

CONSTRUCTION MONITOR

The BC CONSTRUCTION MONITOR is an ICBA publication providing ahead-of-the-curve information and statistics on the BC construction industry and issues relevant to it.

The Monitor draws on analyses and outlooks from various sources, and provides current and substantive insight. This quarterly publication is intended for industry executives, government decision makers, journalists and other opinion leaders.

We welcome your feedback and story suggestions at: info@icba.ca

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Canada and BC Need to Catch-up on Labour Relations



Philip Hochstein

It was yet another summer of labour-relations discontent in British Columbia. Thankfully, the garbage is again being picked up and construction permits are being issued in Vancouver, and the coastal forest industry is swinging back into action.

But that doesn't mean we should be complacent about the current state of labour relations. We urgently need to step away from the specifics of any single dispute, consider broader labour-relations realities, and ask ourselves if

we're satisfied with our track record and recent trends. There's lots of reason not to be.

Canada suffers one of the highest number of days lost due to labour disputes of any industrialized country. We have long experienced significantly more days lost on a per-employee basis than the United Kingdom, for example. In 2005 Canadians endured about 50 times more days lost, on a per capita basis, than in the country where trade unionism was born. The gap between us and other countries, such as Japan, is even bigger.

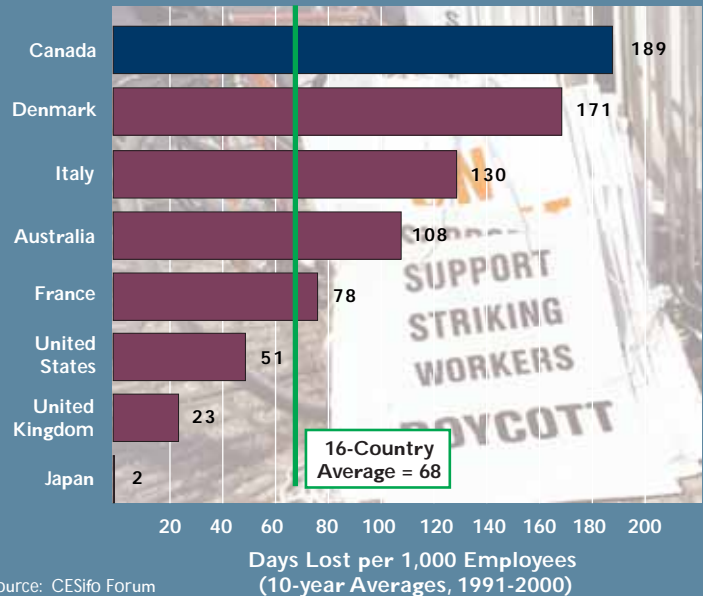
And the situation in Canada has deteriorated. Statistics Canada recently assessed what

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Canada: A Hotbed of Labour Strife

Canada is an international laggard when it comes to avoiding labour disruptions. Decade-long averages show declines in time lost since the 1970s. But a recent assessment by a German think tank found Canada suffered the largest number of days-lost among the 16 industrialized democracies included. Italy is the one country in the sample which we used to outperform, but it far surpassed us in the 1990s.

INTERNATIONAL COMPARISONS: DAYS LOST TO LABOUR DISPUTES



Labour Relations

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it termed a “surge in strikes and lockouts and the resulting time lost” in 2004 and 2005.

The agency identified low unemployment rates and labour shortages as possible contributing factors. If so, this strongly suggests the surge will be a sustained trend, at least in the absence of efforts to improve this country's labour-relations climate.

Such improvement should begin with key areas where Canada and British Columbia are dramatically out-of-step with other democratic countries and economic competitors.

Perhaps most troublingly, Canada continues to make it possible (and common) for individuals to be compelled to join unions and to pay full union dues, as a condition of keeping their jobs and practicing certain professions.

This results in unionization rates in the public sector in particular that are dramatically out-of-step with what opinion research tells us workers would choose for themselves. In effect, government policy is forcing workers to join unions against their will.

We are alone among major members of the Organization for Economic Cooperation and Development in continuing such practices. We have diverged sharply from our democratic peers in our interpretation of the application of the UN Universal Declaration on Human Rights to this important point.

We do not even provide the modest safeguard – widely available in American and European jurisdictions – of ensuring that forced union dues are at least not directed towards political and organizing activities to which the person paying them objects.

And in BC, the legal balance is tipped even further in favour

of unions in some crucial respects. We are one of only two Canadian jurisdictions where labour legislation expressly forbids employers from hiring temporary workers during a strike.

Other jurisdictions have recognized that the right to seek out temporary employees is the natural counter-balance to a striking worker's right to seek out other employment. (And the value of that particular right was underscored during the Vancouver municipal strike, when an estimated half of the outside workers found other employment.)

Use of temporary workers is also often vital to safeguarding the viability of a business, for the benefit of both its owners and permanent employees. And the existence of a temporary-worker ban has been found to be associated with longer strikes and other deteriorations in labour-relations outcomes.

In Canada – and in BC even more so – we have labour-relations laws that were suited to the realities of a very different and long-gone era, and that dramatically and unjustifiably tip the balance in favour of unionization.

They do so at the expense of individual liberties. They do so without regard for current labour-market conditions and employment standards. They do so despite declining union membership, and low interest in and support for unions on the part of workers generally. And they do so in the face of extensive evidence showing that flexible labour markets contribute to greater competitiveness and well-being.

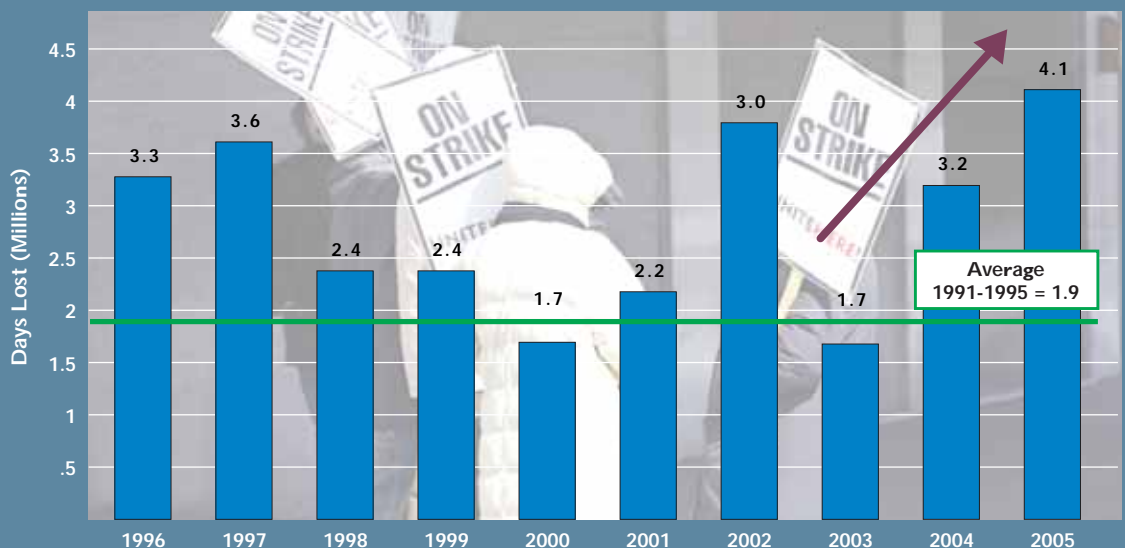
So as the most recent disputes fade from memory, I hope a sense of urgency remains. The rest of the developed world has modernized its labour-relations laws and is reaping the benefits. Canada and BC urgently need to catch up.

In 2005 Canadians endured about 50 times more days lost, on a per capita basis, than in the UK.

Canada's Labour Track Record has Become Worse

Person days lost to strikes and lockouts jumped up over most of the decade from 1996 to 2005, exceeding the previous five-year average in every year except two. In 2005, this important measure of lost productivity hit its highest level in 15 years. The same trend occurred on a days-lost-per-worker basis.

CANADA'S RECENT TRACK RECORD: TIME LOST TO LABOUR DISPUTES

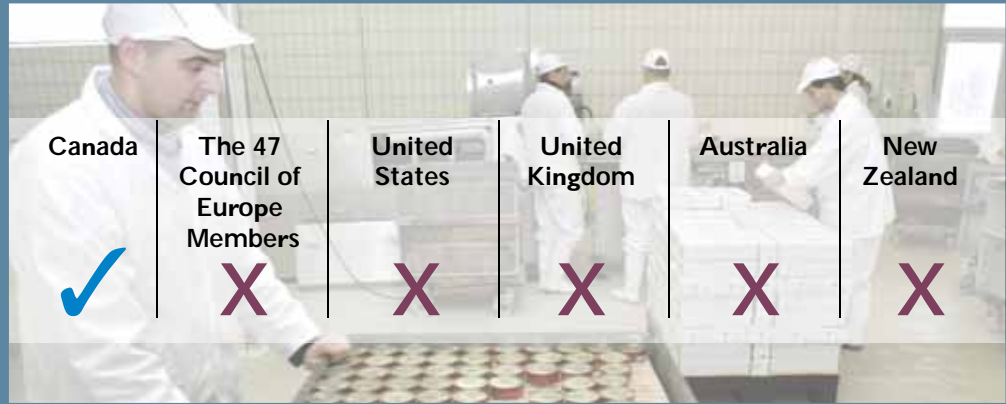


Source: Statistics Canada

Canada Stands Alone on Forced Union Membership

Canada is an anomaly in forcing people to join unions and pay union dues in order to be employed in certain workplaces, and even to practice certain professions. Other democracies used to do the same, but such practices have been widely declared inconsistent with human-rights guarantees – for example, by the European Court of Human Rights – or otherwise made illegal.

CAN WORKERS BE FORCED TO JOIN A UNION?



Source: Canadian LabourWatch Association

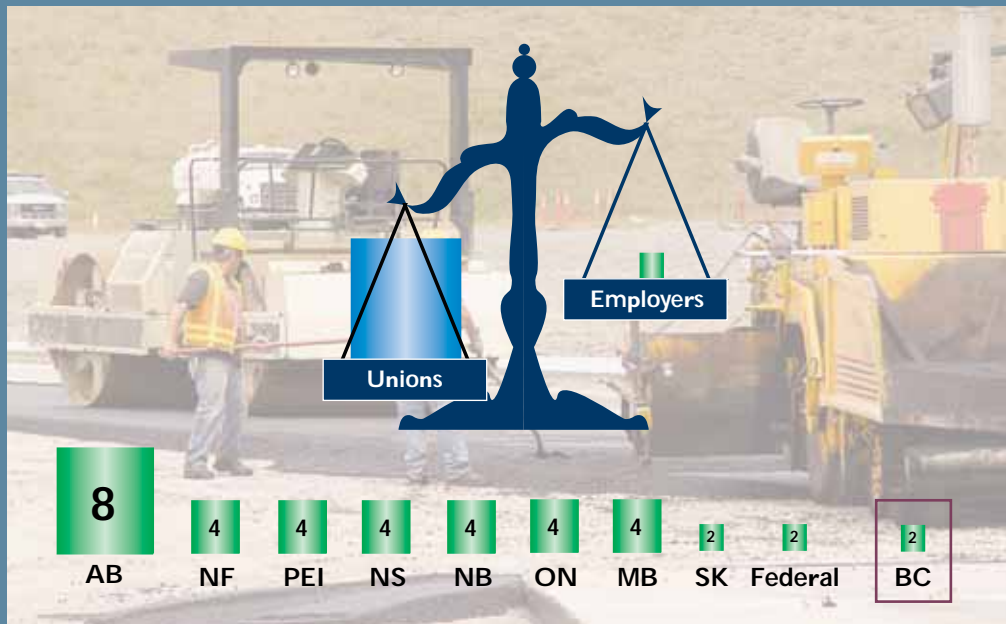
“In Europe no unionized employee can be forced into union “Membership” – as of 2006 in 47 nations it is a choice protected by our view of the human rights of workers.”
 – Jan Södergren, Swedish Human Rights Lawyer



The Balance is Tipped Even Further in BC

A recent comparative assessment of Canadian and US jurisdictions looks at the degree of balance in regulations that apply once a workplace is unionized. BC was found to have badly biased regulations. Most notably, it is one of only two jurisdictions where labour legislation explicitly prevents employers from hiring temporary employees during a strike (the parallel to a striker’s ability to seek out another job). Research indicates such hiring bans are associated with longer and more frequent strikes.

UNIONIZED WORKPLACES: WEIGHTING THE INTERESTS

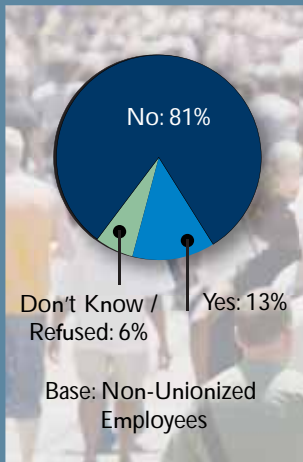


A score of 10 on the employer side would indicate balanced regulations. The lower a jurisdiction’s score is below 10, the more biased regulations are in favour of unions. Quebec – whose restriction on temporary hiring is even more stringent than BC’s – scored zero.

Source: Fraser Institute

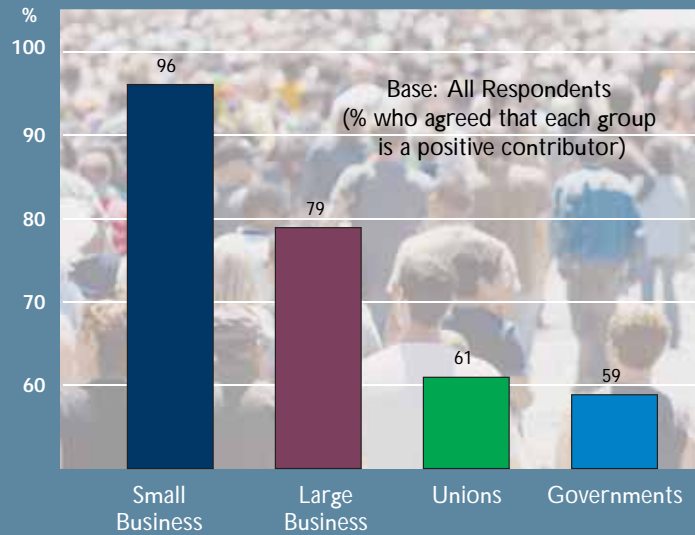
Few Want to Unionize

WOULD YOU LIKE TO BE UNIONIZED?



Source: Leger Marketing

RANKINGS AS POSITIVE CONTRIBUTOR TO PROSPERITY

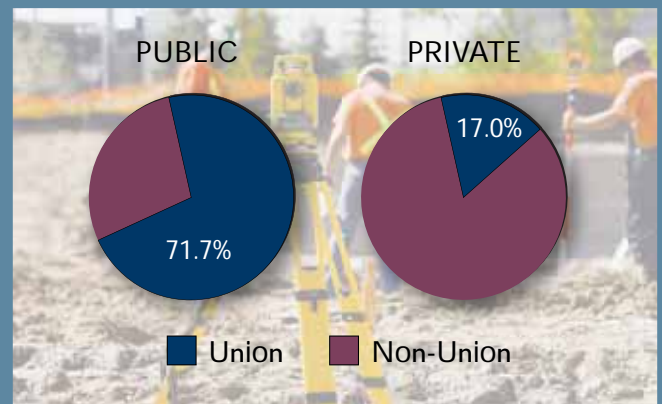


A landmark public survey conducted in advance of Labour Day 2003 tested national opinion regarding unionization and the role of unions in society. Only 13% of the large majority of Canadian employees who are not unionized would like to be – a proportion that holds steady among those who were unionized in the past. Unions were also ranked well-behind both small and large business as a contributor to prosperity.

Private and Public Disparities

Relatively high unionization rates in the public sector are clearly out-of-line with the number of Canadian employees who want to be unionized (see above). In the private sector – where forced-membership scenarios are less common – unionization rates are more in-line with individual choice. Recent trends suggest that the private-sector unionization rate may drop to 10-12% in the next decade.

PUBLIC VS. PRIVATE-SECTOR UNION DENSITY (NATIONAL, 2007)



Source: Statistics Canada

“In effect, government policy is forcing workers to join unions against their will.”



Independent Contractors and Businesses Association of BC
211 – 3823 Henning Drive, Burnaby, B.C. V5C 6P3

PHONE: 604.298.7795 TOLL-FREE: 1.800.663.2865

WEBSITE: www.icba.ca EMAIL: info@icba.ca