

# The State and Economic Interests

KEITH BANTING
Research Coordinator

Published by the University of Toronto Press in cooperation with the Royal Commission on the Economic Union and Development Prospects for Canada and the Canadian Government Publishing Centre, Supply and Services Canada

University of Toronto Press Toronto Buffalo London



FOREWORD ix
INTRODUCTION xi
ACKNOWLEDGMENTS xv

The State and Economic Interests: An Introduction 1
 Keith G. Banting
 Comparative Perspectives: Tripartism and the Modern State 4
 The Preconditions of Tripartism 5
 The Impact of Tripartism 9
 Summary 15
 The Canadian Experience 15
 The Consultative Context 16
 Canadian Practice 24
 Conclusions 28
 Notes 30

## PART ONE Comparative Perspectives 35

The Tripartite Experience 37
Leo Panitch
Introduction 37
Tripartism in Historical Perspective 39
There was Life before Keynes: Corporatism
and Liberal Democracy 39
Tripartism in the Full Employment Era: 1945 and All That 42
Consensus in Our Time? Four Studies in Tripartite Practice 50
Britain: If at First You Don't Succeed ... 50

Sweden: "We Has a Meeting" 55 West Germany: "One Man's Idea of Class Warfare was Another's Idea of Social Partnership" 63 Austria: The Exception that Proves the Rule? 70 Tripartism and the Crisis: An Economic Assessment 79 Economic Growth 80 Unemployment and Inflation 88 Income Distribution 100 Other Studies 107 Conclusions 109 Notes 114 Linguistic Diversity and Economic Decision Making: Three European Case Studies 121 K.D. McRae Introductory Considerations 121 Switzerland 122 Belgium 131 Finland 142 Conclusions 146 The Industrial Relations Model and Minority Participation 146 Minority Representation and Participation in General Industrial Policy 147 Minority Sharing in Economic Rewards 147 Minority Perceptions of the Fairness of the System 148 Notes 152 Bibliography 154 The Politics of Employment and Welfare: National Policies and International Interdependence 157 Andrew Martin Introduction 157 The Political Basis for Full Employment and the Welfare State 160 Labour and the Political Economy: Some Comparative Evidence 161 Strategic and Institutional Capabilities and International Constraints 167 The Politics of U.S. Economic Policy and the Changing International Political Economy 175 Shaping the Postwar Economic Order 177 Transforming the Postwar Economic Order 184 The Politics of Alternative Responses to Economic Crisis: Oil-Price Shocks and the Deflationary Dynamic 197 The Austrian Experience 201

The West German Experience		209
The U.S. Experience	222	
Conclusions 228		
Notes 234		

### PART TWO The Canadian Experience 243

#### 5. Canadian Business and the State 245

William D. Coleman

Introduction 245

A Privileged Yet Conflictual Relationship 247

The Political Organization of Business 252

Business Associations in Canada 256

The Coordinating Ability of Business Associational Systems in Canada 261

Explaining Weak Policy Capacity 272

Implications for Consultation 274

System Strengths 274

System Weaknesses 277

Implications for Parliamentary Democracy 280

Appendix: The Study 284

Notes 286

Bibliography 287

#### 6. Consensus Building in Canada: Case Studies and Prospects 291 Pierre Fournier

Introduction 291

Joint-Action Mechanisms: Parameters and Objectives 292

Consensus Building in Canada: Context and Case Studies 295

The Economic Council of Canada 295

Price and Income Control 296

Task Forces 299

The Canadian Labour Market and Productivity Centre 302

Some Recent Provincial Experiments 303

The Impact of Structural, Ideological and Situational Factors on Joint Action 311

General Context and Present Situation 311

Ideological Differences between Unions and Business 313

The Government System and the Canadian

Political Culture 315

Business Structures 318

Union Structures 321

The Prospects for Consensus Building in Canada 325

The Bipartite Approach 327

The Need for Permanent Mechanisms 328
Access to Information 328
The Perceived and the Real Effectiveness of the Process 329
Participation of Other Social Groups 330
Nature and Scope of the Process 330
Notes 332
Bibliography 333

ABOUT THE CONTRIBUTORS 337