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Ontario's Experiment with Sectoral Initiatives: Labour Market and Industrial Policy, 1985-1996

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Forging Business–Labour Partnerships: The Emergence of Sector Councils in Canada

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For Brady, Jesse, Rory, and Brendan

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For Sandra and Brendan

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Ontario's Experiment with Sectoral Initiatives: Labour Market and Industrial Policy, 1985–1996

NEIL BRADFORD

The decade between 1985 and 1995 in Ontario politics was one of considerable policy experimentation and institutional innovation.[1] In these years, successive Liberal and New Democratic Party governments pieced together a new provincial economic development strategy emphasizing productivity-enhancing investments in knowledge, skills, and technology. The aim was to mount a higher value-added, higher-wage job creation response to the challenges of the new global competition. Critical to the economic strategy's realization were 'social partnerships' forged in new institutions located between state and market, granting private sector representatives leadership roles in the design and delivery of public policy. Priority was placed on developing such partnerships and institutions at the sectoral level in two policy fields: labour market adjustment and training, and industrial development. In the early 1990s the Ontario Training and Adjustment Board (OTAB) and the Sector Partnership Fund (SPF) became the focal points for a concerted provincial effort at sectoral policy-making in Canada's industrial heartland.

This chapter analyses Ontario's ten-year policy experiment with sectoral approaches in labour market and industrial policy, including recent decisions taken by the Progressive Conservative government elected in June 1995 to abolish both OTAB and the SPF. The Ontario experience is relevant to wider debates about the emergence and viability of sectoral councils in Canada, since in this province a systematic effort to conceptualize sectoral initiatives within a new economic development strategy was followed by an ambitious attempt at implementation through novel structures in both labour market and industrial policies. The chapter reveals the complexities of such innovations in Ontario, and explores some of the broader implications of this experience for viable sector-based policy partnerships.

The chapter is organized into three parts. The first part tracks the emergence

of the concept of sectoral strategies in Ontario in three key locales of pol deliberation in late 1980s and early 1990s. The second part examines secto policy-making in action through case studies of OTAB and the SPF. The br histories of OTAB and the SPF reveal significant differences in outcomes, least as measured by the degree and range of new sectoral activity actually ge erated. Simply put, Ontario's attempt to develop training and adjustment cou cils beyond those already existing in the steel, automotive parts, and electrical/ electronics sectors, foundered on the difficulties encountered in establishing OTAB. In the face of OTAB's protracted start-up problems, Ontario's sectoral focus shifted to industrial policy where the SPF managed to facilitate considerable sector strategic planning leading to implementation of some concrete initiatives. The final section of the chapter interprets this finding, arguing that OTAB and SPF each represented distinct forms of corporatist policy-making, and further, that their respective performances were shaped by the interplay of three factors influencing the viability of such arrangements in Ontario: the level at which the corporatist structure was launched; the scope of the policy agenda that was subject to negotiation among the social partners; and the state's role in facilitating and steering the process.

The Emergence of Sectoral Approaches in Ontario

In the years from 1985 to 1995 Liberal and NDP governments departed from Ontario's long-established public policy orientations and intergovernmental positions. The pillars of postwar governance in Ontario have been aptly described as a market-driven approach to economic management and a nation-building approach to dealings with the federal government and other provinces (Haddow, 1994: 485). Indeed, Ontario had been Ottawa's most important ally across the range of constitutional disputes that shaped Canadian politics from the mid-1960s to the early 1980s. At the same time, decades of uninterrupted prosperity combined with pragmatic Progressive Conservative rule had limited the state's economic role, and dampened official interest in social policy experimentation.

After 1985 political and economic forces converged to discredit this policy passivity and benevolent nation-builder stance. The end of the forty-year reign of the Progressive Conservatives coincided with the acceleration of structural transformations in the global economy, and in information and communications technologies, that placed intense competitive pressures on Ontario's manufacturing base. In this environment, Liberal and New Democratic Party governments faced the challenge of directing a rapid restructuring of the province's economy and workforce. For this daunting task, both governments sought new

policy ideas, and enhanced administrative and fiscal capacities. Within the institutions of federalism, Ontario ministers and officials became aggressive claimants for their 'fair share' of federal financial transfers in social and labour market programming (Government of Ontario, 1995; Informetrica Ltd., 1993). Meanwhile Premiers Peterson and Rae emerged as vocal critics of federal monetary, fiscal, and trade policies which they argued magnified external pressures on the Ontario economy and constrained the province's ability to make change.[2] Within their own borders, considerable public policy resources were dedicated to the formulation and implementation of a new provincial development strategy that would feature a far more active role for the state than that countenanced by either previous Ontario administrations or the incumbent federal Progressive Conservative government.

There were three key contexts or processes that expressed Ontario's interest in a new provincial development strategy. Deliberations were officially launched through the Premier's Council created in 1986 by David Peterson. Two substantial reports were released by the council, the first in 1988 focusing primarily on industrial restructuring, and the second in 1990 looking in detail at labour force development. These reports became intellectual reference points for further discussion among political parties, policy experts, civil servants, and interest organizations about provincial economic renewal. Of particular significance here was the Economic Policy Review undertaken by the New Democratic Party in the months prior to assuming office in September 1990 (Roberts and Ehring, 1993: 208–9; Walkom, 1994: 92–7; Ernst, 1995: 4–11). This review involved a number of prominent social democratic thinkers debating the strengths and weaknesses of the Premier's Council work. Its themes influenced how the council's path-breaking work was eventually translated into public policy. The third and final expression of the new development strategy came in the major policy statement of the NDP government in 1991, known as Budget Paper E, accompanying its first budget (Ontario Ministry of Treasury and Economics, 1991). The progression of policy thought across these three locales of idea generation is crucial for understanding the emergence and operation of Ontario's sectoral initiatives in labour market and industrial policy in the 1990s.

The Premier's Council was created as a multi-partite, twenty-eight-member advisory body led by business, labour, educational representatives, and selected cabinet ministers, mandated to 'steer Ontario into the forefront of economic leadership and technological innovation.' Its creation reflected the new government's concern that the regular bureaucracy was neither prepared nor inclined to embark on a major reformulation of provincial economic policy. Given control over a sizable economic development budget, the council was expected to map long-term expenditure priorities for the government. Its first report, *Competing in the New Global Economy*, issued in 1988, concentrated on industrial restructuring policies for moving corporate strategy toward higher value-added activities. The report's departure point was that Ontario's continued prosperity in the global economy demanded improved productivity. It marked the official introduction in Ontario of the policy argument that competitive advantage could be restored and maintained through adding value in production, not by cutting costs, shedding labour, or reducing social entitlements.

From this perspective, the report described weaknesses in the province's manufacturing base, such as comparatively poor performance in technological innovation and exports. It also revealed gaps in the public infrastructure to help firms upgrade their operations in internationally traded core industries that the council viewed 'as the fundamental drivers of our future wealth and prosperity.' It criticized ill-conceived public policies that too often substituted regional and social concerns for competitiveness goals, resulting in industrial assistance that did not 'benefit high-growth industries in need of more strategic investment in R&D and marketing.' The report recommended that public policy target support to 'indigenous threshold firms' in new high-growth, high-technology products and services, while also working to 'encourage all industries to move to competitive higher value-added per employee activities' (Ontario Premier's Council, 1988: 11–34).

To this end, the council proposed a range of government expenditures on firms striving to compete globally on the basis of world-class performance in high value-added activities such as technological research, product development, process innovation, and international marketing. The list of relevant inducements was lengthy: tax incentives for capital investment in high-growth industries for research and development, and in mature industries to help reorganize production and product lines; government procurement opportunities in strategic technologies; risk-sharing loans to threshold firms to help finance product development and marketing; venture capital assistance for start-up support for high technology firms. The aim was to create a provincial manufacturing base populated by indigenous multinational corporations, not necessarily domestically owned but in all cases capable of succeeding internationally through quality and innovation. Given the breadth of the challenge and the time constraints forced by global competitors, the council made a strong case for the existence of significant market failures in high value-added restructuring, and the associated need for strategic policy intervention to assist the transition.

With its focus on industrial policy and corporate behaviour, *Competing in the New Global Economy* tended to downplay the role of labour market policy and workers in the transition to high value-added activity. Although general reference was made to the need to improve supports for workers coping with techno-

logical change, labour leaders expressed concerns about the marginalization of their agenda. In response, the council decided to produce a second report that would balance, and hopefully complement, the initial business-centred analysis. In 1990 *People and Skills in the New Global Economy* was published. The main premise underlying this report was that the productivity of labour was no less important than that of capital for the province's economic renewal. Reforms to education, training, and worker adjustment programs were critical components of an 'aggressive labour market policy' that could 'play a significant role in assisting Ontario's companies and workers to move to higher value-added products and markets.'

The council scrutinized existing skills development policies and institutions, both federal and provincial, and found them lacking in significant ways. It chided the federal government for designing labour market policy through a 'rear-view mirror.' This led to an excessive preoccupation with short-term stabilization and with the needs of the long-term unemployed or new entrants to the labour market, which the council said deflected attention from the urgent competitiveness challenge of upgrading the skills of employed workers in traded sectors. It was further suggested that these programs to assist the unemployed and employment-disadvantaged often failed to ensure that target groups were provided with the resources and skills to avoid falling into insecure, low-wage employment. Against the provincial government, the council argued that Ontario's efforts to 'respond to the federal government's reduction in levels of funding for job training programs, as well as to the federal government's reactive approach to training policy' had largely 'exacerbated existing problems.' More generally, the council decried the proliferation of labour market programs and bodies that prevented formation of a transparent, coherent training system and policy. Duplication, overlap, and gaps in federal and provincial programming were both confusing and costly for clients (Ontario Premier's Council, 1990: 108–19).

Alongside this brief against existing government practice, the council highlighted the problem of market failure in adjustment and training. Through analysis of other jurisdictions, a training deficit in Ontario was identified in relation to the demands of high value-added production, traceable to inadequate private sector investment in workplace skills. From the council's perspective, Ontario employers relied too much on government, public education, and immigration to meet their training needs. The growing importance of generic technical and organizational skills increased the likelihood that a firm-centred, purely market-led approach to labour adjustment would not furnish adequate training for higher value-added activity.

The Premier's Council was drawn to institutional solutions between state and

market. It referred frequently to lessons from sectoral initiatives under way through federal leadership across Canada to coordinate labour market programing and service delivery (Ontario Premier's Council, 1990: 137–9). These initiatives were spread across sectors where workplace representatives came together formally and in an ongoing way to manage either downside, exit problems, or upside, expansionary opportunities. Examining Ontario examples in the steel and electrical industries, the council identified a number of advantages in the sectoral approach. These included: more relevant programming rooted in the expressed needs of the workplace parties; the potential for levering private sector expenditures with public training funds; and the sharing of the costs and benefits of training among firms thereby reducing the incentive to poach while increasing provision of portable skills training encouraging efficient labour mobility.

Building on these potential benefits, the council's central recommendation in its second report was the creation of a provincial training board. OTAB was conceived as an independent provincial agency led by interest group representatives to oversee design, delivery, and funding of workplace adjustment and training. The agency would not simply be given advisory authority as in the case of federal labour market boards, but would exercise decision-making power, and be mandated to reform the system to prepare workers and managers for the challenges of high value-added activity. The agency's executive authority would be exercised within the broad policy direction and accountability structures of government.

With its explicit framing in relation to existing sector councils, the OTAB proposal tabled by the Premier's Council has been characterized as a vehicle 'to generalize the experience of the steel and electrical sectors across the rest of the economy' (Wolfe, 1997: 6). Claiming that implementation of OTAB would represent a 'fundamental change in Ontario's approach to training,' the council stated that 'rather than being a delivery system focused on the individual firm, the new approach will look to sectors and regions as the organizers of training delivery.' Accordingly, the central structural innovation in this OTAB model were sectoral training committees, composed of business and labour representatives who would 'create and administer a regime for training in their respective industry sectors' (Ontario Premier's Council, 1990: 143–5). OTAB's labour market representatives would be responsible for encouraging formation of such sectoral committees, providing official recognition, channelling provincial funds in line with appropriate matching criteria, and ensuring cooperation with the federal government in sectors where it was engaged. OTAB's sectoral training committees would be the key provincial instrument to increase private and public sector training. The council concluded that the main priority for the

agency would be to undertake sectoral consultations 'to determine with each industry sector whether and what goal would be appropriate,' followed by annual public reviews of sectoral progress.

Beyond its clear sectoral thrust, there were a number of other noteworthy features in the Premier's Council conceptualization of OTAB. First, the governance structure was strongly bipartite, with an equal number of business and labour representatives. Provincial and federal governments officials would sit in ex-officio status. Second, priority was placed on competitiveness goals, understood in terms of meeting the needs of employed workers in sectors producing traded goods and services. As such, the government, not OTAB, would retain responsibility for social policy labour market concerns related to equity and access. Third, emphasis was placed on limiting the size of the OTAB bureaucracy. A small secretariat outside of government, staffed in part through rotating secondments from the labour market partners, was envisioned. Finally, consensus on the need to increase provincial investment in adjustment and training did not extend to business-labour agreement on precise means to achieve this goal (Ontario Premier's Council, 1990: preface).

At about the same time that the Premier's Council was mapping its vision of new industrial and labour market policy approaches, the opposition NDP began its own searching policy review. Overseen by the caucus's critic for economic affairs, Floyd Laughren, the economic policy review was organized around work from leftist policy analysts, some of whom had also contributed to the Premier's Council reports. More importantly, many of these analysts would soon join Floyd Laughren in taking up prominent positions in the NDP government. In many ways, the Premier's Council reports provided the departure point for the party's rethinking. In some cases, the critique was explicit, particularly in relation to the 1988 *Competing in the New Global Economy*. Here party thinkers welcomed what they saw as the council's break with traditional neoclassical thinking about competitiveness and the commitment to the high value-added as opposed to cost-cutting restructuring strategy. They also endorsed the general support for a positive government role in productivity growth and shaping corporate behaviour (Mackenzie, 1992: 10–11).

However, the economic policy review was critical of the council's limited view of policy instruments, confined as it was to various business subsidies. This theme was extended to emphasize rejection of the firm-centred policy analysis, fearing that such financial assistance would lead only to a 'few hundred "threshold" firms at the public trough.' Instead, policy should focus on linkages among firms for 'deepening and broadening our productive base' (Gindin and Robertson, 1992: 35–7). This line of argument led to a different approach to industrial policy. Eschewing reliance on tax incentives to individual firms, this approach conceptualized technological and organizational innovation as a social process. The innovative ability of firms depended on a larger web of institutions connecting scientists, engineers, managers, and workers. Experience in other jurisdictions suggested that cooperative relationships between producers, suppliers, and research communities underpinned the 'collective advance of technical knowledge' (Wolfe, 1992: 20–9).

Industrial policy needed to do more than subsidize individual firms. It had to 'create a new array of social and political institutions capable of supporting increased levels of social productivity and a higher standard of living' (Wolfe, 1992: 21–2). A central determinant of national or sub-national competitiveness was the institutional capacity to generate and diffuse innovations across the economy through networks sharing ideas and combining resources. In these terms, the NDP policy thinkers gave currency to the notion of a sector-based industrial policy. The goal, it was argued 'is to develop production networks rather than world class entrepreneurs' (Gindin and Robertson,1992: 37). Furthermore, such networks and sectors tended to cohere in clusters that were regionally defined, providing a provincial base for renewed community or local economic activity.

As regards labour market policy, the economic policy review also broke with the Premier's Council at certain key points. The timing of the 1990 election precluded any direct response to the council's second report, *People and Skills in the Global Economy*. Nonetheless, it was clear that the party thinkers rejected the equity-efficiency trade-off proposed in the OTAB model.

In question here were a number of the council's inter-connected themes and assumptions: the focus on internationally traded sectors and employed workers; the separation of economic and social policy goals in labour force development and the associated division of labour between OTAB and the government in adjustment and training programming; and the empirical data, glossed over in the Premier's Council report, showing a trend in high value-added production toward labour market polarization in terms of job quality and income levels. Party deliberations took full account of the rapid growth of non-standard or contingent work, questioning the relevance of the council's labour market strategy to these workers, and indeed its feasibility in an economy generating many low-wage, unstable employment ghettos outside the core traded sectors. Training and adjustment policies for employed workers in traded sectors required broadening to incorporate equity and access for all workers, employed and unemployed. Such policies also required flanking by other labour market measures in the areas of employment standards and labour relations (Myles, 1989; Ernst, 1995: 7).[3]

In sum, the New Democratic Party's industrial and labour market policy

agenda, as it took shape in the months before the party took office, was more complex and ambitious than that presented by the Premier's Council. Whatever its shortcomings as a rigorous exercise in policy analysis and development, it responded in ways that the council exercise had not to the experience and claims of constituencies beyond business and labour, particularly equity groups such as women, visible minorities, and people with disabilities. These interests were not recognized as central actors in the council's high value-added policy discourse (Dehli, 1993: 100).

Of course, this economic policy review only acquired larger, province-wide significance after September 1990 with the surprise election of a majority New Democrat government. In attempting to find its bearings in power, the government drew on the intellectual capital vested at the Premier's Council, the reformulations generated through the party process, as well as further discussions with key party constituencies (Ontario Federation of Labour, 1990). The resulting synthesis was formally expressed in background material to the government's first budget in April 1991. This budget, most remembered for its mild Keynesianism, also contained a framework statement of the new government's economic and social policy direction. Seeking to develop a 'progressive competitiveness' alternative to what it saw as the federal government's neo-liberal agenda of deflation, downsizing, and privatization, Ontario's Budget Paper E stated:

> Ontario cannot afford the rigidity induced by policies which focus on cutting wages and eroding public sector contributions to productivity. The alternative approach for government is to play a role as facilitator of structural change, not only to minimize the costs of transition and distribute them more fairly, but actively to promote the development of high-value-added, high-wage jobs through strategic partnerships. The approach of the Ontario Government is based on the conviction that sustainable prosperity is best achieved on the basis of increased equity and cooperation. (Ontario Ministry of Treasury and Economics, 1991: 87)

In effect, the government would aim to bridge the economic efficiency and social equity divide that separated the labour market policy visions of the Premier's Council and the party. In doing so, it would also reject the firm-specific industrial policy of the council in favour of the party's sectoral approach to coordinate 'a variety of practices involving firms or outside agencies, such as trade associations, apprenticeship programs, labour education facilities, joint marketing arrangements and regulatory commissions, each of which facilitates inter-firm cooperation' (Ontario Ministry of Treasury and Economics, 1991: 92).

The stage was thus set for Ontario to begin its experiment with sectorally

based policy-making. Budget Paper E indicated that the showcase policy fields for this approach would be labour market policy and industrial policy, the former finding expression through a multipartite planning approach at the provincial level, and the latter taking the form of sectoral planning processes requiring extensive inter-firm and labour-management cooperation. The government looked to establish its own version of OTAB, and a new industrial strategy centred around the Sector Partnership Fund.

The Operation of Ontario's Sectoral Initiatives

The Ontario Training and Adjustment Board

Observers of the Liberal Peterson government have concluded that the ideas and recommendations of the Premier's Council were 'virtually ignored by both the Liberal Party and cabinet and by the Queen's Park bureaucracy for the life of that government' (Mackenzie, 1992: 13.). Indeed, beyond the creation of the Ontario Technology Fund to manage certain aspects of the industrial policy agenda, most of the work of the Premier's Council reports languished on the sidelines during the Peterson governments (Hall, 1996: 4–15). An announcement in 1989 of the formation of OTAB and the dismantling of the provincial training bureaucracy was not followed by any coherent implementation effort.

However, the election of the NDP government signalled significant new political commitment to practising more anticipatory economic development policy through institutional innovations. One of the new cabinet's first moves was to create an inter-ministerial working group to develop a framework for provincial training and adjustment policy that considered both the Premier's Council OTAB model and the ongoing provincial social assistance review (Wolfe, 1997: 9). This charge was significant since it affirmed the NDP government's view that labour market policy should merge economic efficiency and social equity goals. At about the same time that it created the inter-ministerial group, the new government signalled its interest in sectoral labour market approaches, signing a five-year agreement to contribute to a training program under way in the electrical/electronics industry. It further supported formation of a training centre in the plastics sector in cooperation with Humber College (Ontario Ministry of Treasury and Economics, 1992: 28). Other sectoral training initiatives were anticipated after the recommendations of the inter-ministerial committee and, most importantly, decisions on the proposed OTAB.

In November 1991 the government released a consultation document on its plans for provincial labour market policy. *Skills to Meet the Challenge: A Train-*

ing Partnership for Ontario established the outlines of the NDP's OTAB model. While rooted in the Premier's Council vision, this model reflected the influence of the earlier party policy review, and the new government's initial compromises reached with its labour market partners. As the minister of skills development later stated, 'What we did in terms of adjusting the models to our own purposes was to try to expand the partnership somewhat, in particular so that we would be assisting unemployed workers and people who want to re-enter the workforce as well as those with jobs in having a say in the development of policy around training and adjustment in Ontario' (Ontario, *Standing Committee*, 1993: 1348).

The NDP made four significant revisions to model that had been endorsed by the Liberal government. First, the range of programs to be transferred from government to the agency was extended to include those serving the employment disadvantaged. Second, programs were to be grouped under four separate councils – Workplace and Sectoral Training, Apprenticeship, Labour Force Adjustment, and Labour Force Entry and Re-entry – each with its own funding envelope and leadership structure mirroring the agency's executive board. Third, the composition of the executive board or governing body would be less bipartite and more multipartite in character. The composition was: eight business and labour representatives, four from social equity groups (specifically, women, visible minorities, persons with disabilities, and Aboriginal Canadians), two from the education and training sector, and one federal and one provincial ex-officio representative. Fourth, the OTAB secretariat would be staffed by public servants who would transfer along with their programs to the new agency without any loss of seniority, benefits, and existing collective agreement protections (Ontario Training and Adjustment Board, *Skills to Meet the Challenge*, 1991: 34).

With this model on the table, the government began public consultations on both the provincial body and a proposed network of local training boards designed jointly with the federal government (Government of Ontario, Canadian Labour Force Development Board, Employment and Immigration Canada, 1991). The ensuing process proved complex and drawn-out. It soon became clear that each of the private sector partners invited to sit on OTAB arrived with its own understanding of the basic purposes of training. It followed that each had rather different views of OTAB's policy focus, program priorities, and financing strategies (Bradford and Stevens, 1996).

Equally clear, however, was the government's commitment to devolving substantial policy responsibility to its partners. Much time and resources were devoted to helping the groups equip themselves for effective participation in the proposed agency. Indeed, almost all of 1992 was consumed with trying to establish the representational foundations for OTAB's operation. The social partners set up their own steering committees to consult their constituents on basic issues such as the agency's mandate. The government supported formation of permanent reference groups for OTAB's representatives to improve accountability in decision-making and institutional legitimacy. Public funds were made available to assist those groups, particularly in the equity and education communities, to develop structures to sustain their involvement in the board. Adding to the complexity of the initial consultations were unexpected demands for greater representativeness. A range of constituencies not contemplated in either the Premier's Council model or the government's, such as youth, construction employers and employees, and injured workers, asked for their own representatives. Some francophone groups wanted a separate, French-language OTAB while the provincial Building and Construction Trades Council initially called for a separate construction training and adjustment board. As this complex consultative exercise unfolded, the most senior civil servant involved remarked that the aim was to launch a 'round table of diversity' where 'participation will breed creativity' (Steed, 1993: 23). Yet there was a clear risk that this diversity, rooted in divergent labour market world views among the partners, would breed disputes of an order threatening to paralyse the process. In fact, the government faced an extraordinary challenge in steering debates among the social partners to the common ground necessary for institutional innovation. Below is a description of the divergent views of the social partners, tracking their manifestation at critical decision points in the establishment of OTAB (Bradford and Stevens, 1996: 156–61).

Business had accepted the original Premier's Council version of OTAB as an opportunity to use the discourse of competitiveness and skill development to orient publicly funded programs and services towards the type of competency-based and applied skills training it deemed most useful. Labour's vision of training reflected a long-standing desire among workers for self-determination, equality, respect, and genuine consultation on workplace issues. Many individual unions and the Ontario Federation of Labour (OFL) saw training as an increasingly important issue which they could not afford to leave as a unilateral business decision. For example, the Canadian Energy and Paperworkers (CEP) argued that 'the need for training is not just a question of productivity and/or profit for the company, although we may share some these concerns with management. As we see it, training is about the future of our role in society as working people. It is *our* issue' (CEP, 1993: 87). The worker-driven vision of training challenged business's focus on competitiveness and 'puts workers in a better position to shape the future and start to eliminate job discrimination based on gender, race and ethnicity.' In these terms, the union concluded that

'while OTAB has the potential to promote worker-driven training across the province, its direction is not set. We will have to fight to make sure that OTAB meets our needs' (CEP, 1993: 11).

Within business and labour there were also different views about the benefits of participating in joint planning structures, and the degree to which compromises should be made. On the labour side, the Canadian Auto Workers (CAW) was much more sceptical of joint labour-management cooperation in training decisions than either the CEP or United Steel Workers of America. For business, there remained basic questions of representation and whether there could be a reliable business voice to decide province-wide training issues. Organizations representing different sectors, particularly small business, were wary of decisions that might have an uneven and detrimental effect on their own membership.

Like business and labour, social equity groups had also developed particular understandings of training, reflecting their own workplace and community experience. In general, they all 'welcomed the integration of social and economic policy in the OTAB legislation,' and argued that 'employment equity must be linked to the entire labour adjustment and training system' (Ontario *Standing Committee*, 1993: 1711). In their view, 'good training' was a broad concept. In the words of the spokesperson for the Ontario Women's Action on Training Coalition: 'The new training boards must establish one integrated system that meets the needs of all individuals at all points in their lives. People don't only need skills for working; they need skills for living in healthy, economically vibrant communities. We want to ensure that social equity objectives are first established, then achieved and maintained within a training system that promotes social justice as well as economic objectives' (Ontario, *Standing Committee*, 1993: 1711).

Equity groups not only argued for greater access to state funded programs but a more basic reconceptualization of the training system. They noted that the dominant conception of skill acquisition and knowledge – viewed as a rational progression from elementary and secondary school to post-secondary education or apprenticeship and finally to firm- or workplace-specific skills – did not recognize either the different ways these groups might acquire skills or the barriers they faced in following the prescribed route. Women's groups maintained that training had to support gender equity, be learner-centred, and provide collateral supports such as income and child care to enable women to participate. Visible minority groups emphasized that an anti-racism focus should be at the basis of training policy formation and program design. Groups representing the disabled were concerned that a training system remove access barriers and provide accommodations to facilitate their participation. Francophone groups wanted the language and economic barriers faced by their community to be addressed.

As a spokesperson for a community-based training organization put it; 'People who are not job-ready have a set of barriers that is not so much related to the recession's lack of jobs as it is to personal or systemic barriers. Our concern is that the training needs of our target groups will not be considered by OTAB to be worthy of investing in, not 'the best returns on investment' (Ontario *Standing Committee*, 1993: 1578).

Social equity groups developed linkages across their concerns, 'using their participation in OTAB as a base from which to do grass-roots organizing, developing their consensus-building skills' (Steed, 1993: 23). The OTAB consultation process brought together groups which had previously not worked together, enabling them to develop common positions on labour market issues. They also developed ties with activists in the OFL and individual unions, providing the basis for connecting their agendas and advancing common positions.

The advancement of this social equity agenda was contested. Business, in particular, saw social equity concerns as diluting or overshadowing the role it (and the Premier's Council) assigned to competitiveness per se in Ontario's training system. Business spokespersons feared the proposed OTAB would have 'a more important social than economic focus' and that the achievement of a more competitive economy had been relegated to a 'secondary status' (Ontario, *Standing Committee*,1993: 1597). They criticized the government for producing an OTAB model that strayed from the original purposes of the Premier's Council.

These fundamental differences among the social partners crystallized in further disputes over the coverage of OTAB's mandate, the governing body's decision-making rules, and payroll training taxes (Bradford and Stevens, 1996: 159).[4] The question of whether OTAB's mandate should cover the public sector proved to be a major area of contention. Business groups did not want money for private sector training diverted to the broader public sector and took the position that adjustment measures for this restructuring should remain a government responsibility. They insisted that OTAB's mandate apply only to the private sector. The OFL and public sector unions, on the other hand, wanted the public and broader public sector included to guarantee training funds for members affected by widespread public sector restructuring. While the final wording of the mandate referred to OTAB's responsibility for both the private and public sectors, the business steering committee won assurances from the government that OTAB's focus would be the private sector. After OTAB was established, business continued to resist any shift away from private sector concerns. Significantly, business did not provide a slate of its members to sit on a proposed council to examine broader public sector training issues, suggesting a boycott of the council.

With its multipartite representation, OTAB's decision-making rules became another source of controversy. Business wanted to avoid being outvoted by a coalition of labour and equity representatives and indicated that it would not provide nominations to the board unless the issue was resolved to its satisfaction. The business steering committee proposed that in the absence of consensus a double majority model be adopted. This model would require the support of the majority of business and labour directors in addition to a simple majority vote. Equity groups proposed a triple majority model in which they would be dealt with collectively as a third partner. A majority of votes from business, labour, and equity groups would be required. Eventually a compromise between a double and triple majority model was devised. The decision-making model protected business from being outflanked by other groups, gave equity groups some influence where consensus could not be achieved, and maintained the dominance of both business and labour on the governing body.

Finally, the business steering committee rejected the OFL's demand that a 1 per cent payroll training tax be levied against employers to increase private sector funding for training. Business representatives argued that any investment in training should be voluntary and that a compulsory tax would act as a disincentive to the development of business-labour training trust funds. In other words, existing sector agreements on training could be imperilled if a tax was implemented. As one business spokesperson put it, 'Top-down directives will not move business people to train' (Ontario, *Standing Committee*, 1993: 1825). The issue was more or less resolved when the government informed business that it would not implement a training tax unless recommended by OTAB. Compulsory leveraging of employer investment in training would therefore not be done without the consent and approval of business.

In the midst of these disputes, and following a formal round table session intended to reach consensus, the minister of skills development introduced legislation in late 1992 to establish OTAB. Remarkably, some groups complained that things were moving too quickly. The Board of Trade of Metropolitan Toronto felt that the process had been 'a forced march,' and that government should devise 'a more carefully thought out plan' (*Canadian HR Reporter*, 1992: 15). In fact, once legislation was introduced the business community began to rethink the entire exercise, preferring to recast OTAB as a more conventional advisory body to government. The Ontario Chamber of Commerce stated that it was 'inappropriate to give OTAB spending authority for funds that should be accountable back through the legislature ... that means that the independent portions of OTAB, the various boards and councils relying on reference groups/interest groups nominees, should be advisory, not decision-making' (Ontario, *Standing Committee*, 1993: 1376). This revisionism was not confined

to business interests. A key labour representative stated publicly that the eighteen months of policy work and consultation leading to the enabling legislation had been largely wasted and that the government's institutional experiment would not work. He suggested an alternative: 'We should obligate employers to train their workers, and focus public dollars on training the unemployed. The government should have put someone in charge to just do it' (Steed, 1993: 23).

Despite the controversies, the government finally passed the OTAB legislation and in July 1993 appointed the governing body, nearly three years into the government's mandate. A budget was approved of $442 million for the first year of operation. Through all these debates, the government still hoped that OTAB could be an effective vehicle for delivering more and better sectoral training. In the words of the minister, 'We have a history of successful initiatives in bringing bipartite sponsorship to training initiatives, and those are ongoing at this point in time in our province. There is no reason to imagine why we cannot, at the upper level of our training system, use a similar kind of partnership to govern the training and adjustment policy development and implementation in Ontario' (Ontario, *Standing Committee*, 1993: 1348).

Indeed, as the OTAB implementation process dragged on, the government pursued specific initiatives on the sectoral training front. It signed a three-year Sectoral Training Agreement in the auto parts sector, complementing its earlier support in the steel and electrical and electronics sector. As part of the social contract exercise for restraint and restructuring in the public sector and broader public sector, the government created a $300 million adjustment and training fund. This initiative involved formation of sectoral panels to operate a cross-sectoral job registry providing labour market matching services for workers and employers. It built on an existing broader public sector Transition Assistance Fund which had spawned a sectoral adjustment and training health care strategy, the Hospital Training and Adjustment Program, modelled after the private sector Canadian Steel Trades Employment Congress. Through training trust funds, the government initiated in the construction industry a number of inter-employer, bipartite umbrella trusts that allowed for some sectoral labour market planning. The JobsOntario Training Fund, while focused on subsidies for individual firms in hiring social assistance recipients, also aimed to 'encourage larger employers and sectoral associations to create jobs for eligible unemployed workers' (Ontario Ministry of Treasury and Economics, 1992). Finally, there continued development in the community college system of sectoral centres of specialization providing focused upgrading for workers. Such centres included the Canadian Plastics Training Centre at Humber College, the Canadian Automotive Institute at Georgian College, and the Woods Products Development at Conestoga College.

It was in relation to these various initiatives that OTAB's Sectoral and Workplace Training Council was to provide a new single window on provincial sectoral labour market programming. It would ease access for private sector clients and help rationalize programs, and focus public expenditures. The council would be responsible for encouraging the development of sectoral agreements in a variety of ways. It would channel provincial funds; require formation of sectoral committees to guide training practices; work with sectoral committees to establish mutually acceptable criteria to guide training activities; ensure that the design of sectoral initiatives took into account labour adjustment issues and needs; and promote training opportunities for individuals who face barriers to participation in training.

Yet before this single window could open, OTAB's newly appointed governing body and the government's training bureaucracy had to sort through further implementation issues. From late 1993 to early 1995, attention shifted to setting up the five new councils, deciding protocols for the bureaucracy comprising some 550 staff members, drafting OTAB's strategic plan, formalizing relationships with the twenty-five local boards, and negotiating the memorandum of understanding with government (OTAB, Co-Chairs' Report, 1994). These tasks required nearly a year of intensive work and were completed in June 1994. It was another six months before the councils began to meet to focus on central tasks in OTAB's mandate: program reform and new sectoral training agreements.

The implementation planning undertaken by OTAB's governing body was paralleled by inter-ministerial meetings within government to address unresolved issues. Prominent among these was finalizing a framework to allow the new agency to make progress on sectoral training initiatives. This was an obvious priority as the three existing sectoral agreements with provincial participation were funded on a time-limited basis through an approval process outside the initial OTAB budget. There was no specific mechanism for funding sectoral training and it was not clear whether provincial funding contributions for future agreements would be approved by OTAB through a predetermined funding allocation or by cabinet on a case-by-case basis. The fact that OTAB's budget was divided between the five councils also made it difficult to shift monies into new sectoral agreements.

However, the biggest increase in the government's labour market budget was not additional funds to OTAB or sectoral initiatives but to JobsOntario training which was aimed at getting social assistance recipients off the welfare rolls through wage and training subsidies for individual employers. Further, as part of its 1992 budget, the government launched the second major track of its sectoral policy approach – industrial policy. The next section reviews developments in this field.

The Sector Partnership Fund

OTAB's implementation process revealed fundamental areas of disagreement among Ontario's labour market partners. However, amid the disputes there was one point of fairly clear agreement: the high value-added strategy required integration between labour market and industrial policies. The minister of skills development underlined that the government's approach was to encourage 'industries to meet both their training needs, their research needs and so on, as clusters with related needs instead of remaining unlinked to each other and simply flying solo' (*Canadian HR Reporter*,1992: 17). Members of the professional training community itself urged the government not to establish OTAB in the 'absence of an overall industrial strategy for the province' (Ontario, *Standing Committee*, 1993: 1366). From the labour perspective, one union representative stated: 'The minister has stated that OTAB is part of a long-term industrial policy framework for Ontario. We agree. "Part of" are key words. It must be emphasized that training is not an industrial strategy. Training by itself cannot bring an end to economic dislocation and the resulting human misery that thousands and thousands of workers are currently experiencing' (Ontario, *Standing Committee*, 1993: 1507).

In its industrial policy proposals, the NDP again combined themes from the Premier's Council and its own economic policy review. The government did not want to target support to individual firms or to continue spending on mature, crisis-ridden companies in the steel and pulp and paper industries that became unexpected assistance priorities of the government in its first year in office. More generally, the government wanted to find an alternative to the traditional industrial policy dependence on direct expenditures and tax incentives designed and delivered by bureaucrats.[5] This approach was brought together in the industrial policy framework released in July 1992. Government expenditures would henceforth neither focus on individual firms nor take the form of general incentives, but would be channelled to enhancing the 'people and physical' infrastructure of the new economy, specifically worker skills and high technology. Knowledge, both scientific and organizational, was emphasized as the critical variable for successful high value-added production. Equally important for competitiveness, however, was the broader societal and institutional capacity to diffuse it across firms in the economy. Implicit was the notion that there was a common public and private interest in contributing to the economy's knowledge-generating infrastructure. In these terms, the framework announced the government's intent to begin joint planning with networks of firms and unions in specific sectors. The goals were threefold: to lever private sector resources for upgrading sectoral competitiveness; to tailor all government expenditures to

the particular product, market, and organizational conditions prevailing in sectors; and to introduce a kind of market test into industrial policy supports by confining government's role to 'creating capabilities and promoting winning activities – the competitive fundamentals – rather than trying to pick the winning companies or sectors of the future.' The framework pointed to industry-wide training programs as a prime example of how firms could improve their competitiveness through cooperation at the sectoral level (Ontario Ministry of Industry, Trade and Technology, 1992: 12–18).

The centrepiece of the industrial policy framework was the Sector Partnership Fund, approved as a new initiative and announced in the 1992 budget with funding of $150 million over three years, later extended to six (Ontario Ministry of Economic Development and Trade, 1995). Under this program, the government would elicit from critical interests in the sector, cooperative competitiveness strategies, and fund concrete initiatives to make the shift to higher value-added activities. The sector strategies were to include diagnosis of sectoral strengths and weaknesses, identification of common challenges, and analysis of priority initiatives to meet such challenges. Such initiatives could address training requirements, research needs, marketing opportunities and so forth (Wolfe, 1996: 19).

Responsibility for the formulation of strategies was given to the sector partners themselves. The SPF defined a sector as a group of Ontario-based firms that produced similar goods or services, using similar processes and technologies, and that have identified themselves as a sector. Each sector required a forum or council for sector issue identification and consensus building, that included representation of business and trade unions and other relevant interests. The SPF was available to all sectors in the economy. The government did not predetermine inter-sectoral funding priorities, and provision was also made for cabinet to adjust provincial expenditures across sectors and activities on an annual basis. At the same time, however, the funding approval process decided by the government was rigorous.

The government specified a number of conditions that sector councils would have to meet to qualify for provincial money. Sector strategies had to reflect a consensus among all interests represented in the process. Specific initiatives proposed for funding had to constitute an incremental addition to the activities of the sector, and not substitute for activities that would have taken place regardless of the fund's existence. They could not overlap or duplicate other areas of government programming. Finally, once drafted, the sector strategies and proposed initiatives would be scrutinized by bureaucratic officials who would then carry the proposals forward to the Cabinet Committee on Economic Development for approval. Also proposed was an internal government sector

council which would meet quarterly and be composed of representatives from sector ministries, Treasury Board, and Cabinet Office. The council's role would focus on coordination and facilitation of strategies, involving technical review of submissions and administration of the Fund.

In practice, the Ministry of Economic Development and Trade (MEDT) was responsible for coordinating the industrial policy framework and implementation of the SPF. Under its direction, line ministries with sectoral responsibilities such as Forestry, Health, and Agriculture and Food were assigned leadership roles in facilitating approval of strategies formulated by the sectoral partners. MEDT directly led strategy development only in those sectors where there was no established ministerial partner, such as aerospace, computing, and plastics. MEDT became a kind of industrial policy central agency supporting the various line ministries in their external work with the sectoral councils, and in their internal responsibilities for bringing forward proposals to the Cabinet Committee on Economic Development. This internal bureaucratic division of labour reflected a desire to break down the ministerial walls that characterized traditional industrial policy making and reinforced the government's desire for shared ownership of the SPF as an initiative relying for its momentum on joint planning in the private sector.

In recognition of Ontario's limited experience with this kind of cooperative planning, one of the fund's goals was to assist in developing new inter-firm relationships, analytic abilities, and program or service delivery capacities. To this end, a maximum $500,000 provincial contribution was available for helping sector partners to equip themselves to prepare their strategies. This money could be used for sector capacity building projects such as strengthening emerging industry associations, providing initial diagnosis of the sector's capabilities, and retaining consultants to assist in developing a sector strategy. A first step for many industries before undertaking planning and seeking approval for initiatives was to use the SPF to create a sectoral governance structure or council to forge new associational structures that would cultivate inter-firm cooperation and labour-management partnership.

Consistent with the philosophy of supporting winning activities rather than picking winners, the SPF gave priority to sectors that were independently organized and conveyed an interest in working with government. By letting the proposals develop externally, the government believed it would improve the quality of the submissions and their prospects for sustainability through increasing commitment of private not public resources (Ontario Ministry of Industry, Trade and Technology, 1992:24). Following approval of a strategy, the government was prepared to make a financial contribution for implementation of up to 50 per cent of funding secured from the sector partners themselves or other gov-

ernments. The government's aim was clear enough: provide initial monies to engage firms and labour market partners in a planning process, lever sufficient private sector investments to implement sectoral programs, networks, and infrastructure, and over time allow market forces to determine their viability.

The SPF was in operation by 1993. Thus there is a basis for preliminary assessment of its performance or impact. According to David Wolfe, a key participant in the design of the initiative and a close observer of its subsequent operation, the SPF was a mixed success (Wolfe, 1996:21). On the one hand, it provided an opportunity for many firms, unions, members of the scientific research community and the like to come together for the first time to identify common challenges and potential solutions. These consultations produced an unexpectedly large number of sector strategies with broad buy-in from social partners. Between 1993 and 1995, only two sector strategies were rejected, one because it appeared the group wanted to use the process to lobby the government, and the second because the business representatives refused to cooperate with labour (Chamberlain, 1995). Overall, the content of the sector strategies conformed closely to the expectations of government, in part because the template created by government for the plans was clear and in part because individual ministries worked closely with their sector partners in their preparation.

On the other hand, the implementation of concrete initiatives, where financial contributions were required from the government's social partners, was not so successful. In fact, the SPF budget was consistently underspent, suggesting that many sector strategies did not contain proposals that could meet the conditions for funding (Wolfe, 1996: 25) The gap between the sector planning and initiative implementation raised concerns that millions of public dollars could be spent on a process that did not lead to meaningful results. It was possible that the matching fund formula was simply an insurmountable barrier for many small and medium-sized businesses that could most benefit from cooperation. Alternatively, the gap between planning and implementation could be seen as an indicator of success. The market test that demanded significant private sector investment in approved initiatives worked to guard against flawed or dubious projects from being funded. The incentive was for the social partners in the planning process to identify only those proposals that all could mobilize their own resources behind. Clarification of these matters awaits systematic evaluation of the SPF.[6]

Regardless, by the time of the June 1995 provincial election, the SPF process had engaged two thousand participants from twenty-eight sectors, involving twenty-two unions, ninety-three industry associations, and twenty-eight college and universities (Ontario Ministry of Economic Development and Trade, 1995) Despite some difficulties in the partnerships, particularly between the CAW

and business representatives in the auto parts and aerospace sectors, the SPF process appeared to be evolving towards a functional form of government-facilitated, bipartite planning (Ernst, 1995: 21). The government committed about $75 million of the $150 million SPF budget and levered an additional $95 million from the private sector for joint projects. Sector strategies were approved in fifteen sectors, representing a broad cross-section of the provincial economy. These sectors included telecommunications, computing, aerospace, auto parts, food processing, environmental industries, health industries, plastics, furniture, and cultural industries. Many sector strategies identified training issues, ranging from raising skill levels for workers and managers, to equipping the workplace parties to undertake major work reorganizations. Other common areas of emphasis were improved access to capital, and support for expanded international marketing, and export development (Wolfe, 1996: 25).

However, the SPF's most significant impact in terms of concrete initiatives funded appears to have been support for sector-based technology and business resource centres. The aerospace sector strategy resulted in the creation of the Ontario Aerospace Council to help companies collaborate on pre-competitive research, establish an aerospace industry training certificate program, and bid on major national and international contracts. A similar sector-based technology centre was established for environmental industries to assist in commercialization of environmental technologies. In the food sector, new funding was provided to the existing Guelph Food Technology Centre to improve technology transfer. Further funding was provided to the Ontario Winery Adjustment Program, a sectoral arrangement established in the late 1980s in response to free trade. In computing, a sector resource facility was funded to provide technical support to small and medium-sized firms and improve their international marketing and export competitiveness. In auto parts, a sector strategy was approved, involving funding from the federal and Quebec governments, to establish a permanent sectoral council to coordinate initiatives in specific areas such as manufacturing practices, access to capital, work organization, apprenticeship training, and global marketing (Ontario Ministry of Economic Development and Trade, 1995; 1996). Beyond their specific activities, these centres were potentially significant value-adding innovations in a larger sense. They could institutionalize the cooperative sectoral relationships engendered through the initial planning stage of the SPF, providing a context for organizing further investments in collaborative services and programs. It seems reasonable to conclude that they constituted the logical first step in confirming the sectoral planning capacity that was fundamental to the long-term success of the SPF.

In the end, the achievements of the SPF seem to reside more in the process it engaged than in the products it delivered. The mere fact that constructive plan-

ning on sector-wide issues was occurring not only distinguished the SPF from OTAB, but suggested a potential shift in the provincial business culture, and to some extent the labour relations climate, away from narrow competition among firms and conflict between unions and management. The SPF was designed to realize the competitive advantages argued by authoritative analysts of the new economy to flow from such inter-firm cooperation (Best, 1990; Coleman, 1988: 260–85). Given the high number of sectors that participated in the SPF and the degree of consensus achieved on strategic plans, it was understandable that Ontario's sectoral focus moved from labour market policy to industrial policy. The SPF represented a more promising institutional framework than OTAB for implementing sectoral initiatives in Ontario.

Assessing Ontario's Sectoral Experience: Labour Market and Industrial Policy Compared

The above case studies describe a pattern of frustration and dashed expectations in Ontario's sectoral activity in labour market policy, and modest but comparatively impressive progress in industrial policy. In attempting to account for this outcome, it is helpful to consider the concept of corporatism and the factors that condition the viability of this form of policy-making (Atkinson and Pervin, this volume). Corporatism can be defined as a framework for political management of the economy that directly involves interest organizations in policy development and implementation. It requires that such groups combine interest representation, policy participation, and membership control roles (Cawson, 1986: 38; Goldthorpe, 1984: 324). Ideally, corporatism involves ongoing bargaining among highly centralized, comprehensive business and labour organizations possessing policy expertise, formally recognized by the state, and delegated significant control over the public policy outputs. Corporatist arrangements, it has been argued, can moderate political conflict by providing incentives for compromise on specific issues and an enduring context for finding common ground among different interests. They may also contribute to positive economic performance by providing better and faster policy intelligence on the critical needs of producer groups (Katzenstein, 1985: 191–211).

Indeed, comparative studies examining employment, inflation, and restructuring patterns in the 1970s and 1980s highlighted the relative success of corporatist jurisdictions. Almost all of these success stories were found in Western Europe, leading observers to hypothesize that there were identifiable preconditions – structural, cultural, and organizational – necessary to develop and sustain corporatism. Three factors have often been seen as critical: the organizational capacity of the social partners to define their policy interests and deliver

constituency support or compliance around compromises negotiated with other representatives; an ideology of social partnership rooted in labour-management mutual respect in the workplace; and a government able to combine the roles of negotiation facilitator and policy participant.

To what extent should OTAB and the SPF be included in the corporatist family? In both cases, the state recognized certain interest groups and invited them to assume new responsibilities as participants in the making of policy. The principle of equal representation of business and labour interests in the decision-making process guided the state in its design of both OTAB and the SPF. Both involved substantial delegation of authority over the content of programs and public expenditures to the social partners who were expected to identify priorities through cooperative negotiation. The social partners were not simply information providers to bureaucrats or advisors to government. They were representatives of societal interests empowered by the state to direct and shape the course of provincial industrial and labour market policy. Indeed, the government's commitment to a substantive devolution of authority through both OTAB and the SPF was underscored in the considerable time and resources devoted to enhance the organizational capacities of the social partners to assume policy responsibilities.

Given the roles and responsibilities of government and organized interests in these policy bodies, it is fair to conclude that both OTAB and the SPF matched up reasonably well with defining features of the corporatist model. However, they did so in particular ways. Specifically, three factors capture important differences between the corporatism of OTAB on the one hand and the SPF on the other. The first factor concerns the level at which the corporatist arrangement was cast, that is, at the macro-societal, economy wide level or at the meso-sectoral, industry specific level. The second factor concerns the scope or range of issues that were open to negotiation among the social partners. The final factor involves the role played by the state, specifically the degree to which officials provided direction to the social partners, and clarified expectations about acceptable outcomes.

OTAB was an attempt at province-wide macro-corporatism. Its implementation revealed the relative absence of the key pre-conditions mentioned above for this corporatist form in Ontario, and the great complexity in attempting to create them. The organization of Ontario business and labour seems neither sufficiently centralized nor comprehensive enough to permit effective, sustained policy participation at the provincial level. Each community has significant lines of internal division that inhibit the ability to close ranks around positions, not to mention mobilize support for compromises on the kind of broad, cross-cutting policy questions framed at OTAB. In terms of the culture supporting

social partnership, the labour relations climate in Ontario has always been more adversarial than collaborative, and perhaps never more so than in the period between 1990 and 1995. Business groups linked the government's major training and adjustment proposal to other policy initiatives they strongly opposed, such as labour relations reform and employment equity. As the Canadian Federation of Independent Business stated, 'OTAB and OLRA are so very linked. You're talking about training for jobs and killing jobs' (Khan, 1992: 7). On the other hand, labour was emboldened by the NDP victory and their pressures certainly reinforced the significant modifications made by the government to the Premier's Council OTAB model. Yet the introduction of the social contract in 1993 brought to the fore internal divisions in the labour movement and strengthened the position of those unions basically opposed to participation in corporatist policy structures (McBride, 1996: 87–8).

OTAB was also an innovative form of labour market corporatism in its multipartite governance structure which gave formal representation to numerous social actors with little or no history of working together. This novel departure from the familiar European tripartite corporatist template certainly reflected the diversity of Ontario's labour market and the full range of employment problems wrought by rapid economic restructuring. Yet it made consensus-building on both agency governance and policy priorities difficult in the extreme, and likely to require years of organizational learning from all partners. In sum, the government faced a highly unstable interest group alignment at the macro-societal level in seeking partners for OTAB's implementation.

Controversies about OTAB's structure and representation lead into consideration of the second key factor shaping the viability of Ontario's corporatist experiments: the scope of the issues subject to negotiation. OTAB's policy focus was wide-ranging, consistent with a macro-societal institution with diverse interest representation. It emphasized ensuring equitable access to basic skills acquisition for groups historically facing barriers, and integrating the long-term unemployed, social assistance recipients, and new entrants into the labour market. Here, business representatives raised concerns about the loss of focus on their core efficiency concerns through incorporation of the social equity agenda. Not surprisingly, consensus among business, labour, and social equity groups proved elusive. The social partners remained more advocates of their own training policy world views than participants in cooperative policy-making.

This all points to the importance of the final factor, the role of the state. The government was consultative and tentative throughout the process. At critical junctures in the implementation process, there was insufficient political will to reign in debates, and either make decisions or specify a range of acceptable outcomes for social partner negotiation. While this stance may be taken as evidence of the commitment to devolving authority, it seems clear in retrospect particularly given the policy differences that persisted between the business community on the one hand, and the labour and social groups on the other, that much firmer government direction was required if this institution was to achieve an organizational identity and find a policy focus.

In sum, OTAB's macro-societal structure, diffuse mandate, and wide range of program responsibilities all conspired to reduce the likelihood of consolidating a viable sectoral policy structure. In such circumstances, a much stronger form of political leadership was required than actually materialized.[7] In the case of OTAB, key successes reported by the Premier's Council from the sectoral council experience of the 1980s were lost, principally that there must be a limited number of core issues, low expectations regarding the outcome of the initiative, a close linkage to workplaces, and leadership committed to finding areas of mutual self-interest (Ontario Premier's Council, 1990: 138).

In considering these three factors – the corporatist level, the issue scope, and the state's role – in relation to the SPF, a different picture emerges. Most importantly, the SPF was organized at the sectoral meso-corporatist level, and therefore, the task of meeting the pre-conditions for effective policy-making was less daunting (Atkinson and Coleman, 1989: 87–94). The SPF could rely on industry associations and individual unions to represent fairly cohesive interests in a joint planning process on a limited set of issues. So the prospects for constructive participation and identification of common ground among stakeholders were much greater.

Furthermore, questions about the mandate of the fund, or the larger nature and purposes of industrial policy, were simply not brought to the sectoral table for negotiation. The SPF channelled sectoral planning to five specific categories of activity, which in turn flowed from the competitive fundamentals enunciated in the industrial policy framework. While focused on the new goal of facilitating high-value added production, dialogue among the social partners was effectively confined by the government's funding criteria to areas of common ground. It followed that the partnerships forged at the sectoral level were limited to a more traditional set of interests, principally business associations, organized labour, and scientific researchers. Ideological conflict tended to be muted by the shared interest in securing some form of state assistance in meeting specific sectoral challenges.

Perhaps the most important factor contributing to sectoral activity generated under the auspices of the SPF was the role played by the state. The government defined the characteristics of an eligible sector and recognized the critical interests. It made available money and expertise to support emergence of sectoral council structures, set the terms for an acceptable planning process, and pro-

vided a template for the content of sector strategies and established clear criteria for funding of initiatives. With the SPF, significant policy responsibility was devolved to the social partners, but within explicit parameters and expectations. In short, the government's role was far more directive and authoritative than in the case of OTAB.

Assessing OTAB and SPF in light of these three factors, then, it seems that in the Ontario context, the prospects for viable sectoral partnership initiatives are best at the meso-level in corporatist arrangements where the state retains a significant measure of direction, and where the policy agenda is focused and fairly circumscribed. This configuration of factors allowed the SPF process to move forward, while its absence at OTAB left the social partners struggling to define a focus and a rationale for participation.

Conclusion

At the end of the day, Ontario's ten-year experiment with sectoral inititiatives was distinguished by considerable intellectual investment to conceptualize them within a coherent high value-added provincial development strategy, followed by modest implementation success in industrial policy and virtually no progress in labour market policy. Despite high expectations, the province managed only to sign labour market training agreements in the three industries where sectoral councils were already in operation through federal government leadership. In industrial policy, new planning agreements were concluded in fifteen sectors. Moreover, as OTAB struggled to emerge and the SPF moved forward, the province's two sectoral policy tracks existed largely in isolation of one another. As the NDP left office in June 1995, the important goal of integrating labour market and industrial policies through sectoral activity remained substantially unaddressed.

The election of the Progressive Conservative government in June 1995 marked the beginning of the end for Ontario's experiment with sectoral policy approaches. Two dynamics certain to damage prospects for cultivating already fragile corporatist arrangements were suddenly injected into the provincial mix. Most obviously, the government's economic thinking was antithetical to both the spirit and practice of corporatist policy-making. Rather than seeking partners to overcome market failures in providing adequate training and technology investments, the new government appears committed to privatizing responsibility for such matters to individual firms. The state's role in providing support for sectoral initiatives is effectively dismissed in a sweeping critique of micro-economic intervention and unproductive business subsidies. Instead, the government will concern itself with general policies of taxation, expenditure, and

regulation, removing what it views as the impediments to private investment put in place from 1985 to 1995.

The second important change flowing from the election has been a shift in the strategic behaviour of the Ontario business community. Business representatives engaged in the corporatist processes established by the NDP were immediately presented with a far more direct political route to advance their own policy agenda. Traditional channels of influence were reopened to a cabinet sharing the business community's competitiveness priorities and the related criticisms of the view of economic development policy that crystallized in the late 1980s and early 1990s. These changes quickly reverberated through the corporatist boards and councils, most dramatically at OTAB, where the business representatives launched a unilateral offensive aimed at dramatically altering the structure and purposes of the institution. The thrust of the proposal was to eliminate equity representation and programming, and to dramatically downsize OTAB's staff and budget. Relations among the social partners, always difficult, deteriorated further.

Given the new political alignment in Ontario, it was hardly surprising that within the first year of their mandate, the Progressive Conservatives eliminated OTAB and the SPF, as well as related corporatist structures such as the Premier's Council and the Workplace Health and Safety Agency. In the case of the SPF, its budget was initially frozen in July 1995 and subsequently cancelled in November. In the May 1996 budget, the finance minister announced a new $50 million program, funded from savings from other cancelled programs, that appears to address some of the same objectives as the SPF, specifically, the need to 'strengthen Ontario's sectors' and 'bridge the training gap.' By the end of 1996 this program had not yet materialized. Ontario may continue with some version of sectoral industrial policy, but there is little reason to believe it will involve corporatist planning, or government-facilitated cooperative initiatives among groups of firms and unions. The finance minister introduced the program as a 'new private-sector-driven approach to business development' (Ontario Ministry of Finance, 1996: 21).[8]

OTAB's demise, like much else in its brief history, was more drawn-out than that of the SPF. Surviving the initial July and November 1995 cuts, it was effectively placed on a death watch. The reform councils, including the Workplace and Sectoral Training Council, were eliminated, and the governing body was directed by the government only to make recommendations on the future of Ontario's training system to an internal review led by the Ministry of Education and Training. OTAB's proposals to the ministry review included greater emphasis on sectoral training approaches. However, presentation of this advice proved to be the institution's last act. In April 1996 the Management Board of Cabinet

announced the termination of OTAB. Training policy and program responsibilities would be returned to the Ministry of Education and Training, with a much reduced budget, and no mention of support for sectoral councils or training agreements (Government of Ontario, 1996: 71–85; Wolfe, 1997: 28,31).

OTAB and the SPF represented significant attempts at institutional innovation in Ontario. They responded to years of well-documented market and government failures in equipping workers and firms for economic restructuring challenges. Launched in a province with few of the organizational and cultural pre-conditions associated with viable corporatist policy making, both institutions clearly required years to mature. However, the OTAB and SPF experience underscores the obstacles to such complex innovations in Ontario, not the least of which is pronounced vulnerability to the vagaries of partisan politics. Still lacking a firm foundation of support among the social partners, these fledgling institutions became easy targets for a new government committed to radical retrenchment of the province's role in economic development.

Notes

1 The author was a member of the Ontario Public Service from 1992 to 1995. Much of the description of provincial policy-making presented in this chapter is based on personal observation and informal discussion with public servants. For helpful comments on an earlier version I would like to thank David Wolfe, Michael Mendelson, Andrew Sharpe, and Mark Rosenfeld. The author alone accepts full responsibility for any oversights or errors in interpretation.

2 There were two noteworthy exceptions to Ontario's critique of federal policies during this period. Premier Peterson and Premier Rae both supported Ottawa's attempts to accommodate Quebec in the constitution through the Meech Lake and Charlottetown Accords. As well, the federal government's efforts to create labour market institutions that involved business and labour more directly in policy formation was consistent with new policy thinking in Ontario.

3 For further discussion of the limits of the Premier's Council's labour market policy thought and recommendations, see Mahon, 1990: 93–5.

4 The establishment of local boards was also a source of conflict between OTAB's business and labour representatives. For details, see Bradford and Stevens, 1996: 160–1, and Wolfe, 1997: 15–18.

5 The fact that this kind of firm-specific assistance was increasingly constrained by continental trade agreements was another motivation for pursuing a non-targeted sectoral approach to industrial policy.

6 More broadly, the SPF could be criticized for eschewing use of stronger regulatory industrial policy instruments both to sustain social partnerships and mandate desirable investment and employment performance. For this view of sectoral policy strategies, see Gindin and Robertson, 1992: 37, and Gindin, 1995: 263–4.

7 In this regard, it is noteworthy that Bob Rae's memoirs make no mention of OTAB. He identifies the Jobs Ontario program as his government's significant training policy achievement. Also revealing is his observation that his energies were consumed by national constitutional questions in 1991 and 1992, the critical start-up period for OTAB. He notes more generally about the NDP's governing style: 'We certainly consulted, both formally and informally, to the nth degree.' See Rae, 1996, 171–93, 227–38.

8 The May budget also announced a $20 million initiative (funded through reallocated monies from cuts to other programs) 'to work with entrepreneurs, sectors and communities to improve Ontario's competitiveness through advanced telecommunications applications and infrastructure.' The Telecommunications Access Partnerships (TAP) program indicates some continuity with the SPF, although the absence of any reference to the role of labour in the process suggests differences in program design and the meaning of partnership (Ontario Ministry of Finance, 1996: 24; Ontario Ministry of Economic Development, Trade and Tourism, 1996).

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