We are all familiar with the stages of development of public sector industrial relations: the “golden age” of expansion from 1996 to about 1976, followed by a decade of restraint and a series of cutbacks from the 1980s until 2007. I think labour and their clients in the public sector are now in a defensive period.

The turning point for the latest stage is the Supreme Court decision in the Health Services and Support Facilities case in 2007. The Court established new parameters around government action, although the full extent of those parameters is still unclear. In addition, the Recession that started in 2008 includes a different economic orthodoxy than the last serious recession in Canada in the early 1980s.

In the past three years, a form of “neo-Keynesianism” has become an accepted basis for government policy, even by conservative governments (who predominate in Canada). Since the Recession followed a collapse in demand precipitated by the US financial system, severe government spending cuts would only exacerbate the recession. However, as governments prepare their next round of budgets, pressures to reduce costs by cutting their wage bills become inexorable.

These processes always combine economic pressures with political priorities. The federal government and every provincial government except Saskatchewan has run a deficit in the past fiscal year. The source of these deficits varies greatly, from declining resource prices to restructuring in manufacturing. Most local governments probably fall into the first category. These facts suggest a variety of responses by all levels of government.

Past experiences suggest that industrial relations policies in the public sector will be driven more by politics than economics. Continued urbanization, an ageing population, alleged labour shortages and a recognition that Canada’s competitive advantage starts with a strong education system, all militate in favour of maintenance of public services, again in contrast with the 1980s. If politics do prevail over economic logic in industrial relations policies, we will continue to see jurisdictions reach different accommodations with workers in their efforts to balance their budgets. There is little appetite for cooperation on either side. The Supreme Court has opened the door to more litigation. Examples of innovation in dealing with these conditions will very exceptional. A generation of management has risen to senior positions without ever doing much negotiation, and union leaders have to face apathy of their members in the face of strong employer pressures. Fragmented structures in Canadian public sector industrial relations will provide many examples of distinct policies for dealing with the challenges government and its workers face.