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THE NEW INTERVENTIONISM IN CANADA: AN ASSESSMENT

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The Keynesian "consensus" that had informed thinking on the governance of the economy in Canada and other Western countries for almost a quarter of a century finally broke down in the mid-1970s. The ensuing search for alternatives spawned a range of prescriptions, which can be classified broadly according to their attitude towards the role of the state in managing the capitalist economy. Those who saw the problem with Keynesianism as lying in too much state interference in the workings of the market prescribed less intervention and came to be described as the Neo-Liberals¹. In contrast, those who believed that the problem lay in insufficient or misguided state intervention proposed more and/or targeted state intervention as solutions — we call them the New Interventionists. The ideas, practices, and institutional arrangements associated with them have been described variously as "New Interventionism" (Allsopp, 1989), "State Managerialism" (Hamouda and Harcourt, 1988), "State Capitalism" (Cox, 1991) and, occasionally "Neo-

¹ What is called "Neo-Liberalism" in this article is often referred to by many, especially Americans, as "Neo-Conservatism". Similarly what are here described as "New Interventionist" efforts at quasi-corporatist economic arrangements — have been termed "Neo-Liberalism" by others drawing a contrast between it and "Neo-Conservatism". In this article we have opted for theoretically informed definitions (Neo-Liberalism versus Post-Keynesianism or Neo-Schumpeterianism) rather than those determined, in large measure, by the idiosyncratic aspects of American political life (Neo-Conservatism versus Neo-Liberalism).

Corporatism" (Cawson, 1986; Schmitter and Lehmbruch, 1979; Lehmbruch and Schmitter, 1982).

New Interventionism has appeared in two guises in Canada. One is Post-Keynesianism which draws on the ideas of Keynes as well as on social democratic practices in continental Europe and Japanese economic management techniques (Zukin, 1985; Gonick, 1987). It formed the guiding idea behind the main initiatives of the left-leaning New Democratic Party (NDP) government of Ontario, Canada's largest, wealthiest and most industrialised province. The other is Neo-Schumpeterianism — based loosely on Joseph Schumpeter's ideas on long-term economic growth — which seems to have had some impact on the current federal government. It is directed at overcoming impediments to innovations and building the country's technological capacity.

The objective of this paper is to evaluate the recent interventionist efforts by the Ontario and federal governments in Canada. It will examine the difficulties encountered in implementing the macro- and micro-economic strategies associated with the New Interventionism. The paper will conclude that although retaining some popularity in political-economic discourse, Canada lacks the political support and institutional basis necessary for the New Interventionism, in either its Post-Keynesian or Neo-Schumpeterian forms, to succeed.

The New Interventionism in Canada: Theoretical Aspects

New interventionist thinking emerged in Canada in the 1980s partially in response to the earlier emergence of Neo-Liberalism. Emphasising less state intervention in economic affairs and more state control over the social sphere, the Neo-Liberal mix of economic and cultural values was clearly evident in the policies and practices of the federal as well as many provincial governments (McBride and Shields, 1993; Brownsey and Howlett, 1992). The proponents of the New Interventionism challenged this line of thinking and offered policy packages involving greater state intervention, albeit of a targeted variety, at both the macro and micro-levels.

In the Post-Keynesian variant, a critical component was the emphasis on the need to use the machinery of the state to prevent "excessive" wage demands on the part of labour². Through the negotiation of "social contracts" or wage and incomes agreements, caps were to be put on wage increases in exchange for employment guarantees. Such contracts were expected to placate labour while providing a positive investment climate for business, and through the establishment of employment guarantees, also prevent excessive profiteering on the part of business (Cornwall and McLean, 1984; Laxer, 1984; Rotstein, 1984).

The kinds of structures required to support Post Keynesian policies, it was argued, are those that bring labour, business and the state together in a decision-making capacity in a 'corporatist' or 'neo-corporatist' fashion (Schmitter and Lehbruch, 1979; Lehbruch and Schmitter, 1982). Corporatist institutions support "a structured pattern of bargaining between the state and key interest groups, especially those representative of labour and capital" (McBride 1992: 37). The desire to create such institutions and political economic relationships was very much alive in the minds of many social democratic and liberal supporters of New Interventionist thinking in Canada in the late 1980s and early 1990s. Corporatism was seen as a means of sustaining full-employment while restraining inflation through voluntary wage controls. Under the guise of names such as 'partnerships' or 'social contracts' the creation of corporatist types of policy-making institutions was viewed as a means of enlisting the support of key economic agents in the drive for continued prosperity in a new global economy. Training, retraining and labour adjustment were identified as the policy areas crucial to increased prosperity, where the fruits of 'partnership' might be most productive (Richards, 1991; Calvert, 1991).

The appeal of the Post-Keynesian proposals lay in their potentials for uniting many elements of the intellectual community opposed to Canadian conservatism and its Neo-Liberal agenda. For many Canadian mainstream liberals, one of the main factors underlying their support for

² We understand Post-Keynesianism to refer to the macro-economic ideas and practices that seek to refine Keynesianism (See Gonick, 1987). Our use of the term is thus broader than its use by many economists.

Post-Keynesian transformations was the example of growth and development of countries in Northern Europe and East Asia which combined markets with state planning in order to overcome inflation without adversely affecting unemployment (McMillan, 1985). Such a strategy also appealed to Canadian socialists and social democrats looking for a new theory to help reconcile their desire for a state-directed economy in the wake of the demise of centrally planned economies in Eastern Europe and the Soviet Union (Panitch and Swartz, 1991; Milner and Milner, 1991). For many Canadian nationalists, Post-Keynesian notions of national social compacts insulating the general populace from the worst elements of adjustments to globalisation also appeared timely in the wake of the defeat of the nationalist anti-Free Trade forces in the 1988 Canadian federal general election (Cameron, 1991).

A second variant of the New Interventionism in Canada was directed at the micro rather than the macro-economy. Its academic focus was on the elements of an emerging body of thinking often referred to as "endogenous growth theory" (Nelson, 1974; OECD, 1982, 1991). More generally, it brought together a wide variety of individuals concerned with the linkages existing between trade, technology and economic development in the era of emergent transnational "regional" organisations such as the Canadian-American (CAFTA), and later North American (NAFTA), Free Trade Agreements (Krugman, 1992; Dosi, 1988). Basing much of their analysis on the works of the Austrian economist Joseph Schumpeter in the 1930s and 1940s into the role of technological innovation in industrial development (Schumpeter; 1934, 1939), its proponents focus their attention on the manner in which universities, businesses and governments relate to each other in "national systems of innovation", some of which have proven to be capable of enduring endogenous economic development, while others had not (Lundvall, 1992; Nelson, 1992).

The Neo-Schumpeterians diagnose Canada's continuing economic problems as lying in the imperfections in its system of innovation, which they claim adversely affects the Canadian producers' international competitiveness (Niosi, 1991a, 1994; Dosi and Soete, 1991). The imperfection commonly mentioned is the excessive de-regulation and privatisation carried out under the influence of Neo-Liberal ideas which,

it is argued, weakened the links between market and state essential to the country's innovation capacity. It is argued that any effort at market-driven technological policy would simply reflect and reinforce Canada's technological weaknesses caused by its reliance on resource commodity exports and the domination of its economy by multinational firms (Niosi; 1991b, 1993). What was required to address the problem is an interventionist national state which could foster innovation and economic development through an industrial policy aimed at strengthening all of the elements of the country's innovation system.

New Interventionist Practice in Canada: The Federal Experience

Corporatist-type state intervention is, of course, not entirely new to Canada. At the outset of the Depression in the 1930s, the federal government made some attempts to create specialised government agencies bringing employers and unions together in specific industrial sectors to set prices and wages. Similarly, state planning agencies played an active role in economic management with the support of labour and capital during the first and second world wars (Traves, 1979). More recently, probably the best known efforts were undertaken in the early 1970s when the New Democratic Party briefly shared power in a minority Liberal government and thus had some influence on the government's policies. In 1973, the Liberal government (of which Jean Chretien was then Minister for Industry) devised a comprehensive industrial strategy to promote Canadian manufacturing and rein in inflation with the support of business and labour. However, the efforts foundered on business and labour opposition to the unilateral imposition of wage and price controls by the government in 1975. Labour's response to tripartism was contradictory throughout this period. The Canadian Labour Congress at the time combined its opposition to "the corporate state" that had imposed wage controls with advocacy of "social corporatism". By this it meant real power-sharing in both the workplace and government with labour as a full and equal partner; something neither business nor the state was ready to grant (McBride, 1983; Panitch, 1986).

Despite the failures of these early efforts, consultative exercises to implement some form of concerted interventionist policies continued at the federal level in the late 1970s and 1980s. These experiments included the industrial policy Sectoral Task Forces (Mahon, 1984) and the so-called Second Tier Committee in the late 1970s (Brown and Eastman, 1981) which culminated in the Major Projects Task Force of the early 1980s (Doern, 1983). This exercise in the development of corporatist industrial policy-making succeeded in attaining union and business support for massive resource-led industrial projects, which ended in failure when the high energy prices most of the projects had been based upon collapsed in the early 1980s.

Throughout the rule of the Conservative government led by Brian Mulroney between 1984 and 1993, any kind of interventionist or corporatist strategy took a back seat to a business-led initiative to move towards liberalised trade, both on a multilateral basis through the GATT and on a bilateral basis with the US (Granatstein, 1985; Cameron, 1988; Lipsey and York, 1988). While the Liberal government of Jean Chretien (in power since 1993) has continued to pursue the option of enhanced continental and hemispheric trade (Grinspun and Cameron, 1993; Saborio, 1992), it has also begun a reconsideration of many of the Neo-Liberal policy initiatives begun by the Conservatives. Significantly, these reviews have not featured any of the analyses or rhetoric of the New Interventionism. Rather than being cast in a Post-Keynesian light, these initiatives have a distinctly Neo-Schumpeterian hue. The current government's emphasis has been on the internal prerequisites for endogenous growth in a competitive global economy with special emphasis on product and process innovation, labour training and skills development, and research and development.

The Neo-Schumpeterian thrust has been apparent in many policy statements made by senior cabinet ministers. In the preface to the Liberal government's economic policy statement, *A New Framework for Economic Policy*, the federal finance minister Paul Martin noted:

The central theme of the paper is that more and better jobs for Canadians can only flow from sustained economic growth. The key to stronger growth is increased productivity through more innovative and efficient combinations of people, ideas, capital

and resources. Building a more productive economy requires that Canadians be equipped with the right skills; that businesses and individuals be ready to take advantage of new opportunities; and that Canada offer an attractive environment for investors and entrepreneurs, an essential condition for which is to restore the government to fiscal health (Canada, 1993).

In 1994, Industry Canada produced its own version of what the new growth strategy for Canada was all about. In the document, *Building a More Innovative Economy*, Industry minister John Manley stated that:

For Canada, as for other industrial countries, success in the global economy comes from advanced technology, improved workers' skills, and the use of knowledge-based techniques to add greater value in all economic sectors. As the Organisation for Economic Co-operation and Development (OECD) put it in its June 1994 *Jobs Study: Facts, Analysis, Strategies*: "The main way to job creation in OECD countries must be through improved productivity in firms that have a solid capacity to innovate and use technology effectively." (Canada, 1994)

Despite these pronouncements, however, the federal government has made no policy commitment to translate its stated intentions into action. Rather the government has been involved in a large trade promotion exercise in which the Prime Minister led large trade delegations to China, East and South Asia, while pursuing a deficit reduction strategy at home, including substantial cuts to federally-funded research and development agencies (Phillips, 1994).

The New Interventionist Practice in Canada: The Provincial Experience

Unlike the federal government, few provincial governments have shown interest in Neo-Schumpeterian analysis or policy prescriptions. Ontario, however, underwent a well-publicised experience with a Post-Keynesian form of the New Interventionism during the reign in office of the New

Democratic Party (NDP) from 1990 to 1995³. Although the defeat of the NDP government in the 1995 election put an end to the experiment, it still offers a fruitful opportunity for assessing the potentials and limitations of Post-Keynesianism at the provincial level in Canada

In Ontario, Post-Keynesian ideas were first articulated by the Liberal government of David Peterson in reports and studies generated by the Ontario Premier's Council (Drache, 1992). Many of these recommendations were adopted by the NDP government when it was elected to office in 1990. The main institutional manifestation of the new approach was the creation of the Ontario Training and Adjustment Board [OTAB] charged with the responsibility of bringing together various labour market "partners" — unions, businesses, equity groups — in a decision-making role in the operation and design of labour market programmes. OTAB was conceived as an institutional device for supplying labour training in a way that better met the needs of the labour market partners by transferring to them much of the responsibility for decision-making on the subject. The government saw it as essential for promoting high value-added, high wage employment in the face of increasing global competition.

Although organised labour as a whole was a partner in the Ontario government's efforts, there were clear differences on the extent to which particular unions bought into the rhetoric of competitiveness⁴. While the

3 While many provinces have engaged in Neo-Liberal projects — such as Alberta and Saskatchewan and the present day Conservative government of Ontario — most have eschewed efforts at economic consistency. Interventionism is practised most highly in Quebec where one study found that "in a combination of Canadian and Japanese-style corporatism, Quebec has challenged the boundaries of Canadian financial regulation by linking industry, finance and provincial government policy in a powerful way" (Porter 1991: 284). Labour, too, is involved through such initiatives as the Forum pour l'emploi. (see *Financial Post*, 23 May 1989). However, due to the common commitment of significant elements of business and capital to the state-building project in Quebec, for essentially nationalist reasons, Quebec's experience is very much atypical in Canada in many regards.

4 A sense of such differences can be gleaned from a comparison of the remarks of Canadian Autoworkers (CAW) researchers Sam Gindin and David Robertson (1991) with those of the United Steelworkers of America (1991).

jury is still out on how successful were the new initiatives, they can be counted as one of the more successful Canadian experiments simply because they survived birthing. Insofar as it offered a win-win and narrowly defined outcomes — labour training in line with market demands — its prospects were better than some of the more ambitious Post-Keynesian proposals that presumed concerted co-operation among state, business, and labour.

However, even more important than OTAB was the NDP government's "Social Contract" legislation introduced in the spring of 1993. It was a part of a package of measures designed to "ensure that the government [was] in a position to invest in Ontario's future, rather than borrowing from it" (Ontario 1993a). Without drastic action to restrain expenditure, the NDP government estimated that the deficit would rise to \$17 billion rather than its target figure of \$10 billion. While the government was prepared to unilaterally cut \$4 billion through its Expenditure Control Plan, it sought to negotiate an additional round of reductions, amounting to \$2 billion, with public sector workers. The principles underlying this effort at legitimisation were presented, on 23 April 1993, in the following terms:

Real and enduring restraint is crucial to solving our fiscal problems. However, workers need assurances that the costs of restraint and restructuring are being distributed equitably across society.... Like the private sector, our public sector must adapt to the modern imperatives for continuous updating and productivity enhancement.... In exchange for voluntarily restraining compensation, public sector workers will expect to enter into long-term partnership arrangements for planning and implementing the future development of Ontario's public services." (Ontario, 1993b: 1-2)

The government argued that the \$2 billion cut represented by the Social Contract proposals could come entirely out of jobs, entirely out of wages or, as in the social contract proposal, occur through negotiation and "creative participation" of the "stakeholders" (Ontario, 1993b).

In the negotiations that followed, the process envisaged by the government itself became a major issue, joining the size and significance of the deficit as a rock on which the government's expectations were to

founder. The Public Service Coalition formed to oppose the government's proposal came to view the offer of negotiations as symbolic when the only matter on which the government was prepared to negotiate was on how cuts could be made — and even on that issue some in the Coalition felt the government was showing little flexibility. The process was viewed as one based on coercion, not voluntary compliance as the Post-Keynesianism theory would suggest, with solicitation of union acquiescence in the government's proposals in exchange for opportunities to participate in policy-making arrangements viewed as empty rhetoric, or simply as an effort to win legitimacy for the government initiative.

The government's original proposals indicated the scope of the sacrifices demanded: a five per cent wage cut in each of three years, to be achieved by workers taking twelve days of unpaid leave annually; a three year wage freeze, including freezes on merit pay, career progress, and cost-of-living allowances; a freeze on benefit improvements; a cut of five per cent in entry level pay; and enhanced early retirement measures with public sector employers making available one per cent of payroll for adjustment purposes (Ontario, 1993b). Later versions of the government's proposals, for example the draft Social Contract Framework Agreement released on May 26th, became less specific about the way the \$2 billion reduction was to be achieved. Later still, as an inducement to unions to reach agreements, the target was lowered to a potential \$1.6 billion — the reduction was to apply only in sectors where an agreement had been reached. In whatever version, the proposals represented a major assault on the pay packets of public sector employees — an exercise predicated on the government's view of the likely size of the deficit and the implications of running a deficit at that level.

The Public Sector Coalition (PSC) sought to shake the government's newly acquired obsession with the deficit and its attachment to "sound finance" on many grounds. It drafted an alternative economic strategy (the *Public Services Accord*) based on making unemployment rather than the deficit the top priority — in the Coalition's view, slashing the deficit along the lines proposed by the government would cause more unemployment, with negative effects on revenue, and hinder

achievement of deficit reduction targets (Public Services Coalition, 1993).

The Premier's initial reaction to the PSC's alternative proposal was diplomatic but not encouraging: "the severity of our financial situation does not permit a halting of necessary management and program measures already announced". In other words, the \$4 billion cuts under the Expenditure Control Program would continue. Michael Decter, the government's chief negotiator in the social contract negotiations, made it clear that the \$4 billion in expenditure cuts and \$2 billion wage target were not open for negotiation. The following day he was even more explicit in presenting the government's response to the *Public Services Accord*. Taxation policy was not up for discussion. Furthermore, he claimed that it was "not necessary to have a debate on the nature of the economy and the government's views of the economy....Philosophical discussions about principles are not going to get us very far." The government did express some interest in the Coalition's ideas about detecting waste and inefficiency in the public service, but it became apparent during subsequent discussions that not all the savings so identified could be applied against the \$2 billion Social Contract target. These exchanges clarified the government's view of what the negotiations would be about.

In seeking consensus about the necessity for cuts and the best means of implementing them, the government used a standard brew of threat, inducement and exhortation. The attempt, however, proved counterproductive as participants came to perceive the process as one of cynical manipulation on the government's part. The unions found the threats — agree or suffer between 20,000 and 40,000 public sector layoffs — particularly difficult to accept because they were from a nominally social democratic government which they had worked very hard to elect. The inducements — reforms to collective bargaining and partnership in neo-corporatist arrangements — were simply insufficient to compensate for draconian measures proposed under the Social Contract and the Expenditure Control Plan.

The public sector unions maintained their reservations against the proposed Social Contract proposals despite their generally favourable attitude towards the government's reform of the Ontario Labour

Relations Act (OLRA), which represented a significant though modest reform to provisions related to union recognition and collective bargaining rights in the province. Promises to move public sector collective bargaining toward the OLRA model did, therefore, have some attraction. But this was offset by the reality that any reforms would have no impact during the three years the Social Contract was in effect and that the post-Social Contract starting point would be inferior to the status quo. These perceptions were compounded when the government, on the same day that it introduced legislation imposing the Social Contract, moved to reform the Crown Employees Collective Bargaining Act by extending the right to strike to public sector employees (Panitch and Swartz 1993). Extending the right to strike and simultaneously postponing the date of its implementation for three years in many ways typified the Orwellian symbolism of much of the Social Contract process.

Assessing the Canadian Experience

This review of the Canadian experience indicates that New Interventionist policies have been widely discussed but rarely, if ever, employed with any degree of success in Canada. In retrospect, the reasons for the failure of the efforts appear obvious. The implementation of any kind of New Interventionist policy requires the existence of a unified, well-organised state and societal actors, both of which are absent from Canada. Oft-cited references to the political practices in countries such as Sweden, Austria, or Japan fail to take into account the very different state and societal institutions facilitating corporatist policy-making in those countries.

In the case of Canada, unlike the situation found in many countries held up as exemplars, all of the major "corporate" actors — labour, capital, and the state — which must co-operate in either a Post-Keynesian or Neo-Schumpeterian strategy — are seriously fragmented at the national level (Howlett and Ramesh, 1992). In part, this fragmentation is rooted in the diverse nature of the Canadian economy, consisting of sectors with widely varying levels of international competitiveness. Reconciling the interests of the globally-competitive primary and import-competing

manufacturing industries is particularly difficult, given the contradictory nature of their interests (Atkinson and Coleman, 1989). The regionalised nature of the Canadian economy also makes it difficult for policy-makers to reconcile the interests of the various regions into a coherent national strategy (Brodie, 1990). Canada's vulnerable position in the international political economy also fosters uncertainties inhospitable to state managerialism.

These conditions result in an organisational configuration not conducive to implementing interventionist policy strategy at the federal level. The divisions between finance and industrial capital, between staples-exporting and import-competing, and between foreign-owned subsidiaries and indigenously-controlled firms make the formulation of policies to meet the interests of all of them difficult to accomplish. This is especially the case when the divisions between public and private sector unions, between American and Canadian affiliates, between the labour employed in exporting industries and the labour employed in the import-competing industries frustrate unity within the Canadian labour movement. The lack of a strong trade union central, the localised nature of union activity, and the existence of large numbers of unorganised workers further prevent labour from taking a strong position on many outstanding policy issues, or from pursuing the stands it does take in a united and consistent manner (Riddell, 1986; Howlett and Ramesh, 1992). While better organised than labour, Canadian capital too lacks the organisational attributes essential for participating effectively in devising a New Interventionist strategy (Coleman, 1986; Howlett and Ramesh, 1992). The most powerful business association — the Business Council on National Issues — speaks only for the largest multinational firms, whereas the Canadian Federation of Independent Business represents a plethora of small domestic businesses: the two are often at odds on major policy issues.

Given the multiple lines of fragmentation of the Canadian society and economy, it is not surprising that the Canadian federal government often simply responds to the desires of the strongest elements of the business community and pursues liberalised trade regimes conducive to large scale resource exports, or attempts to placate labour and smaller capitalist groups by designing policies for training and

“entrepreneurship” in the domestic, primarily small to medium sized business-oriented, manufacturing sector.

The circumstances are somewhat different at the provincial level. Capital tends to be more concentrated and united, as is labour, while the provincial state remains dominant in many substantial areas of social and economic life. However, as the discussion of the Ontario case revealed, the task of devising and implementing New Interventionist policies is no easier at the provincial level. Achieving close collaboration between business, labour and government is a costly process, even at the provincial level (Gonick, 1987: 168). Firms fear loss of autonomy and management prerogatives to governments and labour. Similarly, the controls on profits envisaged by New Interventionism pose a fundamental challenge to the autonomy of capital (Goldthorpe, 1987: 384). Trade unions also will not go along with proposals to limit wages without some kind of *quid pro quo*. The failure of the efforts to negotiate a Social Contract in Ontario is illustrative of the problems encountered. As the PSC put it:

The public services labour coalition believes that what the Ontario government has offered us is not a social contract.... The government is demanding a package of significant wage and benefit restraints of public service employees and the suspension of our free collective bargaining rights, in exchange for delivery of items many of which have already been promised to us and to all the people of Ontario generally.... The package is silent on the question of what the government expects from or intends to give the other ‘partners’ in the economy (Public Services Coalition 1993:3).

Organised labour viewed the Social Contract proposal as asking for large sacrifices in return for very little and distant returns.

These impediments have meant that while the New Interventionism emerged as an appealing alternative to the Neo-Liberal orthodoxy dominating Canadian policy debates in the early 1990s, it was never able to undergo the transformation from a good idea to viable practice. In fact, instead of undertaking enhanced and concerted intervention in the economy, both federal and provincial governments have for the most

part adhered to Neo-Liberal economic policies. They have sought free trade internationally and reduction of the size of the public sector domestically. The current federal government has moved slightly away from orthodox Neo-Liberalism, but in a neo-Schumpeterian direction, while most provinces look to the failure of the experiment in Ontario as proof that a Post-Keynesian project is unworkable at the sub-national level.

In essence, the New Interventionist prescriptions for revitalizing the Canadian political economy, at both levels of government, have foundered on exaggerated expectations of the support to be found among the institutions of state, labour, and capital for co-operative behaviour designed to overcome the country's severe economic problems. Only some elements of organised labour have professed any faith in New Interventionist solutions to Canada's problems. As early as 1985, surveys found that only 44 percent of labour leaders and 29 percent of the managers agreed with social contracts as a solution to economic problems (Maital and Meltz, 1985). By the early 1990s this overall assessment had changed very little, although some enthusiasm existed for specific, sectoral plans. A poll conducted by the Canadian Labour Market and Productivity Centre, for example, found that:

60 per cent of business leaders and 81 per cent of labour leaders feel that it is critical for the two sides to work together to improve training in the workplace... Substantial majorities of both the business and labour communities want employers to be directly involved in training and feel that unions should have a direct role as well (Ontario Premier's Council 1990).

The logic of partnership as applied to labour training was uncontentious and potentially positive sum — the same amount or, possibly, more training would be better tailored to labour market needs through the enhanced role of the 'partners' — and hence readily acceptable.

While such sentiments are grist to the New Interventionist mill, they remain confined to specific issues and are far from representing any significant agreement among the institutions of the state, labour and business on general approach to economic management. In contrast to the views expressed on training, it should be recalled that the Social

Contract package was viewed by labour as taking something (wages) away without offering anything substantial in return. Moreover, organised labour feared that increased influence over the management of the public service would be directed at further reducing their numbers and restraining their income.

Conclusion

Drawing parallels between the Canadian experience with New Interventionism and the Australian experience with the Accord (1983-1996) is beyond the scope of this paper. However, the Canadian experience should serve as a sombre reminder to those proposing interventionist strategies for Australia (See, for example, Emy, 1993; Stewart, 1994). While the state and labour in Australia are more centralised than in Canada, Australian capital is also fragmented and has shown little interest in participating in the sort of partnership required to carry out coherent and deep interventions. Moreover, the Australian state must have the bureaucratic and political capacity to successfully design and implement the interventionist policies even if there is the political will and social support for them. These are concerns that must be necessarily addressed by those advocating interventionist strategies to counter the ascendancy of Neo-Liberalism in the policy arena.

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