFIER is a private, non-profit foundation with a Board of Directors representing the:

- Association of California School Administrators;
- California Federation of Teachers;
- California School Boards Association;
- California School Employees Association;
- California Teachers Association;
- School Employers Association; and,
- Service Employees International Union.

The Board includes an attorney who specializes in representing school employers, so that labour and management each have four representatives on the Board, and three "neutral experts", the Executive Director and two trainer/consultants.

Funding/financial support:

Core financial support is provided through grants from the Stuart and Hewlett foundations. Fees for service (primarily tuition charges) partially defray training costs.

I-11

History/development:

In 1989 the California Public Employment Relations Board (PERB) convened a series of meetings of employer and employee representatives and other interested parties to review the state of labour-management relations in the State public education (K-12) system. PERB is the State agency which oversees bargaining structures and relations in the public sector; although its jurisdiction is confined to the public sector, its mandate is similar to the CLRB or one of the provincial Labour Relations Boards.

Those who attended the meetings agreed that, in general:

- existing relations were highly adversarial;
- significant resources were being expended on ultimately unproductive process challenges; and,
- changed attitudes and behaviours could result in much improved employer-employee relations and thus a clearer focus on providing quality education for children.

A research and curriculum development effort was launched by PERB to develop a training program that would improve the parties' ability to maintain more mutually satisfactory bargaining relationships. This effort was funded by a grant from the Stuart Foundations and was supervised by representatives of the same groups who currently compose the CFIER Board. A five-day residential program was developed based in part on the Harvard Negotiation Project model. Training is offered simultaneously to all parties involved in one bargaining relationship.

An evaluation of training impact was undertaken by the Institute of Industrial Relations, University of California, Berkeley. The Institute examined all bargaining relationships (27) which received training in the program's first year. While 57% of all trainees evaluated their pre-training relationship as "unproductive", 87% rated the post-training relationship "productive", and 89% believed that they were more effective in resolving differences following the training. In the two years prior to training, the 27 relationships generated 35 unfair labour practices actions; only 2 such charges were filed in the 18-month period following the training.

There was an ongoing debate within PERB and in the California Legislature as to the appropriateness of its providing training and advisory services to bargaining relationships it had a legal responsibility to supervise as a quasi-judicial administrative body. While opinion was divided on this question, after about eighteen months' experience, CFIER was formed to take over the initiative from PERB.

I-12

Lessons potentially applicable in Canada include:

- Regulatory agencies can help their service groups achieve meaningful progress with difficult problems by providing expertise and honest brokerage among competing interests;
- Out-of-the-mainstream activities in government agencies may have to be spun-off to survive and prosper;
- The role of a neutral third party, accountable and responsible to the two active parties, can be key to improving difficult relationships;
- With effort and appropriate skills, highly adversarial relationships can become more productive and effective;

CANADIAN COMMISSION ON THE NATIONAL BUILDING AND FIRE CODES (CCNBFC)

Mandate:

The National Building Code of Canada (NBC) is prepared by the Canadian Commission on the National Building and Fire Codes. It is prepared in the form of a recommended model code to permit adoption by the appropriate authorities. Its primary objective is to encourage economy and safety in buildings and building construction through uniformity of progressive and up-to-date building regulations in Canada.

The NBC is a code of minimum regulations for public health, fire safety, and structural sufficiency. It establishes a standard of safety for the construction of new buildings and the renovation of buildings undergoing a change of occupancy.

Governing structure:

The Commission is made up of individuals representing the construction industry who are appointed by the National Research Council (NRC). They serve as individuals and not as designated representatives of any organization. The Commission includes engineers, architects, enforcement officials, firefighters, builders, materials suppliers, academics, and users. It formally reports to, and is responsible to, the NRC for the preparation and publication of the Code.

The Commission appoints technical committees (Standing Committees), each of which is specialized in a particular area of building technology or fire safety and to which is delegated the task of developing the technical requirements. Members are appointed to the Committees based on a pre-determined matrix that balances three distinct areas of interest from the construction industry: regulatory, industry, and general interest. This approach allows for independent decisions that are not dictated by a predetermined position. Standing Committees may appoint task groups to study specific issues, drawing on expertise from outside the formal committee structure.

The Secretariat of the Commission is housed within the Institute for Research in Construction. For administration and operating costs, it has an annual budget of \$400,000 (exclusive of salaries). Other sections of the Institute undertake research relevant to, but not necessarily specific to, the Code; this totals approximately \$800,000 annually. Provincial governments also contribute code-relevant research resources totalling approximately \$1 million for work carried out at the Institute.

Funding/financial support:

The contribution from industry consists of the time devoted by senior executives to the Commission. They receive compensation for their travel and living expenses. In total, some 350 volunteers provide more than \$1 million per year in contributed time and expertise to the development of the National Code documents.

History/development:

Under the terms of the British North American Act and later the Constitution Act of 1982, provincial governments are responsible for the regulation of buildings. Historically, this approach resulted in a multiplicity of conflicting local ordinances because the provinces delegated this responsibility to the municipalities.

Fifty years ago, the federal government provided the funding for the NRC to undertake the development of a national model code that could be adopted as regulation at the provincial or municipal level. This first code was published in 1941. The Associate Committee on the National Building Code (renamed the Commission) was created by the NRC in 1948 to gain input from all segments of the construction industry and the public at large and to oversee the continued production and enhancement of the Code.

Gradual improvements in uniformity were achieved during the 1940's, '50's and '60's. However, major strides in achieving uniformity awaited provincial building regulations, beginning in the late 1970's. Today, building code regulations in all of the provinces and territories in Canada are based on the model NBC. Discussions are currently underway that will see the formalization of this usage in a Memorandum of Understanding between the provinces and territories and the NRC.

Potentially applicable lessons include:

- National institutions can provide leadership and coordination in developing and implementing regulatory standards in a policy area outside their jurisdiction by facilitating collaboration among provincial authorities, industry and academic experts, and representatives of the general public;
- Collaborative regulation development can provide an efficient and viable alternative to more traditional adversarial mechanisms;
- National standards can be achieved through collaboration.

E-15

THE CANADIAN LABOUR FORCE DEVELOPMENT BOARD (CLFDB)

Mandate:

The CLFDB was created in 1991 as a National Training Board to:

- promote links between educational and training systems, ensure high quality vocational counselling services, and encourage and assist sectoral and community training initiatives;
- advise governments on national training priorities, programs, policies, and standards to meet long range labour market goals;
- assess the quantity and quality of workplace training;
- collect and disseminate training and training-related labour market information;
- recommend standards for skills training and certification to promote access and interprovincial portability; and,
- set standards of equity and access to training programs and establish guidelines on the allocation of funds for skills training.

Governing structure:

The Board has twenty-two voting members. Eight are selected by national employer organizations, eight are selected by national labour federations, two represent training providers, and four represent designated Employment Equity Groups. There are also six ex officio members, the Deputy Minister of Employment and Immigration Canada and five provincial representatives, one from each of the five regions. The Board is not yet fully operational, but the intention is that the eight employer and union representatives be appointed by their respective constituency organizations.

The Board will be supported by a secretariat and research staff, and will be able to draw on the resources of Employment and Immigration Canada as required. Much of its work will be carried out by a number of permanent and ad hoc Sub-Committees. They will deal with issues such as standard-setting for occupational groups, apprenticeship, training programs for social assistance recipients, and specific sectoral training strategies and concerns.

E-16

Funding/financial support:

Funding for the Board will be provided by Employment and Immigration Canada.

History/development:

The Canadian Labour Market and Productivity Centre (see separate Example Summary) organized a series of consultations on the Federal government's behalf and established seven task forces to examine key aspects of federal training programs. All task force reports indicated consensus on the importance of training and recommended new mechanisms to ensure continuing and substantive non-governmental involvement in national training. The Minister of Employment and Immigration asked CLMPC to bring together representatives from labour and business to consolidate the various task force suggestions on the design of new structures. The result was the report, "A Framework for a National Training Board", delivered in the summer of 1990, which called for the creation of a National Training Board, driven by labour market partners.

Adoption of this reports key recommendations created the Labour Force Development Board at the beginning of 1991.

Potentially applicable lessons include:

It is too soon to assess the CLFDB's operations. However, the model is significantly different from both the Economic Council and the Labour Market and Productivity Centre. These differences may help throw light on two potential lessons:

- Fostering a strong commitment to training culture may require new organizational approaches in which the labour market parties are more actively involved;
- Governments may have to relinquish control over policy and program matters to secure the active commitment and participation of private sector partners.

THE CANADIAN LABOUR MARKET PRODUCTIVITY CENTRE (CLMPC)

Mandate:

The CLMPC has a three part mandate:

- to facilitate direct consultation and consensus building between business and labour on productivity and the operation of the labour market;
- to direct or undertake projects designed to improve the operation of Canada's labour market; and,
- to enhance joint efforts between business and labour towards improving productivity.

Governing structure:

The Board of Directors consists of twenty four voting members, twelve business and twelve labour representatives; members are appointed by their respective constituency organizations. Business members represent the:

- Business Council on National Issues;
- Canadian Chamber of Commerce; and,
- Canadian Manufacturers' Association.

Labour members represent the:

- Canadian Labour Congress; and,
- Canadian Federation of Labour.

The Centre maintains an important link with the Federal and provincial governments and the academic community through its non-voting members. Business and labour are equally represented in each project undertaken by the Centre; each committee or task force is co-chaired and the responsibility equally shared.

Funding/financial support:

The CLMPC is self funded through contract work; it is a not-for-profit organization.

History/development:

The CLMPC was established in 1984. It is the only permanent national forum where business and labour jointly develop and discuss policy options and programs related to the functioning of Canada's labour market.

The activities of the Centre fall into six major program areas:

- **National Business/Labour Forums:** Each forum brings together 50 to 100 key representatives of the business and labour communities to discuss specific problems or issues of concern. Federal and provincial government representatives often attend. Most forums result in some follow-up activity, such as the creation of a Task Force. Task Forces make recommendations to a subsequent forum before being officially submitted to government.
- **Business/Labour Initiatives On Labour Market And Productivity Issues:** CLMPC undertakes research projects and consultations with the labour market partners, community organizations, various levels of government, and other private sector organizations.
- **International Activities:** The Centre maintains contact with international organizations interested in productivity improvement and the linkages among labour market issues, productivity, and competitiveness. It covers issues such as productivity and the factors that impact on productivity and growth, linkages between productivity and employment, joint business/labour initiatives, and the impact of new technologies. Symposia and working group discussions to address emerging industrial productivity and human resource development problems are also organized.
- **Sectoral Activities:** The CLMPC acts as the Secretariat and provides research support for a number of sectoral initiatives which bring together the business and labour leaders to discuss matters of concern to their particular industry. In support of these activities the Centre has prepared the Human Resources Study of the Canadian Steel Industry, the Human Resource Study of Technicians and Technologists in Canadian Industry and is assisting sectoral discussions in construction, shipbuilding and ship repair, the space sector, the plastics, and furniture, among others.
- **Other Research Activities:** Studies have examined the training needs of small business in Atlantic Canada.

History/development (continued):

- **Publications:** The Centre issues quarterly labour market and productivity publications, business publications, labour publications, task force reports, sector reports, technical papers, research guides, project reports, and survey results.

Potentially applicable lessons include:

- Canadian business and labour leaders can collaborate to define problems related to the functioning of labour markets and labour productivity;
- Collaborative institutions serve as a vehicle for practising collaboration and as a model for other efforts at collaboration across normally adversarial boundaries;
- Collaborative institutions serve as a launching pad for other collaborations.

CANADIAN STEEL TRADE AND EMPLOYMENT CONGRESS (CSTEC)

Mandate:

The objectives of CSTEC are:

- to promote consultation and understanding between steel workers and steel companies on non-collective bargaining issues that have an impact on the future of Canadian steel making and employment stability;
- to analyze and assess the impact on Canadian steel making and employment of steel imports, exports, shifts in product preference, and new technology and, where appropriate, make recommendations; and,
- to make recommendations and provide services that facilitate adjustment for workers and companies suffering disruption or dislocated through technological changes or economic conditions.

Governing structure:

CSTEC is a joint project of the United Steelworkers of America (USWA) in Canada and Canada's major steel companies. The Board of Directors includes two co-chairmen and eight directors. Labour representatives and senior executives of steel companies are each elected by their respective constituencies to fill half of the positions. There is full-time staff of five.

Funding/financial support:

Between 1988 and 1992, the Federal Government has directed \$20 million in funds for labour adjustment services. Administrative and operating expenses are covered by membership fees from steel companies and unions.

History/development:

In May, 1985, USWA and steel company executives met in Sault Ste. Marie to examine the future of the steel industry. After a successful conference, they decided to continue their discussion of labour adjustment and trade issues via four working groups.

History/development (continued):

The initial organization was called the Canadian Steel Trade Commission which soon evolved from a fact-finding group into an organization that successfully lobbied the government to:

- establish an import monitoring system for carbon steel products and an export monitoring system to keep better track of steel shipments from Canada to the U.S.;
- remove the General Preferential Tariff on steel imports from South Korea, Brazil, Taiwan, and Romania; and,
- transfer administrative responsibility for steel industry adjustment services to CSTEC.

In 1987, at the third annual conference, CSTC changed its name to CSTEC to better reflect the group's dual mandate and its evolution into an established organization with year-round services and activities.

CSTEC's Steel Trade Committee, made up of an equal number of union and management representatives, has a mandate to improve the environment in which the steel industry does business to better secure profits and jobs.

The Employment and Adjustment Committee (also made up of an equal number of union and management representatives) was created to deal with the fact that the steel industry faces dislocation even in prosperous times. The Federal government has transferred funds that would normally have been spent on Federal adjustment programs in the steel industry. The committee has created the HEAT, Helping Employees Adjust -- Together, program to help management and the union at the plant level jointly design and deliver their own services to deal with layoffs and shutdowns.

Trained representatives from CSTEC can provide assessment interviews, job search and business development training, skills training, and relocation funding. Once a layoff or shutdown is announced and labour and management decide to use CSTEC services, a labour-management committee is formed at the plant to oversee the project. CSTEC provides facilitators to help the committee assess individual needs and put together an action plan to meet these needs. The plan is submitted to CSTEC's Employment and Adjustment Committee for funding approval. Upon approval, the plan is implemented.

Potentially applicable lessons include:

- Opportunities exist for effective collaboration between traditionally adversarial parties where management and labour recognize the legitimacy of the other;
- Governments can facilitate and aid the process but the key to effective interaction is the willingness and commitment of labour and management to talk and cooperate;
- Governments must be able to permit the private sector to exercise a measure of control to achieve a successful partnership.

CENTRE FOR FINNISH BUSINESS AND POLICY STUDIES (EVA)

Mandate:

The EVA is a long-term view public policy analysis and advocacy centre which promotes public discussion and debate with a view to encouraging a social and political climate in Finland favourable to business.

Governing structure:

EVA has a Board of Directors made up of the CEO's of member firms and an Executive Committee drawn from the directors of national business associations.

Funding/financial support:

EVA is funded by a levy on the national business associations:

- Employers' Confederation of Service Industries;
- Central Organization of Farmers' Cooperatives;
- Finnish Bankers' Association;
- Confederation of Finnish Employers;
- Federation of Finnish Insurance Companies; and,
- Confederation of Finnish Industries.

History/development:

EVA was founded in 1974 by the Confederation of Finnish Employers, the Confederation of Finnish Industries, and the insurance and bankers' associations to provide a vehicle for long-range, pro-business public policy analysis and advocacy. EVA sees its role as promoting public debate and education on economic policy and development issues in order to strengthen public and political support for the market side of the Finnish economy.

EVA holds three seminar/conferences annually. They typically draw elected and appointed government officials, business and academic leaders, and the media to discuss such long-range issues as the implications of Finland joining the European Economic Community, the role of information and information technology, the impact of political and economic developments in central Europe and the former Soviet Union, and demographic trends within the Finnish population and labour force.

History/development (continued):

In addition, EVA typically publishes three or four research studies annually. Recent titles include *Mare Balticum*, which examined the historical, cultural, political, and economic evolution of the areas bordering the Baltic and suggested directions for the region's future development, and *From Marx to Market*, which analyzed the strengths, weaknesses, and operating principles which guided the former Soviet Bloc state economies, outlined the major challenges these economies will have to meet as they make the transition to market-based economic systems, and suggested strategic business implications and opportunities for Finland. The Centre also undertakes comparative studies of Finland's economic performance relative to the Nordic countries and the members of the OECD and publishes its resulting analysis.

Finally, EVA sponsors an annual public opinion poll which samples Finnish views on social, political, cultural, and economic affairs.

While EVA's focus is on the development of long-term political and public opinion, it also conducts a limited amount of traditional lobbying, although, again, from a long range, structural, point of view rather than with a short range, issue specific orientation.

Lessons potentially applicable in Canada include:

- Public understanding of economic and social forces and trends can be enhanced through public discussion of long-range, structural developments and trends;
- Business advocacy groups can make a positive contribution to the public policy process by sponsoring and publicizing research on basic, long range comparative economic development questions;
- Promoting discussion, rather than debate, can be an effective long range advocacy strategy.

CHRISTIAN LABOUR ORGANIZATION (CHRISTELIJK NATIONAAL VAKKERBOND (CNV)) - The Netherlands

Mandate:

The Christelijk Nationaal Vakverbond (CNV) is a Federation of Dutch labour unions which represent approximately 300,000 white and blue collar workers in the public and private sectors. The CNV represents members of its affiliated unions in national consultative and collaborative bodies, such as the Economic and Social Council (SER) and Foundation of Labour (see separate Example Summaries), and in industry/sectoral and firm-specific collective bargaining.

Governing Structure:

The CNV's governing body consists of representatives elected by its affiliated unions.

Funding/financial support:

The CNV derives its revenues from per capita levies on its affiliated unions.

History/development:

Unions in the Netherlands are a form of social, as well as economic, organization. Membership is based on social affiliation and personal preference. Eligibility for membership is not limited to specified organizational levels, thus, members of one union include everyone from manual labourers to corporate level officers. Individuals in the same workplace and the same job level may, and frequently do, belong to different unions. There are no closed shops, nor is the "Rand Formula" in effect.

The basic structure of collective bargaining in the Netherlands has undergone significant evolution since World War II. In the immediate post-war period, national bargaining covering all industries and firms within those industries was the norm. This system was seen by both unions and employers as being too unresponsive to differing economic circumstances between different industries. Since about 1960 the system has been decentralized to the point that industry-level bargaining with some firm-specific supplementary agreements is now the normal pattern.

Typically employers will have separate, although similar, collective agreements with each of the three labour federations. Normally, the three federations, of which the CNV is one, operate as a "common front" for collective bargaining purposes at the industry and firm levels. In general, all employees of a firm who do similar work receive the same pay and benefits, irrespective of which federation their union is affiliated with or even whether or not they are union members.

History/development (continued):

Despite decentralization of the collective bargaining system, two significant centralized advisory mechanisms which also date from the post-war period remain in place: the Foundation of Labour and the Economic and Social Council (SER) [see separate Example Summaries].

The Foundation consists of equal numbers of employer and employee representatives. The SER augments this group with the addition of a number of "neutral" experts, usually academics, appointed by the Crown. The Foundation advises the collective bargaining parties on issues which should be bargained and, occasionally, the broad outline of the suggested content of an agreement on that topic. For instance it has recently recommended that the bargaining parties define a system of positive and negative incentives to reduce workplace absenteeism. The SER advises the national government on social and economic policy.

Participating in these mechanisms gives the CNV, and the other labour federations, two additional vehicles for advancing their interests, beyond collective bargaining and direct political action. The Foundation influences the broad direction and content of bargaining. It does not have direct control over these matters, but is generally credited with exercising significant moral authority. High level consensus between employers and labour on issues and directions means that specific provisions find their way into collective agreements much more rapidly and uniformly than would otherwise be the case.

The government is required by Dutch law to seek the advice of the SER on all significant social and economic policy initiatives. This provides the labour movement with more consistent, direct input into the policy making process than is typically the case in Canada. In addition, the weight which labour's voice carries is more dependent on the merits of its case and less on the political preferences of the government of the day. Obviously, the SER provides a key means by which the labour movement is able to advance its social, as distinct from its collective bargaining, interests.

Beyond providing the labour movement with a more objective, higher quality input into the public policy process, the Foundation and the SER are generally credited with helping build broad social consensus on important social and economic policy questions. Commentators in the Netherlands site consensus building as an important source of social cohesion that moderates tensions and hostility within the socio/political community.

Lessons potentially applicable in Canada include:

- National-level bargaining mechanisms provide labour and management with a forum to address issues of mutual concern away from the bargaining table. Difficult issues can be dealt with in a way that places minimum stress placed on individual bargaining relationships.
- Consensus building mechanisms provide labour and management, with an objective review of their social and economic policy objectives and prescriptions and a consistent vehicle for input into the public policy process;
- Institutionalized bipartite and tripartite mechanisms enhance the status and influence of organized labour.

**COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION
(CEDAC) - Massachusetts**

Mandate:

CEDAC has three goals:

- to promote real estate development that revitalizes chronically depressed areas;
- to encourage the development of affordable housing throughout Massachusetts; and,
- to strengthen the network of non-profit community development organizations in the State.

Governing structure:

The Board of Directors consists of 9 volunteer members: a private developer, a non-profit developer, public and private lenders and investors, public policy makers, and a social service provider. All are appointed by the Governor in accordance with a legislated interest representation formula.

In addition to providing guidance on policy decisions and budget, the Board meets every six weeks to review applications for grants of assistance.

Funding/financial support:

Initially, CEDAC was primarily funded by the Federal government for its programs. Now, State funding (direct and from other State agencies) is the dominant source for funds. Many of the loan programs funds are raised from private sources (corporations and foundations) and are managed by CEDAC for other entities. For example, CEDAC has contracts with the City of Boston and the United Way to manage funds for different programs. For the Child Care Initiative Fund, CEDAC took out a loan of \$1 million from the Ford Foundation at 1% below market interest rate.

The annual office operating budget for CEDAC amounts to approximately \$600,000. CEDAC manages an approximately \$39 million portfolio through its different programs.

History/development:

CEDAC is a quasi-public corporation established under Chapter 40H of the Massachusetts General Laws in 1978. It provides technical assistance to community organizations to help them prepare the plans and documents they need to get development projects started. It also makes short-term, interest-free loans to qualified non-profit developers to cover the early costs of planning development projects and to secure site control. In some cases, CEDAC will provide credit enhancements to leverage financing in critical stages later in a project's development.

A number of programs are operated:

- CEDAC underwrites and services HIF loans for the Executive Office of Communities and Development under The Housing Innovations Fund, a program of long term, low-interest, subordinated loans. The State indefinitely defers loan payments so long as the housing continues to serve the low-income residents. CEDAC closed 25 HIF loans amounting to almost \$4.5 million during the 1990 fiscal year to finance 320 housing units and 142 shelter beds.

- The Housing Preservation Program accesses Federal funds to help non-profit and tenant organizations purchase and rehabilitate housing.

- Development assistance lending is CEDAC's core program. This includes: Technical Assistance Advances, available to non-profit developers to hire expertise needed to secure preliminary financing commitments; Site Control Loans, also available to non-profit developers, to option a property or make a down payment; Front Money Loans are available once a developer has control of a site and has received a preliminary financing commitment; and Equity Financing Guarantees for a development with a strong financing proposal but one which conventional banks still find to be too great a risk.

In the 1990 fiscal year, CEDAC lent funds to 46 non-profit developers for work on 59 projects. If all projects proceed they will yield 3,926 housing units with a total development cost of \$246 million.

- CEDAC also provides project-related assistance and loans to non-profit organizations developing space for child care providers or making capital improvements to day care centres. This Fund is part of a larger Child Care Initiative Fund sponsored by the United Way, New England Telephone, The Bank of Boston, and others. The Fund supports technical assistance and provides predevelopment loans and flexibly structured loans and loan guarantees.

Lessons potentially applicable in Canada include:

- Community based organizations may provide an appropriate vehicle to deliver community-oriented government programs;
- Consolidating program delivery systems at the community level may provide useful synergies;
- Such mechanisms facilitate interaction and collaboration among interests.

CONFEDERATION OF FINNISH EMPLOYERS (STK)

Mandate:

To represent and promote the interests of Finnish employers in the manufacturing, construction, transportation, and parts of the service sectors in national level labour-management relations, collective bargaining, and incomes policy negotiations.

Governing structure:

Individual firms belong to industry associations. Industry association representatives constitute the Confederation's Delegate Body, which elects its Governing Body. The Governing Body is responsible for overall policy direction for the Confederation, while its day-to-day activities are overseen by an appointed Board of Directors.

Funding/financial support:

The Confederation derives its revenues from membership fees which are levied on the industry associations and are based on the member enterprises' wage and salary costs.

History/development:

The first national collective agreement in Finland was concluded covering the printing trades in 1900 and national, as opposed to regional, sectoral, industrial, or firm-specific bargaining has been the norm in Finland since the emergence of organized labour in the late 19th Century. National collective agreements, covering all industries and all enterprises within each industry have the force of law in Finland and are binding on all employers and employees. The Confederation of Finnish Employers (STK), dates from 1907 and is one of eight national bodies which represent employers in national level labour-management relations and negotiations. STK is the largest such organization and represents approximately 7,000 employers who account for more than 60% of private sector employment and almost 33% of the Finnish workforce.

Over the last ten to fifteen years, there has been some informal decentralization of the bargaining system, with subsidiary, supplemental industry agreements being negotiated. On occasion, national agreements have not been possible, in which cases industry agreements have been concluded. These developments have introduced an element of flexibility into an otherwise highly rigid system for determining compensation, hours of work, working conditions, and other traditional collective bargaining matters.

History/development (continued):

Another interesting aspect of the Finnish labour market policy development process touches on the role of the state. While government representatives do not participate directly in collective bargaining negotiations they maintain continuous and close liaison with the bargaining parties throughout the course of negotiations. The government occasionally appoints a mediator on the request of the bargaining parties. The current Finnish social and health security systems are a direct product of national collective bargaining as the parties found that acceptable agreement on wages and salaries, for instance, could only be achieved in the context of certain unemployment insurance, health care, education, or welfare reforms. These reforms have generally been introduced on the collective recommendation of the mediator and the bargaining parties.

Finnish employer and employee groups each traditionally maintain close ties to one particular political party. Because of the number of parties present in Parliament, coalition government has been the norm and government has generally been prepared to enact the public policy elements necessary to facilitate agreement among the private labour market bargaining parties. The STK, as the largest employer representative and with close ties to the traditionally second largest party in Parliament, has played a pivotal role in this system of what has come to be called incomes policy negotiation.

Because of the breadth of issues addressed through the national incomes policy negotiations, in addition to conducting on-going research and analysis on labour market policies and issues, STK maintains an extensive social policy analytical resource as well. These areas include education, health care, day care, fiscal, monetary, and currency policy, regional development, industrial policy, and income security and distribution policy. This capacity is augmented by STK's close working relationship with the Confederation of Finnish Industries (TLK) which represents the interests and views of Finnish industry in other than incomes policy discussions.

The STK also maintains missions in Brussels and at the O.E.C.D. in Paris, in cooperation with the TLK, and carries out a number of activities which, from a Canadian perspective, appear as traditional association lobbying efforts. However, in a Finnish context, with a long history of close and on-going discussion among government, business, and labour on a wide range of social and economic questions, they take on a different complexion. These efforts can be better understood as participating in the collaborative development and articulation of broad national social and economic policy consensus.

History/development (continued):

The development and maintenance, effectively over forty years, of this broad national consensus reflects in part, no doubt, Finland's precarious historical relationship with Russia and the former Soviet Union.

Until recently, almost 25% of Finland's exports went to the Soviet Union. With the collapse of the Soviet economy, however, exports have suffered significantly and the Finnish economy is currently in deep recession. Throughout the 1991 national incomes policy negotiation process it was obvious that a currency devaluation in the 10% - 15% range was on the horizon. Notwithstanding this unfavourable climate, a two year national agreement was successfully concluded which provided a wage and salary freeze at 1990 levels. In effect the Finnish labour movement agreed to a 5% - 6% wage cut.

It would be a mistake to attribute this to hard bargaining on the part of the STK. It can only be understood in the context of a shared understanding among government, business, and labour, of the strengths and weakness of the Finnish economy and the forces which shape its development. This shared understanding is the product of those on-going collaborative efforts among the STK and the other Finnish private labour market organizations.

Lessons potentially applicable in Canada include:

- Close and on-going collaborative public policy development makes it possible to achieve solutions which would be inconceivable in a more adversarially based system;
- On-going collaboration builds understanding and reduces unnecessary conflict;
- Non-adversarial approaches can be used by business associations to advance their members' interests.

CONFEDERATION OF FINNISH LABOUR UNIONS (SAK)

Mandate:

The Confederation of Finnish Labour Unions (SAK) represents the views and interests of affiliated industrial unions in incomes policy negotiations and national level collective bargaining, as described in the Example Summary for the Confederation of Finnish Employers (STK), in industrial or sectoral level collective bargaining, and in public policy discussions with the government and other labour market and social interests.

Governing structure:

Unions are organized on broad occupational lines within industries in Finland. Workers in a large firm will belong to either a "blue collar", "white collar", "technical", or "professional/supervisory" union. Firm level industrial unions are affiliated with the SAK, TVK, STTK, or Akava, respectively. The SAK's affiliated unions consist, primarily, of "blue collar" workers in private sector firms. The SAK is the largest Finnish labour federation representing some 73% of the private sector work force and 58% of the total workforce.

The SAK's governing body consists of representatives elected by its affiliated industrial unions.

Funding/financial support:

The SAK's revenues are raised through a levy on affiliated unions whose funds, in turn, are generated through union dues.

History/development:

The SAK was founded in 1907. Employee organization proceeded slowly in Finland until the late 1960's, with a brief spurt in 1917 in response to independence and another in 1945. The collection of union dues by employers as a payroll deduction, with their direct remission to the union, which commenced in 1968, is credited with spurring organization.

At present, some 85% of Finland's workforce is organized. This includes such frequently un-organized groups as doctors and middle-level managers.

While Finland's unions are not formally linked to any political parties, like the various employer confederations, their leaders tend to identify more closely with particular parties. These, for the labour organizations, have been the left-of-centre parties.

History/development (continued):

Until recently there has been a significant struggle for control of the SAK between Communists and Social Democrats which, at one point, was reflected by a split between the Social Democratic SAK and the Communist SAJ. In the late 1960's the SAK and SAJ merged. The SAK's leadership is now overwhelmingly Social Democratic.

What is now called "incomes policy negotiation" dates from the post-World War II period and is credited with social policy developments in Finland roughly parallel to the government initiated social and health care system presently in place in Canada. It is an outgrowth of national level collective bargaining to which government was an informal party by agreeing to introduce social policy measures to facilitate employer-employee agreement on the terms and conditions of employment.

In addition to dealing with matters which Canadians would recognize as part of the social and health care system, such as pensions, child allowances, unemployment insurance, health care, welfare, and housing, national bargaining and incomes policy negotiations have, over the years, also dealt with such matters as:

- organizing rights and procedures;
- industry rationalization procedures;
- vocational training;
- exchange and interest rates;
- tariffs; and,
- taxation policy and rates.

The fact that a two-year wage freeze was recently negotiated in response to difficult economic conditions produced by the collapse of exports to the former Soviet Union and its allies is the product of neither the weakness of organized labour nor hard bargaining on the part of employers. Rather, it is the result of the fact that the labour market parties and the government are accustomed to working collaboratively on the solution of social, economic, and labour market problems. This history of working together has built a shared understanding of the forces which shape the development of Finland's economy and a fundamental trust that the proceeds of future economic growth will be equitably distributed.

Lessons potentially applicable in Canada include:

- With active government facilitation, bargaining parties can resolve, between themselves, many issues which in Canada occupy governments' attention;
- Collaborative public policy process may ease the burden on the public policy process over the long term;
- A history of working collaboratively on the solution of difficult problems builds a base of trust and shared understanding between normally adversarial interests;
- Unions will trade off short term gains in favour of long term economic growth given a reasonable role in the public policy process and reasonable assurance that their members will share equitably in the benefits of long term growth.

COOPERATIVE EDUCATION PROGRAM - University of Waterloo

Mandate:

The purpose of the cooperative education program is to provide students with both academic preparation and relevant experience in their field of study.

Governing structure:

The University of Waterloo's Department of Cooperative Education administers its cooperative education programs. To collect the input of companies offering work placements and to address issues of mutual concern, the Waterloo Advisory Council meets twice annually. The Council is comprised of senior executives of the companies involved in the program, faculty representatives, and program administrators from the Department of Cooperative Education. The Council provides a consultative process to deal with issues that affect the overall program and affords a formal opportunity for interaction between companies and faculty on issues related to specific cooperative programs.

Funding/financial support:

Funding is a significant problem. Per capita government grants and tuition constitute the major sources of university revenues. Cooperative education programs are more costly than traditional programs, both for the university and the student. The total direct and indirect costs of the cooperative education program are between \$14 - 16 million. Provincial grants do not fully cover the incremental costs. Students pay a supplemental "co-op" fee with their tuition. The fee averages \$312 each academic term. This amounts to approximately \$3.8 million but does not offset the incremental costs; the remainder is absorbed by the University from its other sources.

History/development:

In the 1950's, business representatives on the Board of Governors of the Waterloo Lutheran Seminary (now Sir Wilfrid Laurier University) identified a need for a higher education institution devoted to technical studies. Many of the companies in the region were subsidiaries of U.S. firms with American personnel who had experience with American cooperative education programs. A study was undertaken to examine American cooperative education programs. This initiative resulted in the creation of the University of Waterloo in 1957. In July of that year, 75 students were enrolled.

History/development (continued):

By the mid-1960's, the University comprised the Faculties of Engineering, Science, Mathematic and Arts. Cooperative education programs existed for engineering, physics and mathematics. By the late 1970's, the University had expanded to include Faculties of Applied Health Studies, Architecture, and Environmental Studies.

The typical cooperative education program consists of an alternating cycle of 8 academic terms interspersed with 6 work terms. Each term covers a period of 4 months. Students undergo an application process (including job interviews) for each work term placement. At the end of each work term, a technical report is prepared by the student.

In 1991, the University of Waterloo had approximately 10,000 students participating in its cooperative education programs. It is the largest in the world and is recognized as a world leader in this field. In 1991, the University of Waterloo received the Conference Board's First Gold Award for Business/Education Partnership.

Approximately, six years ago a study on employers and former students was conducted by the University of Waterloo. It concluded that students who went through the cooperative education program fared better than those students who went through the traditional program:

- On average, they received a higher initial starting salary (by approximately \$2,000); and,
- They tended to stay longer with their first employer during the first two year period following graduation.

This study is to repeated in 1992.

Other current and future projects the University is undertaking include the following:

- The Cooperative Canada-Japan Program will place students (predominantly engineering) in jobs in Japan. This involves a consortium with 3 other Canadian universities, (Sherbrooke, Victoria and Simon Fraser) and has the support of the Asian-Pacific Foundation (\$1 million over 3 years).
- A major initiative is under way to place students with companies in Europe in exchange for placing European students in Canadian organizations. The ultimate purpose is create a networking system. Negotiations with the Federal government are underway.

1-39

History/development (continued):

- Exchange programs with 15 other universities around the world (France, Britain, the Netherlands, Germany, the United States, Japan) allow students to spend one work term and one academic term at another university and foreign students to do likewise here. This program has operated since the early 1970's and has grown particularly during the last 5 years. The number of students involved in this program is limited.

- The creation of an articulation system is currently being examined. The aim of this program would be to pair university students with eligible high school students interested in a particular field of study. The university student would act as mentor for the high school student who would be exposed to actual work experience.

Potentially applicable lessons include:

- Cooperative education programs constitute one means of better integrating the needs of the academic and business communities;
- Graduates of cooperative education programs land higher-paying jobs than graduates of other than cooperative programs;
- Graduates of cooperative education programs stay longer with their first post-graduating employer than graduates of other than cooperative programs;
- Graduates of cooperative education programs experience an easier and more successful school-work transition than graduates of other than cooperative programs;
- Other universities are experimenting with cooperative education programs in some faculties. Examples include: the University of Ottawa, Sir Wilfrid Laurier, the University of Western Ontario (Library Science), McMaster University, Brock University, Ryerson, Simon Fraser, University of British Columbia;
- This base of experience and experimentation should be expanded significantly.

1-40

**ECONOMIC AND SOCIAL COUNCIL (SOCIAL ECONOMISCHE RAAD [SER]) -
The Netherlands**

Mandate:

Dutch law requires the national government to seek the advice of the Economic and Social Council (SER) on all significant public policy changes and initiatives in the social and economic spheres.

Governing structure:

The SER has 45 members. Fifteen represent national employer organizations, fifteen represent unions, and fifteen are neutral experts, most frequently academics and newer politicians, appointed by the Crown. Employer and union representatives are distributed among the various organizations in rough proportion to their respective size and are appointed by their constituency organizations. Experts are appointed with a view to both their expertise in a required field and their political preferences; an effort is made to balance the composition of the group of fifteen experts so that it roughly parallels the political distribution in Parliament.

The SER has a chairman, appointed by the Crown, traditionally from among the fifteen experts, and two co-chairman, one drawn from the union side and one from the employer side.

Funding/financial support:

The SER is financed by a levy (tax) on businesses.

History/development:

The SER was founded in 1950 on the recommendation of the Foundation of Labour (Stichting van den Arbeid), a bi-partite national organization the primary function of which was, at that time, the negotiation of national collective agreements. The recommendation was based on the realization that there were a number of matters, such as unemployment insurance, health services, education, and social services, which bear on the operation of the economy and the labour market. However, such matters were beyond the strict competence of the bargaining parties and were, yet, highly relevant to their ability to achieve agreement.

I-41

History/development. (continued):

In general, the SER comments on specific proposed initiatives after they have been approved in principle by Cabinet, but prior to presentation of the relevant legislation or regulation to Parliament. On occasion, the SER is asked to advise on a general policy question not supported by a specific proposal, although this is rare. The SER also undertakes some policy reviews on its own initiative. These, typically, account for ten to fifteen percent of its work.

The SER works through an extensive committee system. People who are not SER members make up the committees, for the most part, although the committee Chair will be a SER member, most frequently one of the experts. Representation is again balanced among the three groups. Civil servants often appear before SER committees to outline their thinking and respond to questions.

All meetings of the SER are open to the public. Votes are taken and recorded and the SER's advice to the government reflects the majority view. The minority view is frequently set forth as well. A great deal of discussion and consensus-building takes place outside formal meetings of the SER and its committees. Consensus, or at the least solid support among the three groups, is actively sought. The government is not bound to accept the SER's advice, although it does carry a certain weight in the Dutch public policy debate.

The only significant criticism of the SER and its role is that it slows the process of public policy change. This is clearly a minority view voiced, most frequently, by opposition Parliamentarians.

Lessons potentially applicable in Canada include:

- A formal mechanism for public review of pending government policy initiatives provides a number of benefits:
 - it provides a well-founded, independent, respected, point of view on issues of general public concern;
 - it helps build consensus among business, labour, and the academic community on specific issues;
 - it opens the public policy process to greater public scrutiny and participation and thus improves credibility;

I-42

Lessons potentially applicable in Canada include (continued):

- it identifies the main lines of debate on public policy issues and heightens public awareness of both initiatives and alternatives, providing a more informed and involved electorate;
- it helps the civil service better understand the needs and views of important constituencies and the likely specific implications of various policy alternatives and thus provide fuller advice;
- Permanent on-going dialogue among business, labour, and leading academics helps establish a basis of personal relationships and trust that facilitates cooperation on a broad range of matters;
- The discussion of social and economic policy issues among the key economic interests helps build social cohesion and a shared vision of where society stands and desirable directions for its development.

THE ECONOMIC COUNCIL OF CANADA

Mandate:

The Economic Council of Canada is intended to provide independent, expert economic analysis and advice on key issues facing Canada. As part of its legislated mandate, it encourages consultation and cooperation between labour and management. It also seeks full and regular consultation with appropriate agencies of the governments of the several provinces.

Governing structure:

The Council is a departmental corporation that reports to Parliament through the Prime Minister. The Chairman and two Deputy Chairmen, who constitute the Council's Executive Committee, are appointed by Order in Council. Members are appointed by the Prime Minister and are drawn from various socio-economic groups and a wide range of disciplines, activities, and regions.

Funding/financial support:

Funding is provided by the Government of Canada.

History/development:

The Council was established in 1963 by Act of Parliament. It undertakes economic research and analysis and monitors trends in the Canadian economy. Some research projects are undertaken in response to requests from government and some are undertaken on its own initiative. To identify and select research topics, the Chairman, Deputy Chairmen, and senior research staff consult on an ongoing basis with Council members and other economic and public policy observers nationally and internationally.

When projects are selected by the Executive Committee, a research team is assembled. Its members may include Council staff economists or researchers from Canadian universities or other organizations. At the same time, an external Advisory Committee is set up. Advisory Committees are chaired by a Council member and typically include two or three other Council members and a number of outside experts in the field being studied.

History/development (continued):

The Council's work is the combination of research and recommendations arising from a consensus of its twenty-eight members. Project teams submit progress reports at the Council's quarterly meetings, where members have the opportunity to review the results of the research to date and debate the content of draft consensus statements. These are developed once the research is completed and include a series of draft recommendations which are presented to the Council members for in depth discussion. Once the draft is revised to reflect the views of its members, it is circulated for final approval. Members who disagree with the final version of the recommendations have the right to dissent.

The Council also endeavours to educate and inform the Canadian public on economic problems and possible solutions by making its research and recommendations known to the media and individuals and groups involved in the discussion of public policy. With extensive coverage accorded to the release of its various reports and publications and the demand for consultations, speeches and briefings, the Council's ideas often make a contribution to the public policy debate. A recent research project, for instance, contributed the decision to reduce the rate of the Goods and Services Tax from the proposed nine percent to seven percent.

Over the years, research topics have included community economic development, immigration, employment in the service economy, the Canadian Economic Union, labour markets, regulation, international trade, financial markets, productivity and technological change, taxation, industrial policy, the role of women in the economy, agriculture, education, unemployment, Canada's international competitiveness, health care, and industrial adaptation.

Potentially applicable lessons include:

- The Economic Council may provide an institutional base for the development of national consensus on economic policy questions;
- Clear ties to institutionalized interests and the public policy process may be required for the Council to deliver its full potential.

I-45

FEDERATION OF NETHERLANDS INDUSTRY (VERBOND VAN NEDERLANDSE ONDERNEMERS (VNO))

Mandate:

The Verbond van Nederlandse Ondernemers (VNO) has a dual mandate:

- to advance the interests of Dutch industry in national and European public policy fora; and,
- to represent its member trade and industry associations and individual corporate members in national level bargaining and public policy consultation conducted through the Foundation of Labour and the Economic and Social Council.

Governing structure:

The VNO has a 140 member General Council, consisting of representatives of its association and individual members and a 25 member Executive Board, elected from and by the General Council. Senior members of the Executive Board, primarily the President, represent the VNO in national level bargaining, public policy consultation, and more traditional lobbying efforts.

Funding/financial support:

The VNO is financed through membership fees levied on its member associations, their member firms, and individual firms which belong directly to the VNO.

History/development:

The VNO dates from the merger of two former national industry associations in 1968. One previously represented the economic and collective bargaining interests of its members while the other represented their social policy concerns and interests.

While the VNO's formal goal is to promote the interests of the whole business community, its membership tends to be concentrated in larger firms in manufacturing, building and construction, and transportation. The VNO is non-sectarian.

What distinguishes VNO from similar Canadian organizations is its participation in the Foundation of Labour and the Economic and Social Council (see separate Example Summaries). As a result of the on-going dialogue which takes place in these fora VNO has a profound understanding of the labour movement and plays a much more active and influential role in labour market policy and public policy generally than do comparable Canadian organizations.

I-46

Lessons potentially applicable in Canada include:

- On-going dialogue among business and labour leaders builds understanding and an ability to cooperate across normally adversarial lines;
- On-going participation in joint labour market and public policy analysis and advisory bodies helps build broad national consensus on these issues;
- Participation in established consultative and collaborative mechanisms, such as the SER and the Foundation of Labour, enhances the status and influence of the business community.

FOUNDATION OF LABOUR (STICHTING VAN DEN ARBEID) - The Netherlands

Mandate:

The Foundation of Labour is a national voluntary, non-statutory, bi-partite (employers and employees) organization. Its mandate has evolved over time. Originally it negotiated national collective agreements for the whole Dutch economy. Considerable decentralization has taken place over the last forty-five years and the Foundation now makes recommendations to the bargaining parties regarding non-wage related issues to which their minds should be turned.

Governing structure:

The Foundation is a voluntary body consisting of ten national employer association representatives and ten union representatives. Representatives are allocated among the national employer and labour federations in proportion to their relative size and are appointed by their respective constituency organizations.

Funding/financial support:

The Foundation is financed by a levy (tax) on businesses.

History/development:

The Foundation dates from 1945 and traces its roots to cooperation between employers and employees in the anti-Nazi resistance during World War II.

During the post-War recovery period national collective agreements were negotiated through the Foundation. The resulting agreements were then signed at the industry or firm level. Through the 1960's, the process gradually decentralized. Individual firm level negotiations came to play an increasingly significant role within national "framework" agreements negotiated through the Foundation.

The Foundation now provides a forum for labour-management negotiation on matters which only find their way into collective agreements following specific bargaining at the level of the industry or the individual firm. For example, the Foundation recently agreed that lost time was a significant problem and that the bargaining parties should agree on incentive/disincentive systems designed to reduce absenteeism. All such recommendations reflect full agreement between the parties. Other recent agreements have dealt with expanding employment opportunities for groups under-represented in the work force and productivity.

History/development (continued):

The Foundation offices are in the same building as the SER (see separate Example Summary). Many of the union and employer association representatives to the Foundation also serve on the SER. The Foundation thus provides an important opportunity to discuss issues and build agreement among these individuals on matters before the SER.

The availability of two fora in which labour and management routinely discuss both bargaining issues and other social issues of particular relevance to the operation of the socio/economic system materially assists the emergence of a shared vision of where the country should be headed and the forces which effect its course.

The Foundation's effectiveness derives from its ability to forge national consensus between labour and management on a variety of labour relations questions and the moral authority which such consensus represents.

Lessons potentially applicable in Canada include:

- National agreement between labour and management representatives on a variety of collective bargaining issues exerts considerable pressure on individual bargaining relationships to endorse that consensus. This combines some of the consistency advantages of centralized bargaining systems with the flexibility of firm-level bargaining;
- National agreement between labour and management representatives on labour market issues, such as lost time or expanded employment opportunities for under-represented groups, permits a reduction in the need for direct government intervention in the labour market;
- Experience gained through cooperating on a range of labour market issues and problems has provided a base for expanding cooperation into such areas as training and employment bureau operation;
- The on-going and free-ranging discussion of labour relations and labour policy issues between the labour market parties helps build social cohesion and a shared vision of where society stands and desirable directions for its development.

INTERGOVERNMENTAL RELATIONS ADVISORY COUNCIL (RAAD VOOR HET BINNENLANDSE BESTUUR (RBB)) - The Netherlands

Mandate:

The Raad voor het Binnenlandse Bestuur (RBB) advises the Ministry of the Home Office on the implications of various National initiatives and programs for Provincial and Municipal government administration.

Governing structure:

The RBB has ten members representing municipal and provincial governments and academics in the fields of law, public administration, economics. All are appointed by the Minister to rotating three-year terms

Funding/financial support:

The RBB has a small secretariat. All costs are borne by the Ministry.

History/development:

Virtually all ministries have a number of advisory councils, of which the RBB is but a typical example. Their creation, for the most part, dates from the post-World War II reconstruction period.

Members are generally appointed by the Minister for a four year term; reappointment is possible. They are composed so as to provide a cross section of groups and interests affected by Ministry policy, either generally or in a specific area, as is the case with the RBB. Academics as well as stakeholder representatives are always included.

Councils such as the RBB are on-going bodies and generally meet monthly. They engage in on-going dialogue with Ministry staff on policy directions and alternatives, provide specific policy review and advice on request, and, occasionally, conduct policy reviews on their own initiative.

Ministers are not required to either routinely seek or heed the advice of such councils. However, the advice of councils is generally sought. It provides an analysis of the probable impact of public policies being considered, helps build support among both experts and the general public for specific policy directions, and gives both ministers and ministry staff a preview of the likely outlines of any public or parliamentary debate regarding those policy directions.

Lessons potentially applicable in Canada include:

- Advisory councils, such as the RBB, render public and interest access to the public policy process more open and transparent;
- Advisory councils, such as the RBB, provide expert insight into the likely implications of various policy alternatives and thus assist the civil service and the government in policy development;
- Advisory councils, such as the RBB, help surface the broad outlines of debate over particular government policies and their alternatives.

THE INTERNATIONAL TRADE ADVISORY COMMITTEE SYSTEM: The ITAC and SAGITs

Mandate:

The System provides an on-going, two-way flow of information and advice between the Federal government and the private sector on bi- and multi-lateral trade matters. The System, which advises the Minister for International Trade, has two parts:

- the International Trade Advisory Committee (ITAC) deals with broad national issues of trade policy, market access, and trade development; and,
- the fifteen Sectoral Advisory Groups on International Trade (SAGITs) deal with trade issues of interest to a particular industry or sector.

Governing structure:

ITAC has approximately 45 members appointed by the Minister of International Trade. Members are drawn from the business, labour, consumer, cultural, research, and academic communities and are broadly representative of regional, sectoral and demographic interests and serve in their individual capacities. ITAC meets quarterly.

SAGITs are intended to ensure sectoral views are fully taken into account on international trade matters. The SAGITs also meet quarterly; SAGIT Chairs are ITAC members. The membership of each SAGIT is broadly representative of the sector, with the size and composition of each Group depending on the individual sector. SAGIT members are expected to have expertise in their respective sectors and knowledge of trade matters.

Funding/financial support:

The ITAC and its supporting SAGITs are funded by the Federal government.

History/development:

The ITAC System was set up in 1986 in response to a request from the business community for a formal consultative mechanism. ITAC/SAGITs are the main vehicle for the interchange of views and advice between the private sector and government on trade policy issues including the Canada-U.S. Free Trade Agreement, the North American Free Trade Agreement Negotiations, multilateral trade negotiations, and trade development issues such as the impact of an expanding EEC, the impact of environmental concerns on Canada's exports, and competitiveness.

History/development (continued):

The System provided advice throughout the Canada-US Free Trade Agreement negotiations. In 1988 the System's focus shifted to the multilateral Trade negotiations, which are under way under the auspices of the General Agreement on Tariffs and Trade (GATT).

The fifteen existing SAGITs are:

- Agriculture, Food and Beverage;
- Apparel and Fur;
- Arts and Cultural Industries;
- Consumer and Household Products;
- Energy, Chemicals and Petrochemicals;
- Financial Services;
- Fish and Fish Products;
- Forest Products;
- Industrial Equipment;
- Minerals and Metals;
- Professional, Business and other Services;
- Telecommunications and Computer Services;
- Textiles, Textile Products, Fur and Leather;
- Transportation Equipment; and,
- Transportation Services.

The Minister may create additional Sectoral Advisory Groups as required.

The Advisory Committee System works closely with Canada's trade negotiators. An interesting feature of the System is that private sector submissions on these negotiations are directed to the appropriate SAGIT.

Potentially applicable lessons include:

- The ITAC/SAGIT system is an interesting Canadian variation on the Japanese Ministry of International Trade and Industry's advisory committee system. It deserves close review to determine whether or not it constitutes a useful model for other departments and agencies;
- On-going discussion between the public and private sectors enhances understanding and acceptance of the perspectives and needs of each.

JOBS FOR THE FUTURE - Massachusetts

Mandate:

Jobs For the Future (JFF) is a national consultative organization with the mission to develop ideas, information, strategies, and systems that help meet critical worker skill and quality needs. JFF is a non-profit organization that works with business, government, and community leaders to:

- anticipate and diagnose economic change;
- organize partnerships to address human resource development challenges;
- devise effective initiatives to support human capital investment; and,
- promote program and policy innovation through evaluation and advocacy.

Governing structure:

JFF is governed by a ten-member Board of Directors elected by members of the non-profit organization. The office operates with a full-time staff of twelve.

Funding/financial support:

Approximately 60% of JFF's budget is supported by private foundations, the remaining 40% is raised through fee-for-service contracts with private or public sector organizations.

History/development:

Founded in 1983 by Arthur H. White, JFF has received national recognition for its work. JFF provides a technical resource for analysis, research, and action aimed at increasing the capacity of government, business, labour, education, and communities to address workforce skills needs.

JFF has concentrated its efforts in three main areas:

- Economic and Workforce Development Systems. The goal is to achieve economic development that generates better jobs and broader opportunity for people to create and obtain those jobs. Government and business leaders need ways to minimize the distress economic and social change creates and maximize the opportunities. JFF works jointly with public and private sector organizations to analyze, devise, execute, and evaluate strategic actions to build such systems.

I-55

History/development (continued):

Its specific activities in this area have included coordinating statewide public and private sector efforts to assess and improve economic and workforce development systems in six states and a study for the U.S. Department of Labour, which assessed five years' experience in workforce and economic development strategic planning.

- Work-and-School-Based Learning. JFF, in partnership with business, educators, and community leaders, helps extract the lessons from national and international programs that link the classroom and workplace. It then assists in designing and implementing similar programs in the United States. An example is the National Youth Apprenticeship Initiative. Launched in 1990, it is a multi-year nationwide effort to promote strategies for a national system of youth apprenticeship and assist individual apprenticeship demonstrations.
- Strategic Analysis and Advocacy. JFF investigates human resource development initiatives to ascertain the policy and operational factors that contribute to success. Examples include Pioneers of Progress, a year long national study for the Ford Foundation examining the approaches and structures of 27 "policy entrepreneur" organizations and an assessment of the Bridgeport (Connecticut) Initiative, which is a negotiated interagency collaboration to move 500 Aid For Dependent Children recipients into private sector jobs.

Lessons potentially applicable in Canada include:

- Collaborative institutions can play a significant role in public policy research and development and in advocacy;
- Collaborative institutions promote the development of collaborative approaches to social and economic problems.

I-56

MASSACHUSETTS BUSINESS ALLIANCE FOR EDUCATION

Mandate (Mission):

"The purpose of the Massachusetts Business Alliance for Education is to participate in shaping the future of education in the Commonwealth and restoring its preeminent position of educational leadership, by bringing about statewide systemic improvement in public elementary and secondary education."

Governing structure:

The M.B.A.E. is an independently initiated group of Massachusetts business executives with a formally constituted board of directors. The Board consists of representatives of the firms which provide financial support. It is Chaired by Mr. John C. (Jack) Rennie, who conceived the initiative and is Chairman and C.E.O. of Paecer Systems, Inc.

Funding/financial support:

The M.B.A.E. is funded on a voluntary subscription basis by individual businesses in the greater Boston area.

History/development:

A number of firms in Massachusetts have entered into "partnerships" with one or more schools in the vicinity of their major offices or plants. The exact content of the partnerships vary from example to example but they typically include such elements as:

- financial donations to purchase laboratory or shop equipment relevant to the firm's business activities or similar in-kind contributions;
- career day and similar activities to heighten student awareness of locally available employment opportunities and the relevance of school to those opportunities;
- volunteer teachers' aids, career counselling, and similar non-specialist support;
- mentoring and other forms of educational enrichment; and,
- cooperative education services and placements.

I-57

History/development (continued):

There are currently more than three thousand such partnerships operating in the Commonwealth exclusive of any similar arrangements with colleges, universities, and other post secondary institutions.

The quality of Massachusetts' public education system has been a concern in the Commonwealth for a number of years and there have been several "reform" initiatives over the last two decades aimed at improving school retention rates, the overall quality of graduates, and the employment-relevance of the instruction they receive.

In early 1988 an independent group of business persons with experience of school/business partnerships, largely under the leadership of one individual, initiated a series of studies aimed at developing a consensus as to the direction public education reform should take in the Commonwealth. Their effort was independent of any existing organization or grouping, however, the Alliance undertook extensive consultation with a wide range of stakeholder and other interest groups and organizations during the fact-finding and validation phases of their work.

When they initiated their work, public education reform was not on the short-term agenda of any of the major interests or stakeholders, at least in part because of the deadlock which developed over earlier reform proposals.

Their report was issued in July, 1991. While the specific content of the reform proposals is not immediately relevant, they include expanding the system by introducing pre-school programs, lengthening the school year, developing and implementing performance measures, and increasing Commonwealth expenditures by almost twenty-five percent. Somewhat surprisingly, the proposals appear to be attracting considerable support from a wide range of interests which includes the normally tax-averse business community; there is reason to believe that the Alliance's broad direction will define the public policy agenda in this sphere for the immediately foreseeable future.

Lessons potentially applicable in Canada include:

- Collaborative efforts breed further efforts at collaboration and cooperation;
- The independent efforts of one or two individuals make a difference;
- A neutral "outsider" can help identify and build public policy consensus where a direct stakeholder may be unable to;

I-58

Lessons potentially applicable in Canada include (continued):

- A willingness to actively consider the widest possible range of views is key to the ultimate emergence of consensus;
- Developing a consensus on a contentious public policy issue takes patience, commitment, and hard work.

MASSACHUSETTS HEALTH CARE OPPORTUNITIES FUND

Mandate:

The Fund finances out-placement services and occupational retraining for health care workers:

- to facilitate worker adjustment arising from the rationalization of the hospital system in the Commonwealth (State) and the associated closure of certain low-utilization hospitals; and,
- to help meet a shortage of hospital technicians.

Governing structure:

The Fund is administered by officials of the Massachusetts Medical Security Department with assistance from an advisory committee consisting of representatives of:

- hospitals;
- doctors;
- nurses;
- the health care insurance industry;
- hospital employee unions;
- the general business community; and, more recently,
- advocates on behalf of the poor and uninsured groups in the Commonwealth (State).

Representatives are nominated by their constituency organizations, where these exist, and are appointed by the head of the State's Medical Security Department.

The committee reviews proposals from hospitals, training institutions, and others to finance relevant occupational training and retraining and advises Departmental officials on the quality and relevance of the proposals.

Funding/financial support:

The Fund derives its revenues from a statutory, voluntary levy on all licensed hospitals equal to 1% of hospital gross revenues. These funds are invoiced and collected by the Commonwealth.

History/development:

The Massachusetts Legislature enacts a ceiling on private hospitals' year over year gross revenue growth by virtue of Commonwealth's administration of the Federal "Medicaid" and "Medicare" programs. The private health insurance companies, primarily Blue Cross and Blue Shield, as well as private sector employers who pay health insurance premiums, have a clear interest in limiting the growth of health care costs and have, through formal lobbying efforts over the years, encouraged the Legislature in this direction.

There are a number of seriously underutilized hospitals in the Commonwealth and the interest in restraining the growth of health care costs has generated a desire to rationalize the system by shutting off the flow of public monies to these institutions.

Pressures to move in this direction heightened during the recession of the early 1980's which coincided with growing Federal spending restraint under the "Medicaid" and "Medicare" programs. A multiple constituency group was formed at this time to assist the Legislature's committee which was reviewing the draft hospitals gross revenue cap legislation. This group consisted of representatives of the same interests which currently make up the Fund administration advisory committee described above.

Each group had its own objectives. Hospitals wanted as little restraint as possible placed on their gross revenue potential, doctors wanted as little interference with their role in the system and billing procedures as possible, nurses and advocates wanted improved access for the poor and uninsured, the insurance and general business communities wanted as much restraint on costs as could be achieved, while employee unions were concerned about system rationalization and the resulting job loss.

Through the multilateral consultations a consensus developed on a package of measures which fully satisfied none of the groups but which delivered more than they might otherwise have achieved. One of the key elements which made this consensus possible was a perceived shortage of hospital technicians.

The consensus consisted of the following major elements:

- gross hospital revenue growth was constrained, but not as severely as it might have been;

1-61

History/development (continued):

- the establishment of payroll taxes (which were capped for employers who provide health care insurance for their employees) to finance health care for uninsured persons and those unemployed but actively seeking employment coupled with a "play or pay" device whereby employers of more than six employees were required to purchase health insurance for their employees or pay the Commonwealth to do so on their behalf;

- system rationalization including the closure of some seriously underutilized hospitals to constrain gross health care spending across the Commonwealth;
- the establishment of a voluntary levy on hospitals to finance the "Health Care Opportunities Fund" which is collected by the Commonwealth; and,
- the establishment of an advisory committee, as described above, to advise the Commonwealth's Medical Security Department on disbursing monies from the Fund to provide out-placement services and/or technician training for hospital workers who would become redundant as a result of the system rationalization.

The relevant legislation contains a three-year "sunset" provision and the original agreement is now undergoing its third iteration. The general outlines of the consensus remain in place and it continues to be actively supported by all involved interests.

Lessons potentially applicable in Canada include:

- Government, when confronted with conflicting interests and an apparently no-win situation, may be able to achieve significant movement by bringing all of the interests into the policy development process and maintaining an open mind about a range of potential solutions;
- The normal processes and accountability relationships of government are not incompatible with efforts to develop consensus among key interests;
- Delivery system rationalization is facilitated where workers' job security concerns are addressed openly, directly, and effectively. A real commitment to training and human resource development is crucial;

1-62

Lessons potentially applicable in Canada include (continued):

- Program administration can play an important role in facilitating the development of effective working relationships among normally adversarial interests where the solicitation and active consideration of their views are consciously integrated into the administrative process;
- Success builds success, a willingness to maintain an open mind and a flexible agenda, a serious commitment to problem-solving, and mutual respect among those holding divergent views.

I-63

MASSACHUSETTS HOUSING FINANCE AGENCY (MHFA)

Mandate:

MHFA is a self-supporting State agency mandated to:

- promote and provide for the production and preservation of quality multifamily rental housing and opportunities for home ownership affordable to people of varied economic means throughout the Commonwealth;
- assure the sound financial and physical management of this housing; and,
- promote the provision of human services for its tenant population.

Governing structure:

MHFA's nine Board Members include representatives from the State's Executive Offices of Community and Development and Administration and Finance, municipal governments, educational institutions, labour, private developers, and banking. By law there must be representatives of labour, urban planning, and banking. Members are appointed by the Governor for rotating seven year terms.

Funding/financial support:

The MHFA is a self-supporting "quasi-public" corporation. It does not use any State funds to support its operating expenses although some of its units qualify for State and Federal rent subsidies. Operating expenses are funded through fees and other charges to developers and other program participants and through proceeds from Agency investments. In 1968, the Agency received a start-up loan of \$300,000 from the Legislature and repaid the loan in full in 1973, ten years before it was due.

Funds for the MHFA's loan programs are raised through the sale of tax-exempt and taxable bonds to private investors. As of June, 1990, MHFA's volume of bond financings totalled more than \$4 billion, placing it among the largest state housing finance agencies. These financings have produced 68,018 apartments in 530 mixed-income developments and 22,241 home mortgage loans for first-time buyers.

I-64

History/development:

In 1965, the Commonwealth's Special Commission on Low-Income Housing reported that many families and senior citizens could not afford decent housing. Recognizing that the private sector alone could not address all the State's housing needs, the State created MHFA by Chapter 708 of the Acts of 1966.

MHFA was to address the need for production of new rental housing and the rehabilitation of existing rental housing stock. The Massachusetts Home Mortgage Finance Agency was created in 1974 to help low- and moderate-income households purchase, maintain, and improve their homes. The two agencies were merged in 1982 to coordinate administration of the State's housing programs.

The provision of affordable housing remains MHFA's primary objective. However, social objectives have emerged and grown in importance. Assistance for rental housing and the home ownership programs now reflect both the housing and social aspects of the Agency's mandate.

MHFA finances construction and rehabilitation of multi-unit rental housing through both construction and mortgage loans to non-profit and limited-profit developers.

Programs include:

- State Housing Assistance for Rental Production makes subsidized loans to private non-profit and limited-profit developers for privately owned rental housing containing at least 25% lower-income households.
- The Low-Income Housing Tax Credit is a Federal tax credit allocated by the Executive Office of Communities and Development with MHFA assistance to determine the maximum tax credit each development may use.
- Under the Rental Acquisition Development Initiative, developers acquire and rehabilitate older at-risk rental properties or partially completed newer properties. In return for low-interest MHFA financing, developers reserve at least 20% of the units for low-income households.
- MHFA convened the Inner City Task Force in 1986 to serve as a forum to ensure that rehabilitated properties are safe, secure places to live. Task Force members include residents, property managers, and representatives from city and State public safety and social service organizations.

1-65

History/development (continued):

- Through resource referrals and training for project managers and residents, Project TAP, the Tenant Assistance Program, was initiated in 1984. It prepares property managers to recognize, confront, and offer assistance to alcohol and drug abusing tenants and has proven to be a cost effective portfolio management tool as well as a conduit for addressing human needs.

- MHFA also sponsors The Minority Property Management Training Program which provides skilled, experience minority personnel for employment in private property management companies.

MHFA's **home mortgage loan programs** make low-interest mortgages available to low- and moderate-income individuals and families who are usually first-time buyers. In general, the programs offer rates 2% below conventional rates. Other advantages to borrowers include the ability to make 5% down payments, beneficial underwriting ratios, and fixed-rate mortgage terms of 27 to 30 years. Specific programs include:

- Proceeds of General Lending Funds bonds are reserved for 60 to 90 days for priority borrowers. Priority borrowers include Vietnam era veterans, low-income and minority borrowers, and households in which a member has a physical disability.
- Neighbourhood Rehabilitation provides mortgage funds to buy and/or rehabilitate homes in locally-designated neighbourhoods. Funds are distributed in cooperation with local housing and community development agencies.
- HOP, the Homeownership Opportunity Program, is designed to create new homes at affordable prices. HOP is a partnership among State, local, and private sector resources to create developments where at least 30% of the units are "affordable" and the balance are sold at market prices.
- The Home Improvement Loan Program helps preserve existing housing through low-interest loans to borrowers who want to make needed home improvements. HILP encourages loans to improve accessibility for elderly and disabled persons.

1-66

Lessons potentially applicable in Canada include:

- The quasi-public structure may help the organization pursue a public purpose with private sector efficiency and thus:
- gain the confidence of investors and other business interests;
- develop innovative programs by forging effective partnerships with private sector interests;
- limit financial and program failure risk to the public sector.

MASSACHUSETTS TECHNOLOGY DEVELOPMENT CORPORATION (MTDC)

Mandate:

MTDC is quasi-public, state-supported, privately managed, venture capital organization providing risk capital to new and expanding high-technology companies with the capacity to generate significant employment growth and other public benefits in Massachusetts. MTDC pursues the following objectives:

- to help create primary employment in technology-based industries;
- to attract and leverage private investment;
- to foster the application of technological innovations where Massachusetts companies are, or can be, leaders; and,
- to nurture entrepreneurship and plant the seeds for long-term economic development.

Governing structure:

The Board of Directors contains ten members with backgrounds in public affairs (from the Secretary of Administration and Finance and the Secretary of Economic Affairs), education (MIT), and business. Members are appointed by the Governor in accordance with a legislated representation formula to rotating five-year terms. MTDC has a staff of ten. All applications for MTDC assistance are subject to approval by the Board.

Funding/financial assistance:

While MTDC's initial investment capital came from Federal and State grants, capital gains are its primary source of funds for current and future investments. Its cumulative gains on equity since 1980 total \$6,301,365, while cumulative losses on both debt and equity total \$2,241,585, for a net gain of \$4,059,780. Other investment capital sources as of June, 1990 include \$2,972,000 from the Federal government and \$5,200,000 from the State for a total of \$12.7 million.

MTDC is presently pursuing a legislative initiative to enable it to attract non-governmental co-investors to the types of early-stage companies in which it has traditionally invested.

History/development:

In 1978, the State Legislature created MTDC as one of several economic development initiatives to address a "capital gap" faced by expanding early-stage technology companies. Scientists, engineers, and other first-time technology-oriented entrepreneurs find it difficult to start new businesses or expand existing ones. Usually these entrepreneurs were seeking less than \$1 million in venture capital.

Companies receiving MTDC assistance must be located in, or agree to relocate to, Massachusetts; be a technology-based business with principal products or services sufficiently innovative to provide a competitive advantage, produce significant growth in employment, and demonstrate that it has been unable to secure sufficient capital on affordable terms to finance expansion.

MTDC offers two types of assistance:

- Through the Investment Program, it makes debt and equity investments, usually through a direct purchase of shares in combination with a long-term loan. Such investments are generally made as a joint venture with conventional private sector investors. MTDC assists companies to locate comparable private sector investors for such joint ventures.
- MTDC's Management Assistance and Financial Packaging Programs provide technical assistance to technologists and other first-time entrepreneurs to start a high technology business. MTDC assesses business plans, advises on strategies to attract private financing and, in some cases, refers individuals to private sources of capital. MTDC also holds workshops for new entrepreneurs.

MTDC's investments typically range from \$100,000 to \$300,000 for first-round institutional financing. Loans usually have 5 to 6 year terms with some equity feature. MTDC expects a return on its equity within 5 to 7 years. Joint venture private investors usually provide two to four times the capital provided by MTDC. Through June 30, 1990, MTDC's cumulative investment of over \$14.7 million leveraged an estimated \$67.9 million at the time of initial investment. Subsequently, client companies raised an estimated additional \$155.4 million.

As of June 30, 1990, MTDC had exited 24 of the 50 companies in which it had invested. Eight had made successful public offerings of their securities, 9 had been acquired by other firms, 2 bought back their securities from MTDC, and 5 had ceased operations.

History/development (continued):

Interest rates and equity arrangements are negotiated on an individual basis, usually at 1 to 2 points above prime. MTDC evaluates equity investment on the same basis as its private co-investors. Stock purchase and loan agreements carry all of the conventional covenants of most venture capital investments and comply with all applicable laws and regulations.

As of December 31, 1989, the 41 companies in which MTDC had invested employed 4,400 people and generated a payroll of over \$162 million, producing Federal tax revenues of over \$46 million, and State tax revenue of over \$8 million.

Lessons potentially applicable in Canada include:

- Through cooperation with relevant sources of expertise and the use of government funds, the "capital gap" faced by many smaller entrepreneurs to start-up and expand can be reduced.
- Multi-partite boards can help create effective networks among the academic, business, and government communities that facilitate technological innovation and commercialization.

THE NATIONAL ROUND TABLE ON THE ENVIRONMENT AND THE ECONOMY (NRTEE)

Mandate:

The National Round Table was established in 1989 to identify, synthesize, analyze, explain, promote, and stimulate the acceptance and implementation of the concept of sustainable development in Canada by developing new ideas that illuminate the link between the environment and the economy.

Governing structure:

NRTEE is a formal, independent twenty five member body appointed by, and reporting to, the Prime Minister. Members are drawn from a broad spectrum of Canadian social, political and economic life including business, public policy groups, academia and the scientific community, the various levels of government, and a variety of public interest and professional groups. The National Round Table meets six times annually and has established five major committees:

- Socio-Economic Impacts;
- Decision-Making Processes;
- Waste Reduction;
- Foreign Policy; and,
- Education and Communications.

Funding/financial support:

Core funding is provided by the Federal government.

History/development:

In 1983, the Prime Minister of Norway, Gro Harlem Brundtland, was asked by the U.N. General Assembly to establish and chair an independent World Commission on Environment and Development. Its mandate was to formulate a "global agenda for change". Canada's response to the 1987 Brundtland Report was through the Canadian Council of Resource and Environment Ministers which created a Task Force recommending that the Prime Minister and each provincial Premier establish a Round Table on the Environment and the Economy. Round Tables have been established at the national level, in eight of the ten provinces, and in one territory.

History/development (continued):

NRTEE is a forum for consultation and consensus building among competing and converging interests with direct stakes in environmental, social, and economic objectives. Its initial priorities are to examine: socio-economic incentives and disincentives, measurement indicators for sustainable development, factors effecting decision-making processes, public education and communications for changing values, waste management, and the foreign policy dimensions of sustainable development.

Potentially applicable lessons include:

- Consensus building institutions may require a focused mandate and clear links to established stakeholder groups and the public policy process to play an effective role.

PALCARE - California

Mandate:

To provide flexible round-the-clock, 365 day-per-year child care for people who work at and out of the San Francisco International Airport and at other round-the-clock work sites in the community.

Governing structure:

PALCARE is a private, non-profit organization governed by a board of directors representing a range of government, business, labour, and social advocacy organizations including the:

- Airport Labour Coalition;
- Mills-Peninsula Hospitals;
- International Association of Machinists and Aerospace Workers;
- City of San Francisco;
- San Francisco International Airport Commission;
- San Mateo County Board of Supervisors;
- United Way of the Bay Area;
- United Airlines;
- Association of Flight Attendants and International Federation of Flight Attendants;
- San Mateo Labour Council; and,
- Child Care Coordinating Committee of San Mateo County (4C).

It's Board of Directors is elected by the members of the non-profit organization on the recommendation of its outgoing Board.

1-73

Funding/financial support:

Financial support is complex, as is typical for child care organizations. Essentially parents pay user fees which are supplemented, to a greater or lesser extent, by operating subsidies from the Federal and State governments, the County, and the United Way.

History/development:

The Airport Labour Coalition is an informal umbrella for the roughly forty labour organizations representing some 30,000 employees of the more than 300 different businesses located at or immediately adjacent to the San Francisco International Airport. Many of these employees experience unique child care needs arising from the 24-hour, 365-day operation of the airport. It has been estimated that there are more than 250 different start-work times for these employees; some, particularly flight crews, are required to be absent from home for extended periods of time.

In the early 1980's the Coalition determined that a collective, rather than employer-by-employer/bargaining group-by-bargaining group approach was the most effective way to meet these needs. They approached the San Mateo Labour Council, two key employers, the Airport Commission and United Airlines, and 4C, an umbrella advocacy, referral, and provision agency. All agreed that unique child care needs existed and that a collective approach was required.

Agreement was facilitated by a change of administrations at the City of San Francisco, which owns the Airport, which moved child care up the political agenda, and by political support from the San Mateo County Board of Supervisors. The Airport is located in San Mateo County, the child care centre would ultimately be located in San Mateo County, and counties play a governmental lead-agency role in child care in California.

Despite general support for the concept among all the key players, progress was slow throughout the 1980's and renovations are only now (late-1991) underway on the facility which will house PALCARE's centre.

Participants attribute this slow progress to several factors, most notably:

- although everyone supported the concept, its realization was not central to the mandate of any one group or organization. It was not until the non-profit corporation was formed in the late 1980's that significant progress began to be made;

1-74

History/development (continued):

- it took a long time for people whose normal relations were adversarial (the Labour movement and employers) to learn to trust one another and work together effectively;
- the complexity of regulations affecting child care centres and foster care (which child care in excess of 23 hours is defined as being) and the interaction of these two sets of regulations; and,
- centre site selection difficulties including excessive land and building costs and neighbourhood resistance (NIMBY).

Participants agree that these obstacles might have proved fatal to the initiative without the active support, encouragement, and technical expertise of the Child Care Coordinating Committee.

PALCARE's Centre is scheduled to open in March, 1992. It will be licensed for 200 hundred spaces, roughly half infants and half toddlers, but, because of its 24-hour operation, will provide care to approximately 350 children per week.

Lessons potentially applicable in Canada include:

- Parties to normally adversarial relations can work cooperatively but it requires hard work, commitment, trust, and a favourable environment; a sense of higher purpose may help;
- A free-standing organization may be required to advance an initiative not immediately central to the mandate of any one of the parties;
- A committed but disinterested facilitator can make a key contribution to the success of cooperative ventures.

SANTA CLARA COUNTY MANUFACTURING GROUP - California

Mandate:

The Santa Clara County Manufacturing Group (SCCMG) involves principal officers and senior managers of member companies in cooperative efforts with local government to address major public policy issues affecting the economic health and quality of life in Santa Clara County.

Governing structure:

SCCMG membership is open to the CEOs/principal officers of manufacturing firms, supporting industries such as software, systems, and professional services firms, and utilities operating in Santa Clara County. Priorities are determined by a member-elected Board of Directors; operations are overseen by a Working Council.

Funding/financial support:

Funding is provided through membership dues. SCCMG has a minimal staff, voluntary contributions-in-kind through member firm employee participation in working groups and task forces account for virtually all of the policy and non-administrative effort of the organization.

History/development:

SCCMG was founded in 1978 to provide a vehicle for "...*responsible business involvement in public policy issues ... key to the economic vitality and quality of life in Santa Clara County*"(1988/89 Chairman's Report).

While a typical industry association in many respects, SCCMG is unusual in several ways:

- it views local governments as significant public policy vehicles;
- it works cooperatively and collaboratively with elected and appointed public officials, actively seeking to facilitate the achievement of publicly set objectives in ways that minimize unintended negative impacts on its membership;
- it sees its role as being a catalyst for moving the public policy agenda forward rather than retarding the pace of what it might regard as undesirable public policy initiatives; and,

History/development (continued):

- its agenda includes many quality-of-life/social issues on which few industry associations concentrate much effort such as child care, education, transportation, housing, and environmental quality.

It's 100+ members constitute a cross section of "Silicon Valley's" high-tech community and includes such firms as:

- | | |
|----------------------------------|---------------------------------|
| • Acurex Corporation | • Adobe Systems, Inc. |
| • Advanced Micro Devices, Inc. | • Altos Computer Systems |
| • Andahl Corporation | • Analog Devices, Inc. |
| • Apple Computer, Inc. | • Applied Biosystems |
| • ARGOSystems, Inc. | • AT&T |
| • Browning-Ferris Industries | • Conner Peripherals |
| • Cypress Semiconductor | • Digital Equipment Corp. |
| • FEI Microwave, Inc. | • Fujitsu America, Inc. |
| • Fujitsu Microelectronics, Inc. | • General Electric |
| • Harris Semiconductor | • Hewlett-Packard Company |
| • Honeywell, Inc. | • IBM Corporation |
| • Intel Corporation | • Linear Technology Corp. |
| • Litton Applied Technology | • Lockheed Missiles & Space Co. |
| • Measurex Corporation | • Memorex Corporation |
| • Micro Metalics Corporation | • National Semiconductor |
| • NEC Electronics, Inc. | • Raychem Corporation |
| • Raytheon Semiconductor | • Rolm Corporation |
| • Siemens | • Silicon Graphics |
| • Sun Microsystems | • Tandem Computers |
| • Unisys Corporation | • United Technologies Corp. |
| • Verbatain Corp. | • Westinghouse Electric Corp. |
| • Xerox Research Center | • Zycron Corporation |

SCCMG's existing working groups and task forces include:

- Environmental, is examining heavy metal discharges;
- Housing, is working on solutions to the high cost of housing in the County;
- Transportation and Land Use, is looking at opportunities for improved public transportation and increased gasoline taxes to discourage automobile use;

History/development (continued):

- Child Care, is seeking to make child care more readily available;
- Clean Air, is examining automobile and plant emissions and standards;
- Clean Water, is working with regulators to determine "how clean is clean"; and,
- Solid Waste, is trying to help local governments develop solid waste management strategies.

Lessons potentially applicable in Canada include:

- Industry associations can play a constructive role in the public policy process by adopting a cooperative/collaborative strategy aimed at addressing public policy issues positively and proactively;
- A history of cooperation builds confidence and trust.

THE SECTORAL SKILLS COUNCIL

Mandate:

The Sectoral Skills Council is a joint human resources development initiative in the Canadian electrical/electronics manufacturing industry. Its role is to:

- provide a forum for business and labour to discuss major human resources issues facing the industry outside the collective bargaining process;
- identify human resources areas in which joint sectoral action would be appropriate and effective, and to set the overall direction of such action; and,
- represent, to other parties (eg. education, government), the industry on human resources issues of joint concern to the parties.

Governing structure:

The Council has twelve members:

- six employer members, representing the Electrical and Electronics Manufacturers Association of Canada; and
- six worker members, representing the unions participating in the Council process. Participating unions include the Communications and Electrical Workers of Canada (CWC), the United Steelworkers of America (USWA) and the International Brotherhood of Electrical Workers (IBEW).

The Council may also invite observers from Federal and provincial governments and education agencies or institutions.

The Executive Director and a small secretariat carry out the day-to-day operations of the Sectoral Training Fund and conduct the activities of the Sectoral Skills Council and its individual subcommittees.

Funding/financial support:

The sources of The Sectoral Training Fund include employers, employees, the Federal government and the Province of Ontario. The size of the fund is 1% of the wage bill of participating workplaces (employees, employers, and the governments each contribute .25%).

The types of training funded include Job/Skill Updating/Upgrading, General Education/Training, Employee Group-Directed Training, and Contingency for Closure. Ten percent of the Fund expenditures funds costs and salaries. It also funds the SSC's research, developmental, and related activities.

There is one Sectoral Fund. Each participating workplace has its own "account" in the Fund. The SSC handles the central Fund administration and at the workplace level a Joint Workplace Training Committee decides how to use the workplace's Fund account.

The Governments of Ontario and Canada have each committed up to \$12 million over five years to the Fund. Participating workplaces will have continued access to other federal and Ontario training programs.

History/development:

In 1985, business and labour came together with assistance from the Federal government to study the human resource questions facing the industry. That diagnosis, endorsed by both parties, led to the realization that working together would ensure more effective action than working separately.

In 1988, the Joint Human Resources Committee of the Canadian Electrical and Electronics Manufacturing Industry was formed to address issues concerning training, retraining, technological change, and adjustment. Later that year, it was recommended that a permanent joint council and a new Sectoral Training Fund be established to support increased training in the industry.

In July, 1990, the Sectoral Skills Council was formed. The four basic principles which have characterized its process include: the SSC is not to replace collective bargaining; the drivers of the process are business and labour (while recognizing other stakeholders); parties recognize that co-operation and mutual trust are essential; and the SSC's reports will reflect the endorsement of the majority. The primary activities of the SSC include:

History/development (continued):

- A Communications Subcommittee has been established to address communications in two areas: between management and labour at the workplace level, and between the industry and the educational community at the sectoral level.
- The SSC operates and directs the Sectoral Training Fund aimed at increasing the volume of training in the industry and at involving management and workers actively in the process. The SSC sets broad training guidelines and ensures they are followed at the workplace level, secures timely contributions from the fund, resolves disputes referred to it by individual workplaces, establishes broad policies on specific training questions, and monitors expenditures under the Fund. The SSC also monitors broad training issues and needs within the industry and acts to address them. This includes ensuring that management and labour representatives are properly equipped to carry out their roles, developing or updating information on government training programs, and monitoring the development of new workplace training tools.
- The Technological Change Subcommittee deals with the process of change and its impact. The aim is to better understand issues surrounding the introduction of new technologies and how to improve collaboration during their introduction.

Potentially applicable lessons include:

- Opportunities exist for effective collaboration between traditionally adversarial parties. Management and labour must each recognize the legitimacy of the other;
- Governments can facilitate the process but effective interaction requires the willingness and commitment of labour and management to work together;
- To achieve a successful partnership with the private sector, governments must be able to permit the private sector partners to exercise a measure of control.

SUPERVISORY BOARD - Germany

Mandate:

Supervisory Boards are required by German law in enterprises with more than 500 employees. The Supervisory Board appoints the Management Board, the senior executives responsible for day-to-day operation of the corporation, and reviews and approves all major corporate strategies.

Governing structure:

Supervisory Boards range in size from eight to twenty members, depending on the size of the corporation. One-half of the members are elected by, and represent, shareholders and one-half are elected by, and represent, employees.

One of the employee representatives must come from "middle management". Other employee representatives on Supervisory Boards are often Works Council leaders.

The Chairman must come from among the ten shareholder representatives and holds a second, casting, vote in the case of an even division.

Funding/financial support:

Supervisory Board costs are borne by the corporation they supervise.

History/development:

Supervisory Boards in Germany date from the mid-1960's. When the German system of "co-determination" is discussed, it is their Supervisory Boards which are the most frequent object of interest.

The original legislation was opposed by the business community in general and its legality was, unsuccessfully, challenged in the courts. It was the view of the business community that Supervisory Boards would unacceptably compromise the rights of shareholders, fundamentally undermine the ability of managers to manage their firms, and place critical business information in the hands of employees whose unions would subsequently use that information in ways inimical to the interests of the firm.

There is no question that Supervisory Boards provide significant employee input into, although not control over, the selection of senior managers through their appointment to the Management Board and that they exercise similar influence over major business strategy decisions.

History/development (continued):

In general, however, commentators judge the fears of the business community to have been exaggerated. They see the contribution of Supervisory Boards to be much less significant than Works Councils (see separate Example Summary) but, on balance, positive. This, they attribute, to the general practice of Supervisory Boards of trying to make their decisions unanimous, not withholding the numerical superiority of shareholder representatives. Observers indicate that, while this leads to a lengthy decision making process, it also produces a general recognition of the legitimacy of corporate leadership.

Similar comments apply with regard to major business strategies.

There were no reported instances of the misuse of critical business information or strategies. This may, perhaps, result from a sense of ownership and responsibility among employees which vehicles such as the Supervisory Board and Works Councils provide. Employees whose representatives participate in both major business decisions and operational management may identify more closely with the interests of the firm than employees whose only involvement in these matters is reactive and defensive.

Lessons potentially applicable in Canada include:

- Supervisory boards provide employees with significant input into the selection of corporate officers and the definition of major business strategies. This input enhances employees' sense of ownership and commitment to the firm;
- The experience of working together builds trust and confidence in the other parties;
- Creation of a supervisory board could be a reasonable condition of public financial assistance to a troubled firm or industry.

"TECnet": TECHNOLOGIES FOR EFFECTIVE COOPERATION NETWORK - Massachusetts

Mandate:

TECnet is a public/private partnership service centre whose mission is to stimulate the development of manufacturing networks in Massachusetts. The goal is to help Massachusetts manufacturers expand their capacity to work together to solve shared problems and achieve shared goals. TECnet:

- helps small companies acquire and implement new technologies, improve training, management, and marketing, and form joint ventures in production, marketing, and other areas;
- works with large manufacturing corporations to improve the quality of their suppliers and the effectiveness of customer/supplier relations; and,
- supplies an electronic infrastructure that links companies throughout the State to each other to support its consulting and networking services.

Governing structure:

TECnet is a formal partnership of three organizations: the Federally-funded Northeast Manufacturing Technology Centre, the Tufts University Manufacturing Resource Centre, and the Bay State Centre for Applied Technology. In 1992, the New York State Science and Technology Foundation will also participate in the partnership. Its activities are directed and administered by the Tufts University Manufacturing Resource Centre.

Funding/financial support:

TECnet's major funder is the Northeast Manufacturing Technology Centre (NEMTC). NEMTC is one of five national manufacturing technology centres established by the Federal government's National Institute for Standards and Technology. It is funded by the Department of Commerce conditional on the requirement of matching funds (55%) from state or private organizations. TECnet's 1991 operating budget was \$300,000.

History/development:

TECnet was conceived as a response to a problem believed to be reducing the competitiveness of U.S. manufacturers, that is, the comparative lack of collaborative manufacturing.

History/development (continued):

Small and medium sized manufacturers play an important role in competitiveness. They account for at least 46% of the value added in U.S. products. Shifts in markets and the development of new computer-based technologies are encouraging the decentralization of manufacturing. The key unit of production may no longer necessarily be a single company but rather a decentralized "network" of companies. Sometimes, these networks tie small suppliers to large final assemblers or link a number of more or less equal small companies. These organizational units woven together in a production system have been labelled "collaborative manufacturing".

In 1989, NEMTC selected the Tufts University Manufacturing Resource Centre as its Massachusetts satellite to test the networking concept as a vehicle for technology transfer. TECnet is a comprehensive effort to use the network model to improve the capacity for technological and business innovation at small and medium sized companies in Massachusetts.

TECnet's activities are organized around three basic components:

- A state-wide computer network provides information services (access to databases, a company "capabilities" directory, and on-line procurement assistance services). Electronic Mail allows participants to send and receive messages to each other, technical specialists, and State and Federal resource providers.
- A network of local field offices run by organizations with close ties to local industry. These groups are selected for their capacity to bring together industry, labour, and community leaders to identify and solve problems important to local industry. Representatives for the field offices also help companies assess their resources, define their needs, and communicate those needs to technical experts.
- A network of service providers: technical experts, State and Federal officials, private consultants, labour union officials, academic specialists, and project staff. These resource people are available over the network to answer questions, participate in joint projects, and lead discussions on issues important to manufacturers. TECnet pays these consultants and bills companies for their services at a discounted rate.

History/development (continued):

In 1990, the Springfield-based Machine Action Project (MAP) was chosen as TECnet's first pilot site. MAP is a State and Federally funded experimental economic development program that focuses on job retention and job creation strategies for the machining and metalworking industries in the Springfield area. MAP provides the contact with local industry and serves as the model for TECnet's local field offices.

The focus for TECnet's work has been to aid groups or networks of smaller companies but it has also worked with a number of individual companies to help solve specific problems and helped some larger companies improve collaboration with their small company suppliers.

Lessons potentially applicable in Canada include:

- Universities constitute an important source of expertise which can be mobilized in support of economic development;
- Operating partnerships provide important models that stimulate collaboration;
- Networking technologies provide opportunities for developing and supporting effective collaborative efforts.

THREE-WAY WATER PROCESS - California

Mandate:

The Three-way Water Process is an informal collaborative effort among environmental and urban and rural water interests to redefine water allocation policies for the State of California.

Governing structure:

There is a Plenary Session, which ratifies all agreements reached, consisting of twenty-five representatives of each of environmental groups, rural water supply districts (representing agricultural water users), and urban water agencies. There is also a Steering Committee, consisting of six representatives of each interest, which develops the joint agenda and work plan and oversees the work of issue-specific task forces. Liaison representatives from the State administration also sit in from time to time on meetings of the Steering Committee and its task forces. Task force membership tends to be expertise based and less formal, but all three interests are, generally, equally represented on task forces as well.

Funding/financial support:

Financial support comes, for the most part, as in-kind contributions of staff time and materials from the participating organizations. Four part-time staff are supported by specific voluntary funding raising efforts (on the environmental side) and a consulting contract (on the water agencies side).

History/development:

Water policy is a particularly difficult area of public policy in California. Access to fresh water is largely historically based, with agricultural uses claiming most water. Urban use is constrained as growth has exceeded readily available supply in many areas. Environmentalists note a serious deterioration of ecosystems as increasing volumes are diverted from their normal watercourses. All of this is rendered more difficult by rapid urbanization and a five-year drought in Northern California.

Urban interests would like to see water reallocated from agricultural uses to support urban areas. Agricultural interests, as represented by the rural water districts, want to maintain their historic allocation. Environmental interests believe that significantly less water should be diverted than is at present the case.

1-87

History/development (continued):

In late 1990, following efforts by urban interests to find common ground in separate meetings with both rural and environmental interests, all three groups decided that more might be achieved if all three were to meet together. While the State government maintains contact with the Three-way Process and has offered moral support, it did not initiate the process nor is it an active participant.

The process is largely informal; the role of voting and the question of "how much agreement constitutes agreement", for instance, remain somewhat vague. Participating organizations have, as well, continued their normal political action activities and, in two instances, environmental and urban interests have pushed issues into the formal political sphere when they saw greater potential for progress through that avenue.

To date, full agreement has been reached on a quite general statement of principles. Some of the task forces are in the late stages of their work. One or two have made only minimal progress while two or three seem to have accomplished more significant work. It remains to be seen whether general agreement can be reached on any or all of these other issues and linkage among the products of the various task forces is a major concern to some.

Participants are generally optimistic that, although government is not a participant in the process, it will adopt, more or less in tact, any agreements they are able to reach.

Lessons potentially applicable in Canada include:

- Associations and other private-sector organizations can facilitate public policy development by initiating multi-interest collaborative policy development efforts;
- Strong advocacy does not preclude collaboration;
- Collaboration can narrow the range of disagreement even if it cannot achieve full agreement;
- Collaboration among advocacy groups can ease the burden on the public policy process.

1-88

VOLUNTARY PLANNING - Nova Scotia

Mandate:

Founded in 1963 by the government of then Premier Robert Stanfield (R.S.N.S., 1967 C. 322), Voluntary Planning (VP) was loosely modeled on France's economic planning system. Its basic objective is "to provide for the effective involvement of the non-government sector in planning for development" by:

- facilitating "the identification of problems by the non-government sector and relate (ing) appropriate private and public resources in an attempt to resolve these problems"; and,
- involving "the non-government sector in the analysis of government planning proposals during the process of their development, and prior to final approval."

Governing structure:

Voluntary Planning, as its name implies, is a voluntary membership-based organization. Individuals "... who uphold the objects of Voluntary Planning and who participate in the Voluntary Planning Process" may join and, on joining, are assigned to a "Sector" about which the member is knowledgeable or in which he or she has an interest. Each Sector elects a Chair, who becomes an member of the Board of Directors along with a number of Members-at-Large, elected by the Annual Meeting. The by-laws require that "*The composition of the Voluntary Planning Board and Executive Committee shall properly reflect the partnership of Business and Labour*" The Chair and Vice-chair of the Board are appointed by Order-in-Council.

Funding/financial support:

Core financial support is provided by the Nova Scotia Department of Economic Development. Some in-kind support is provided by other Departments through staff assistance and secondments.

History/development:

Then Premier Robert Stanfield believed that the French system of planning and coordinating economic development goals, objectives, and initiatives among business, labour, and government had much to recommend itself. However, he also believed that the highly centralized, bureaucratic aspects of the French model would not translate well to Nova Scotia and that a less formal, more open approach would be more appropriate. Voluntary Planning was the result.

1-89

History/development (continued):

VP is advisory to government; it reports to the Premier. Informally, Sector Chairs maintain communication and liaison with relevant Ministers and Departmental staff. VP will consider particular matters either at the request of the Government or on the initiative of one or more Sectors which identify it as being of concern. Voluntary Planning has a small staff (8); the majority of its actual work is carried out by its members through the meetings of their respective Sectors. Sectors, at present, include:

- | | |
|---------------------------|----------------------------------|
| • Agriculture | • Land Resources Coord. Council |
| • Community Development | • Manufacturing |
| • Construction | • Mineral Resources |
| • Energy | • Professional Services Industry |
| • Environment and Economy | • Research and Development |
| • Fisheries | • Small Business Development |
| • Forestry | • Taxation |
| • Health Care | • Tourism |
| • Human Resources | • Transportation |

Because, formally speaking, it provides ministerial advice, although its membership is fully open, its actual deliberations and the advice it provides are, for the most part confidential. This has, on occasion, proved problematic for the organization in terms of both profile and public credibility. Over its almost thirty years it has gone through periods when it seemed to have the ear of government, and was quite influential and effective, and periods when this was less the case.

Periodically, and particularly over the last two or three years, it has adopted a more proactive stance, identifying its own questions for study and issuing reports and undertaking public consultation processes. While it is not clear what impact this strategy will have on its credibility with government, it has succeeded in raising VP's profile in the Province.

Potentially applicable lessons include:

- It may be appropriate for governments to support the development of independent policy advice through partnership organizations;
- Attention needs to be paid to the questions of membership and confidentiality for such organizations to maintain credibility;

1-90

Potentially applicable lessons include (continued):

- Voluntary Planning is a unique and valuable Canadian model that deserves close study and emulation;
- It is not clear whether the model designed for a smaller province, would be applicable nationally. Experimentation may be warranted;
- Broader issues, rather than specific sectoral concerns, probably provide the most favourable environment for the application of the model;

WESTERN WOOD PRODUCTS FORUM (WWPF)

Mandate:

The mandate and structure of WWPF have not been officially formalized. Its purpose is to promote discussion and understanding between business and labour of non-collective bargaining issues which affect the forestry industry and to encourage the development of supportive public policies.

Governing structure:

The Board of Directors includes two co-chairs, one from business and one from labour, and ten members. Five of the director positions are filled by labour and five are filled by management representatives. Labour representatives are elected by the International Woodworkers of America, Canada. Management representatives are selected informally by networking among the various companies in the industry in British Columbia. Sub-committees formed to deal with specific issues also are co-chaired by two directors.

Funding/financial support:

Currently, the WWPF is funded by members with some government support.

History/development:

In 1988, Raymond Smith, president and CEO of MacMillan Bloedel and Jack Munro, president of the International Woodworkers of America, Canada initiated the process that led to the creation of the WWPF. It was a result of both the work they did together on a labour tracking study on the forest sectors and the examples of CSTEC and SSC (see separate Example Summaries). The aim of WWPF was to develop a consultative approach driven by labour's and management's perspectives rather than those of government.

Initially WWPF was an almost exclusively senior level initiative. Involvement primarily included senior executives of the companies and local union officials of IWA. In September, 1989, a program was established and an executive director was hired. Forum activities have included:

- a study to identify opportunities for improving production efficiencies at four different plywood factories in BC. The purpose of the study was to build a case to present to the Fair Trade Tribunal. The study was not completed because of worsening market conditions due to the recession;

History/development (continued):

- an initiative to build involvement of local union and local management people led to a conference in March, 1991. The main agenda items focused on timber supply, value-added manufacturing, and training and labour adjustment;
- a human resource study of the wood products industry in British Columbia is currently underway. Its purpose is to assess the adjustment requirements of the industry; and,
- under the direction of the Port Alberni Adjustment Committee, a pilot project on labour adjustment is currently in the formation stages.

Potentially applicable lessons include:

- Canadian labour and management can work collaboratively on defining problems affecting their industry and on developing agreed approaches to address those problems;
- Clear links to the public policy process may be required for successful collaborative public policy development over the long term;
- Governments must be able to permit the private sector to exercise a measure of control to achieve a successful partnership.

WORKS COUNCILS - Germany

Mandate:

Works Councils are formal consultative mechanisms required by legislation in all workplaces with 50 or more employees. Councils must meet at least once a month and employers are required to discuss work organization, new production technology, training, and short term business developments and plans. In larger firms, works councils are required at each organizational level from the shop floor to senior management. Their role is three fold:

- to ensure that employees are informed on developments affecting the business and planned business responses;
- to advise management on the views of employees regarding:
 - work procedures;
 - organization and operational changes;
 - manpower planning;
 - job security and downsizing;
 - dismissals; and,
- to reach formal agreement on specified matters that fall within their legislated competence:
 - vocational training;
 - hirings and transfers;
 - vacations and holidays;
 - working hours;
 - methods of payment; and
 - a "social plan" to minimize employment and income loss for redundant employees.

Governing structure:

Works councils vary in size from ten to twenty members, depending on the size of the enterprise. Members are elected by all employees at the relevant organizational level(s). Some works council members will be union members*, although they do not formally represent their union, some will not be union members, and some will be supervisory and management employees.

* note: There are no "closed shops" in Germany nor is the "Rand formula" in effect. Union organization is, predominately, by trade although one union represents all employees in each workplace, irrespective of trade; this is normally the same union for the entire industry.

Funding/financial support:

Costs consist largely of "lost time." These costs are borne by the employer.

History/development:

Works councils are a long standing feature of German industrial organization. Early forms of works council were a part of Bismark's package of social legislation in the late 19th Century. Legislated works councils in their present form date from the early 1950's.

Given the relatively long history of works councils in Germany and the evolution they have undergone, the specific method of works council operation varies from firm to firm, and even to some extent from plant to plant within one firm. However, senior corporate executives, plant managers, union representatives, and industry association leaders all express the view that they make an important contribution to:

- harmonious management/employee relations on the shop floor;
- a shared understanding among management and employees of the general business environment and the threats and opportunities which confront the firm;
- sound operational decision making; and,
- the overall competitiveness of German firms.

Lessons potentially applicable in Canada include:

- Works councils are an important means of building a shared understanding among owners, managers, and employees on a number of important matters relating to the enterprise including:
 - the general economic climate in which the business is operating;
 - the forces which impact on its competitive position, long term development, and near term prospects;
 - planned responses; and,
 - implications for work organization and methods.

Lessons potentially applicable in Canada include (continued):

- Works councils build flexibility and adaptability at the firm level;
- Works councils build employee commitment and speed implementation of necessary change;
- Works councils frequently provide valuable suggestions for alternate business responses and work process improvements;
- Works councils provide a sound basis for "Total Quality Management" techniques and practices.

WORKS COUNCILS - The Netherlands

Mandate:

Works Councils are required by legislation in all workplaces with 35 or more employees. Councils must meet at least once a month and employers are required to discuss work organization, new production technology, training, and short term business developments. In addition, long term business plans and projections, which include such matters as planned mergers, acquisitions, and divestitures must be discussed with works councils.

In larger firms, works councils are required at each organizational level from the shop floor to the executive offices.

Their role is two fold: to ensure that employees are informed on developments affecting the business and its operation; and, to advise management on the views of employees.

Governing structure:

Works councils vary in size from ten to twenty members, depending on the size of the enterprise. Members are elected by all employees at the relevant organizational level(s). Some members will be union members*, although they do not formally represent their union and some will not be union members.

*note: There are no "closed shops" in the Netherlands nor is the "Rand formula" in effect. More than one union may represent employees in each workplace.

Funding/financial support:

Costs consist largely of "lost time." These costs are borne by the employer.

History/development:

In the Netherlands there is a long history of viewing companies as forms of both social and economic organization. Informal works councils became very common as a means of coordinating employee/employer action in the anti-Nazi resistance during World War II. Coordinating employee/employer action remains their essential role.

Legislated works councils date from the 1950's.

Lessons potentially applicable in Canada include:

- Works councils are an important means of building a shared understanding among owners, managers, and employees on a number of important matters relating to the enterprise including:
 - the general economic climate in which the business is operating;
 - the forces which impact on its competitive position, long term development, and near term prospects;
 - opportunities and threats;
 - planned strategic and tactical responses; and,
 - potential implications for work organization and methods.
- Works councils build flexibility and adaptability at the firm level;
- Works councils build employee commitment and speed implementation of necessary change;
- Works councils frequently provide valuable suggestions for alternate business responses and work process improvements;
- Works councils provide a sound basis for "Total Quality Management" techniques and practices.

**APPENDIX II - THE PEOPLE WE
TALKED TO**

Peter Adams, President
 Technical University of Nova Scotia
 Halifax, Nova Scotia

John Archer, Secretary General
 Canadian Construction Research Board
 Ottawa, Ontario

Jörg Barczynski
 IG-Metall Pressestelle
 Frankfurt am Main, Germany

J.P. Barger, Chairman & CEO
 Dynatech Corporation
 Burlington, Massachusetts, U.S.A.

John Barnack, President
 Shared Ownership & Management Inc.
 Boston, Massachusetts, U.S.A.

Peter Barnes, Secretary to the Cabinet
 Province of Ontario
 Toronto, Ontario

Robert Barrett
 Robert Barrett & Associates
 Burlingame, California, U.S.A.

J.B.J.M ten Berge, Member
 Raad voor het Binnenlandse Bestuur
 Instituut voor Staats-en Bestuursrecht
 Rijksuniversiteit te Utrecht
 Utrecht, The Netherlands

Turo Bergman
 Central Organization of Finnish Trade
 Unions (SAK)
 Helsinki, Finland

Joseph D. Blair, Executive Director
 Massachusetts Industrial Finance Agency
 Boston, Massachusetts, U.S.A.

Greg Blanchard, President
 Nova Scotia Government Employees' Union
 Halifax, Nova Scotia

Erwin Blasmus, Director of Economics
 Bundesvereinigung der Deutschen
 Arbeitgeberverbände
 Köln, Germany

Dr. Blessing, Federal Secretary
 Social Democratic Party
 Bonn, Germany

Lisa Blout
 Executive Office of Administration
 & Finance
 Commonwealth of Massachusetts
 Boston, Massachusetts, U.S.A.

David Bond, Vice-President, Marketing
 & Public Affairs
 Hong Kong Bank of Canada
 Vancouver, British Columbia

Professor Lewis Branscomb
 Centre for Science & International
 Affairs
 John F. Kennedy School of
 Government, Harvard University
 Cambridge, Massachusetts, U.S.A.

Ron Bremner, President
 B.C.T.V.
 Vancouver, British Columbia

Gary Burke, President
 Santa Clara County Manufacturing
 Group
 Santa Clara, California, U.S.A.

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Leslie Burke
 Fisheries & Oceans, Canada
 Halifax, Nova Scotia

Dian Cohen
 Economist and Journalist
 Aurora, Ontario

Bill Coughlin, Executive Director
 Artery Business Committee
 Boston, Massachusetts, U.S.A.

Marcel Côte, Associé
 SECOR
 Montréal, Québec

Jim Cowan
 Stewart, MacKevey, Sterling, & Scales
 Halifax, Nova Scotia

Liz Crocker
 Halifax, Nova Scotia

Bryan Davies, Deputy Treasurer
 Government of Ontario
 Toronto, Ontario

Jean-Pierre Delwasse, Vice-président
 Marketing Industrie
 Le Groupe DMR Inc.
 Montréal, Québec

Maureen DiMarco, Secretary of Child
 Development & Education
 State of California
 Sacramento, California, U.S.A.

Gerard Docoquier, Co-Chairman
 Canadian Labour Force Development
 Board
 Ottawa, Ontario

Don Earnshaw, Undersecretary for
 International Trade
 Executive Office for Economic Affairs
 Commonwealth of Massachusetts
 Boston, Massachusetts, U.S.A.

Toshiyuki Egawa, President
 Oji Paper Canada Ltd.
 Vancouver, British Columbia

Cliff Evans, Canadian Director
 United Food & Commercial Workers'
 International Union
 Rexdale, Ontario

Hasso Freiherr von Falkenhausen,
 Chairman
 Quandt Group, DataCard Corporation
 Bad Homburg, Germany

Werner Flandorfer, Ministerialdirigent
 Federal Ministry for Economic Affairs
 Bonn, Germany

Howard Foley, President
 Massachusetts High Technology
 Council Inc.
 Boston, Massachusetts, U.S.A.

Richard French, Vice-President,
 Government & Regulatory Affairs
 Bell Canada
 Ottawa, Ontario

Des Gelz, Group Vice-President
 Coast Wood Products, Fletcher
 Challenge Canada Ltd.
 Vancouver, British Columbia

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Leo Gerard, Director United Steelworkers of America Eobicoke, Ontario	Ross Haynes, President The Haynes Group Halifax, Nova Scotia	Tapani Kahri, Director General Finnish Employers' Confederation Helsinki, Finland	George Kuhn, President Danzas (Canada) Limited Mississauga, Ontario
Brian Gilmore, Senior Vice President Associated Industries of Massachusetts Boston, Massachusetts, U.S.A.	Stephen Heeny, Advisor Asia Pacific Foundation of Canada Vancouver, British Columbia	Frank Keefe, President & CEO JMB Urban (former Secretary of Administration & Finance, Commonwealth of Massachusetts) Boston, Massachusetts, U.S.A.	Hajime Kuwata, Consul for Economic Affairs Consulate-General of Japan Vancouver, British Columbia
Jacques Godbout, Professeur/chercheur INRS-Urbanisation Montréal, Québec	Erkki Helsten, Director of Economic Affairs Confederation of Finnish Industries Helsinki, Finland	Shelley Kessler, Assistant Executive Officer San Mateo County Central Labour Council Foster City, California, U.S.A.	Trefflé Lacombe, Directeur exécutif Emploi et Immigration, Canada Montréal, Québec
Larry Goldband, Deputy Cabinet Secretary Office of the Governor Sacramento, California, U.S.A.	John Hodgman, President Massachusetts Technology Development Corporation Boston, Massachusetts, U.S.A.	J.A.M. Klaver, Secretary for Economic Affairs Verbond van Nederlandse Ondernemingen Den Haag, The Netherlands	Carole Lafrance, Présidente CALA HRC Ltée. Montréal, Québec
Tom Graft, Senior Attorney Environmental Defense Fund Oakland, California, U.S.A.	Dezö Horváth, Dean Faculty of Administrative Studies York University North York, Ontario	Johannes Koroma Deputy Managing Director Finnish Employers' Confederation Helsinki, Finland	Ian Langlands, President Fisheries Technology Consortium Halifax, Nova Scotia
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John Halliwell, President Canadian Construction Association Ottawa, Ontario	Jaakko Iloniemi, Managing Director Centre for Finnish Business & Policy Studies (EVA) Helsinki, Finland	Arthur Kroeger, Deputy Minister Employment & Immigration, Canada Hull, Quebec	Phillip Legg, Executive Assistant to the President International Woodworkers of America, Canada Vancouver, British Columbia
Stanley H. Hart, Chairman, President, & CEO The Campeau Corporation Toronto, Ontario	Ira Jackson, Senior Vice President Bank of Boston Boston, Massachusetts, U.S.A.	P. Kroon, Chief Economist Christelijk Nationaal Vakverbond Utrecht, The Netherlands	Jarmo Lehtonen, Chief Sectoral Officer Trade Union for the Municipal Sector Helsinki, Finland
Bruce Hartwick, President & CEO MPR Teletech Burnaby, British Columbia	J. Jürgen Jeske, Chief Editor Frankfurter Allgemeine Zeitung Frankfurt am Main, Germany		Jack Lightstone, Vice-recteur associé à la recherche L'Université Concordia Montréal, Québec

Gaëtan Lussier, President
Boulangeries Weston Québec
Montreal, Québec

Cathy MacNurt, Deputy Minister
Nova Scotia Department of Health
Halifax, Nova Scotia

Dick Martin, Executive Vice-President
Canadian Labour Congress
Ottawa, Ontario

Hans Mathöfer
Vorsitzender-des-vorstandes
Beteiligungsgesellschaft
für Gemeinwirtschaft AG
Frankfurt am Main, Germany

James McCamby, President
Canadian Federation of Labour
Ottawa, Ontario

Garry McCarthy, Executive Director
United Way of Vancouver
Vancouver, British Columbia

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Centre for Environmental
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Mike McGill, Executive Director
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Stewart McInnes, Partner
McInnes, Cooper, & Robertson
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Elizabeth Mills, Executive Director
Voluntary Planning
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Brad Minnick, Deputy Chief Secretary
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Judith Moses, Director General
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**APPENDIX III - SUMMARY OF
CANADIAN ROUNDTABLES**

- Canada is richly endowed but cannot continue to depend on export oriented resource extraction to sustain her high standard of living. We need to both understand the process of wealth creation and redirect effort to those wealth-creating activities which build on our human resources strengths;
- among the factors which render this redirection difficult to achieve are:
 - an expectation that politicians and governments are primarily responsible for taking direct action to solve problems and their parallel need for control/credit;
 - a lack of appreciation of the fact, pace, and impact of globalization;
 - a fixation on short-term economic performance;
 - weak management skills related to dealing with workers and unions and on-going threats to Labour's legitimacy;
 - a lack of clarity about who speaks for the business community and the resulting closed-mindedness among the actors are deeply ingrained in our behaviour patterns;
 - the shrinking capacity of government to actively direct the process because of its declining fiscal flexibility and the fact that many of the relevant decisions are in the hands of international/transnational corporations;
 - fragmented government structures and jurisdictional feuding; and,
 - a lack of consultation skills/mind set within the public service;
- the urgency of achieving this redirection combined with the above-noted factors constitutes a crisis with social, political, cultural, and economic dimensions.
- Meeting that crisis requires, in addition to addressing these factors, at least:
 - a willingness by individuals both to "own" problems which effect their interests and to exercise individual leadership;
 - a recognition that more experience with, and new forms of, cooperation and collaboration are required;

III-1

- a shared understanding that a crisis exists;
- a sense of direction, a vision of where the country should be headed;
- a commitment to investing in our people and their skills;
- an acceptance by senior governments that their most effective role may be as a facilitator of the cooperative/collaborative efforts of others;
- an understanding that innovation and leadership are more likely to emerge in small and medium size organizations than in large organizations; and,
- a realization that individual urban regions are where most economic activity occurs, afford the most meaningful synergies among business, labour, education, and human services, and may be the most appropriate governmental level to facilitate collaboration.
- There are, however, some interesting examples of cooperation and collaboration available. A few are at the "macro-level", dealing with broad social or public policy questions, but the vast majority are of a smaller scale;
- collective bargaining is, in some ways, an example, although it is necessarily adversarial. It thus should not be distressing that the parties do not share a completely common agenda.
- Notwithstanding this adversarial experience base, labour and management can work together effectively, at least at the firm level, given some pre-conditions:
 - management recognizes that labour has a legitimate role and place at the table;
 - labour recognizes that there are certain economic realities which have to be accepted;
 - labour's legitimate job security concerns are recognized and accommodated;
 - the parties can separate issues into those that are necessarily adversarial, and thus need to be bargained, and those which are not, by their very nature, adversarial;

III-2

- the parties know that they can trust one another;
- there is a perceived community of interest on which to base collaboration;
- the parties develop a shared base of information and understanding;
- the parties are prepared to start small, enjoy some success, and then build on that success to expand the community of interest part of the agenda, to consciously try to reduce the number of issues which have to be addressed in an adversarial mode; and,
- government limits its role to no more than setting the ground rules, providing a good example as an employer, and facilitating the discussion when asked.
- Similar pre-conditions exist for effective collaboration and cooperation on a broader, although still "micro-level," basis. Examples, some of which begin to merge on the macro-level, include:
 - at the firm level, quality circles, continuous quality improvement programmes, and other collaborative management efforts;
 - at the industrial or sectoral level, the Western Wood Products Forum, the Nova Scotia Research Foundation, and the Steel Trade Council, among others;
 - at the community or urban area level, a wide variety of community-based economic and social development initiatives; and,
 - at the broad, micro-economic policy level, Voluntary Planning (Nova Scotia) and the Canadian Labour Force Development Board;
- the key characteristics which help make for success in such examples include:
 - a problem of manageable size that it provides scope for manoeuvre and holds the potential for a win-win conclusion without undue recourse to the public purse;
 - trust, openness, honesty, and mutual respect among the participants;
 - having all the key players "at the table";

III-3

- flexibility, a willingness to listen, learn, adjust a position, modify a view, and not drive to a hidden or fixed agenda;
- a willingness to commit time and effort to developing the agenda and arriving at a shared definition of the problem before moving to advocacy on behalf of particular solutions; and,
- a commitment to work hard to reach consensus and to act based on that consensus.
- When the actors do achieve a measure of consensus on the problems confronting a sector and the appropriate solutions, government(s) find it difficult, although not impossible, to disregard that consensus.

III-4

**APPENDIX IV - SUMMARY OF
QUESTIONNAIRE RESPONSES,
CANADIAN AND BOSTON
ROUNDTABLES**

IV-A: CANADA

1. "In general, the following seem to share a common agenda and are cooperating with each other to improve economic performance:" (please check as many as apply)

	NOT AT ALL		VERY LITTLE		SOME		A LOT		QUITE A LOT		DON'T KNOW / UNCERTAIN	
	ALL	LITTLE	LITTLE	SOME	SOME	A LOT	A LOT	QUITE A LOT	QUITE A LOT	UNCERTAIN	UNCERTAIN	
business		4		25		2						
governments		5		16		5						
unions		12		14		2						3
associations		1		6		11		7				5
advocacy/policy analysis groups		1		12		7		3				4
public service providers			5		19		2					2
training/education			11		17		1					1

2. "The country's economic performance would improve if organizations like mine enjoyed more consultation, coordination, and cooperation with each of the following:"

	NOT AT ALL		VERY LITTLE		SOME		QUITE A LOT	
	ALL	LITTLE	LITTLE	SOME	SOME	A LOT	A LOT	
business		2		8			22	
governments		2		1		8	21	
unions		4		3		6	20	
associations			8		17		8	
advocacy/policy analysis groups		4		3		18	8	
public service providers		2		5		13	12	
training/education			2		13		19	

IV-A(Canadian)-1

3a. "In general, other jurisdictions seem to enjoy better consultation, coordination, and cooperation among the key players:" (please indicate that you)

STRONGLY AGREE		AGREE		DISAGREE		STRONGLY DISAGREE		ARE UNCERTAIN	
	3		13		12		1		6

3b. (If you strongly agree or agree) "My impression is that they enjoy better consultation, coordination, and cooperation in:"

Jurisdiction	Industry/sector or activity (ie. health care)
Native peoples	
Europe	political structures, social and economic policy, training and education, esp. employment-related
Japan	export industries, IT, telecommunications, fisheries
U.S.	IT, telecommunications, defense-related

5. "I would classify my organization as a(n):" (please check best answer)

<u>14</u> business	<u>8</u> government	<u>5</u> union
<u>4</u> association	<u>3</u> advocacy/policy analysis	
<u>1</u> public service provision	<u>2</u> training/education	

IV-A(Canadian)-2

4. "The key characteristics that are often overlooked or are not obvious but that are essential to good consultation, coordination, and cooperation among the key players are:"
- shared values
 - clear & present danger
 - begin with shared definition of problem
 - specific, meaningful action plan
 - long term rather than short term focus
 - common purpose
 - clear identification of issues
 - identify shared goals and interests and accept areas of difference
 - acknowledge differing agendas
 - no hidden agendas
 - willingness to deal with issues
 - agreement on process
 - belief in potential for success of process
 - sensitive leadership
 - long term relationships
 - personal familiarity or friendship
 - willingness to accommodate others
 - willingness to compromise
 - flexibility
 - an open mind
 - acceptance of legitimacy of others
 - mutual respect
 - no posturing
 - understanding
 - commitment/involvement
 - consistency
 - trust
 - open lines of communication
 - keeping your word
 - integrity
 - full information
 - common/shared information
 - honest evaluation of past efforts/successes
 - an open/public process
 - single spokesperson
 - enforceability
 - ability to deliver constituency

IV-B: BOSTON

1. "In general, the following seem to share a common agenda and are cooperating with each other to improve economic performance:" (please check as many as apply)

	NOT AT ALL		VERY LITTLE		SOME		QUITE A LOT		DON'T KNOW / UNCERTAIN	
	1	2	3	4	5	6	7	8	9	10
business	1	1	8	1						
governments		3	8							
unions	1	4	4							
associations	1		6	3					1	
advocacy/policy analysis groups		2	3	4					1	
public service providers	2	2	2	2					1	
training/education		5	3	1					1	

2. "The country's economic performance would improve if organizations like mine enjoyed more consultation, coordination, and cooperation with each of the following:"

	NOT AT ALL		VERY LITTLE		SOME		QUITE A LOT	
	1	2	3	4	5	6	7	8
business				4				6
governments				1				9
unions			1	3				6
associations				3				7
advocacy/policy analysis groups				3				7
public service providers				3				6
training/education				2				8

IV-B(Boston)-1

3a. "In general, other jurisdictions seem to enjoy better consultation, coordination, and cooperation among the key players:" (please indicate that you)

	STRONGLY AGREE	AGREE	DISAGREE	STRONGLY DISAGREE	ARE UNCERTAIN
	1	2	3	1	5

3b. (If you strongly agree or agree) "My impression is that they enjoy better consultation, coordination, and cooperation in:"

Jurisdiction	Industry/sector or activity (ie. health care)
Pacific rim countries	industry/labour/government
many south/south-west states	business/government

5. "I would classify my organization as a(n):" (please check best answer)

<u>2</u> business	<u>4</u> government	<u>2</u> union
<u>2</u> association	<u>1</u> advocacy/policy analysis	
<u>1</u> public service provision	<u> </u> training/education	

IV-B(Boston)-2

4. "The three key characteristics that are often overlooked or are not obvious but that are essential to good consultation, coordination, and cooperation among the key players are:"
- leadership and credibility
 - vision
 - mission
 - future orientation
 - shared values
 - perceived need
 - mutual benefit
 - honest agreement on a goal and the objectives to reach that goal
 - recognition of common problems
 - acknowledgement/recognition of common interests
 - commitment to a shared objective
 - willingness to subordinate some short term or parochial interests to shared objectives
 - willingness to compromise
 - problem solving supersedes "ideology"
 - balance
 - understanding of what motivates other participants
 - respect for other points of view
 - trust and respect
 - trust
 - candour
 - staying power
 - history
 - reliable long term players
 - tradition of successful outcomes
 - initial involvement
 - media support

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