A Comparative Analysis of Public Sector Restructuring in the U.S., Canada, Mexico, and the Caribbean

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We examine public sector restructuring in North America and selected Commonwealth Caribbean nations. Although all the countries studied experienced significant restructuring in response to public debt pressures, there were major differences across countries in the magnitude, pace, form, and the manner in which restructuring decisions were made. These differences reflect the state of economic development and institutional characteristics, e.g., the role of the state and the industrial relations system. In developing countries, international lending institutions played a major role in transforming the role of the state. In developed countries, the inherent stability of the economic systems and institutional pressures led to a gradualist approach to restructuring.

I. *Introduction*

Increased global competition, trade liberalization, and deregulation have exerted tremendous pressure on employment relations in the private sector and, more recently, in the public sector. The primary force driving change in the public sector has been the increasing preoccupation of governments with fiscal deficits and accumulated public debt. In developed and developing countries, there has been a recognition that the failure to stabilize public finances would adversely affect government credit ratings and borrowing potential, industrial strategies for economic development, and private sector performance. Economic and political pressures have led to strategies based on fiscal adjustments (largely cost cutting rather than increasing revenues through tax increases) and public sector reforms to promote greater efficiency.

We examine public sector restructuring in North America and selected Commonwealth Caribbean nations (primarily the larger nations of Jamaica, Barbados, and Trinidad and Tobago). Although broadly similar factors have created pressures for the restructuring in developed and developing countries, our main hypothesis is that the change process (e.g., the extent, form, and conversion processes) varies across countries based on differences in institutional structures, e.g., the role of the state and the industrial relations system.

Our study is presented in six parts. Section II considers whether profound environmental changes are forces for the convergence or divergence of industrial relations processes and outcomes. Sections III to VI survey developments in public sector restructuring in each of the countries and regions under investigation. In the concluding section, we compare patterns of public sector restructuring across countries and examine the factors accounting for the observed differences.

II. *Public Sector Restructuring: Convergence or Diversity?*

Although the size, nature, and role of the public sector varies across nations, budget deficits have exerted broadly similar pressures for reform. For example, Beaumont (1996, p. 284) observes a common feature of "most OEeD countries at the present is the poor state of public finances with the general government deficit being about 3 to 3.5 percent of GDP for the area as a whole in 1995 and 1996." The dire fiscal situation and its potential impact on competitiveness has persuaded political parties ranging from conservative to social democratic to institute reforms. Viewed broadly, fiscal adjustments have typically involved measures to reduce expenditures through public sector wage restraints, the elimination and reduction of public services, and the contraction of public employment through downsizing and restructuring.

In recent years, there has been increased interest in whether globalization of markets produces convergence in industrial relations systems. Notwithstanding the common pressures to reform the public sector, there is sufficient reason to believe these pressures will not produce a convergence of industrial relations processes and outcomes across countries. Poole (1993, p. 108) observes that while economic and political transformations can be forces for the convergence of industrial relations systems, the forces of diversity can be persistent. "These include cultural values and ideologies, political and economic conditions, the institutional framework for industrial relations, the power of the actors, and various temporal movements. In particular, new nations may evolve along different trajectories of development from the West and hence emerge with different industrial relations systems (for instance with respect to the role of the state and legislature and types of trade union)." The diversity of responses across countries to similar environmental stimuli will depend on whether the main actors in the industrial relations system have the autonomy to determine institutional arrangements and the extent to which the distribution of power among actors affects industrial relations outcomes.

Support for the diversity thesis is found in several recent studies. In a survey of industrial relations and human resource management policies in eleven advanced countries, Locke (1995, p. 11) reports that adaptation to globalization and technological advances across nations was "neither universal nor uniform." Ferner (1994, p. 53) concludes that public sector reform within Europe has been widespread, but adds national differences in political accommodations of the public sector have led to reforms that vary in "the degree, timing, and speed of change, in the content, and the style of implementation from country to country." Beaumont (1996, p. 283) also found diversity in public sector developments within Europe based on differences in "historical traditions and institutional arrangements." For example, the British experience was distinguished from the rest of Europe in terms of its ideological and economic "anti-public sector" attack and the absence of a tradition of national government-union consultations. Furthermore, there were differences in public sector adjustment between Britain and Ireland, countries with broadly similar industrial relations arrangements.

Another factor that may contribute to diversity is the role of the state in fostering industrialization strategies for economic development. In developing countries, state involvement is usually greater in terms of formulating national economic development policies and strategies and establishing state-owned enterprises. Kuruvilla (1995, 1996) observes the selection of an industrialization strategy and shifts in industrialization strategies are important determinants of national industrial relations policy. For example, under an import substitution industrialization strategy (ISI) state intervention promotes local industries and offers protection from foreign competition to serve the domestic market. On the other hand, a strategy of export-oriented industrialization (EOI) seeks to generate foreign exchange earnings to promote economic development and growth. In support of an EOI strategy based on cheap labor and foreign investment, various industrial relations policies may be selected to promote stability and maintain competitiveness. These can range from cost containment and labor cooptation (e.g., centralized systems of wage determination and state-sponsored tripartite consultation) to repressive anti-labor policies (e.g., banning unions and restricting bargaining and strikes). Conversely, ISI strategies, which depend less on labor cost containment, are often associated with paternalistic and pluralistic industrial relations policies, especially where there are close ties between political parties and trade unions.

The countries we selected allow us to consider whether the response to the government's financial woes has led to broadly similar changes in public sector restructuring (i.e., in terms of the form, magnitude, speed, and conversion processes). The external pressures for convergence include global competitiveness and free trade agreements such as NAFTA (including Caribbean countries favoring expansion of NAFTA in the future). These pressures must be weighed against differences in the economic, political, and industrial relations systems of the countries, including the role of state in the economy, government structure, and political parties, and the linkage between unions and political parties.

Government workers account for only a moderate share of American employment - approximately 19.5 million employees or 16 percent of all workers in 1996. Local governments accounted the greatest portion, 62 percent, with 24 percent of public workers in state governments and 14 percent working in the federal sector. During the 1990s, employment fell by II percent in the federal sector, but rose by 8 percent in the states and 10 percent in localities (due mainly to strong growth in health care, education, and public safety) (U.S. Department of Commerce, 1997).

Union density and collective bargaining coverage is significantly higher in the public sector. **In** 1996, 38 percent of public employees were union members and 43 percent were covered by collective agreements, compared to 10 percent and II percent, respectively, in the private sector (U.S. Department of Commerce, 1997). There are numerous legal jurisdictions for public employees in the U.S. More than two-thirds of the states have legislation dealing with the representation and bargaining rights of public employees and large cities often have ordinances granting their public workers bargaining rights (U.S. Secretary of Labor's Task Force, 1996).

Restructuring is so extensive that the OECD ranked the United States in 1995 at the highest level in nearly all forms, exceeded only by Germany and Italy in overall activity (OECD, 1995). At the same time, the pattern of restructuring is not uniform across the public sector. It results from downsizing through layoffs, contracting-out of services to private firms, and consolidating or eliminating departments or services. Privatization based on selling or leasing government facilities is rare because governments own few enterprises and major programs are commonly carried out through privatepublic partnerships (e.g., space exploration and the interstate highway system). Moreover, even where privatization is feasible, it can attract political opposition from constituencies that benefit from those services or from the public. This explains, for example, the slow pace of privatization of the energy department's power marketing administrations (offices operating as federally-subsidized power wholesalers in some states), as well as the continuation of Veterans' Administration hospitals despite their high costs (Shoop, 1995).

Given the limited potential for privatization, governments have pursued alternative cost reduction approaches. Some governments have relied on "slash and bum" tactics by downsizing across several departments and services, even eliminating a few completely, with little concern for greater efficiency. Others have targeted specific services for contracting out if private firms have records of low operating costs and efficiency (e.g., waste treatment plants and prisons) (KettI, 1996). Still others have tried hybrid initiatives, e.g., combining downsizing with the elimination of some services and the contracting out of others.

Finally, how and where restructuring occurs is affected by ideological fervor among some public employers. The most resolute proponents of restructuring (these can be either Republicans or Democrats) often espouse the cause of reinventing government by shrinking it or by introducing private sector competition, even in the face of budget surpluses. The basic premise of the re-inventing government movement is that the government's primary mission should be to govern, to regulate, and to prevent exploitation. Proponents argue that the direct delivery of services distracts from this mission, and private sector alternatives usually increase effectiveness, efficiency, and accountability (Osborne and Gaebler, 1992; Savas, 1994; Elam, 1997).

The Evolution of Restructuring. Restructuring occurred only moderately (mainly at the state and local levels) during the 1970s and 1980s. It was usually proposed by administrators, primarily as downsizing, in response to public pressure for tax relief. Although much was said, little was actually done to reduce the size and role of federal government during the Reagan and Bush administrations.

The present restructuring movement can be traced to mounting pressures on state and local budgetary officers in the late 1980s and early 1990s that resulted from reductions in federal grants and transfer payments; increased expenditures for health care, education, and corrections; declining tax revenues associated with the economic recession in the early 1990s; and the shift in economies from a manufacturing to a service orientation (U.S. Secretary of Labor's Task Force, 1996). These changes caused public managers to consider ways to reduce expenditures, including alternatives to the downsizing initiatives used during the hard times of the previous decade. They understood that expenditures could be curtailed or taxes increased, but major tax increases were not politically feasible because of strong taxpayer opposition. They were also concerned that higher taxes would discourage business investment and adversely affect plant location decisions. American states and localities compete for business investment and related jobs by offering tax inducements (Sack, 1998). Consequently, public managers felt compelled to search for ways to cut public expenditures (Belman et aI., 1996).

One might expect that the recent strong economy in the U.S. would ease the pressure for restructuring because government revenues can rise without tax increases. But restructuring continues even in prosperity because of public managers' concerns about the strength of anti-tax movements among voters, as well as the popular sentiment that many government operations can be made more effective and less costly if transferred to the private sector or reduced in size. A 1995 survey found that forty percent of cities contracted out services and intended to continue to do so (Reason Foundation, 1996). A survey conducted at the start of 1998 found that with their budget surpluses, a majority of states were planning tax cuts, a continuation of a three-year trend, rather than expanding public employment and services. Not surprisingly, "tax cut fever" was strongest in states with 1998 gubernatorial and legislative elections (Sack, 1998).

The Federal Government Level. Federal restructuring is broadly encompassed in the National Performance Review (NPR), a series of programs promoted by Vice President Gore. The first phase of NPR, completed in 1994, focussed primarily on the processes by which the government operated. But the second phase sought to "reinvent government" by examining all government agencies and programs and identifying what the government should not be doing, i.e., making the government work better and do less. All options would be weighed including the complete elimination of departments (Shoop, 1995).

The Federal Workforce Restructuring Act of March 1994 mandated a civilian work force reduction of 119,000 full-time equivalent positions by fiscal year 1995. The government reported that it exceeded this amount by more than 73,000 positions (Gore, 1996). The NPR envisions layoffs as the last resort, with most reductions made by attrition and employee buyouts. The Federal Workplace Restructuring Act authorized departments to offer monetary incentives for retirements and resignations (Bureau of National Affairs, 1995a). Proposals for restructuring have been developed by commissions and study groups on which unions have a consultative role rather than a controlling or a negotiating role.

Another facet of federal restructuring is the growing movement for devolution, based on the belief that states and localities are more efficient than the federal government, can adapt programs better to regional conditions, and are more aware of the public's preferences (Doeringer et aI., 1996). One survey characterizes the trend in devolution as "slow and difficult [but] indications are that the next several years could see a significant shift of power from Washington, D.C. down to the states. States will have much greater flexibility to use competition to deliver a wide range of services, everything from airports to social services" (Reason Foundation, 1996, p. 4).

State and Local Governments. At the state and local levels, the services contractedout range from garbage disposal to prison operation. A survey by Dilger et aI. (1997) found that contracting-out was firmly entrenched in the largest American cities. Ninetyfive percent of responding city administrators had contracted-out services, with a average of seven services. The areas most often affected were vehicle towing, building security, street repair, ambulance services, and printing services. Welfare reform could further accelerate state and city restructuring as cost-cutting measures include attempts to contract out services such as training and job placement for welfare recipients and transportation services (Bureau of National Affairs, 1996a).

Programs to increase the efficiency of government departments have been proposed as alternatives to contracting-out. These usually entail work redesign, employee participation in workplace decisions, and union-management cooperative programs to raise quality and productivity. Most programs are introduced as responses to budget cuts or as key elements of campaigns to make government smaller, more efficient, and customer-oriented. The majority of states have commissions or processes to review productivity and quality issues and to make recommendations on improving performance and terminating programs and agencies no longer needed (National Governors' Association, 1996).

Proposals for restructuring at the state and municipal levels are usually made by special advisory commissions, task forces, and research councils that are composed of private citizens, experts, and legislators. Most do not have union representatives or employee advocates. The decision to restructure can be made by the executive branch, i.e., the mayor or the governor, although enabling legislation may be required if agencies are combined or eliminated (Wallin, 1997). The courts have frequently held that notwithstanding civil service systems, public employers can legally contract out work if they can show that the selection of contractors does not involve political favoritism and the decision is undertaken for the purpose of improving the efficiency and economy of providing services (Elam, 1997; Grennan, 1997).

Union Responses to Restructuring. Unions have responded to restructuring in a variety of ways - public demonstrations, law suits, lobbying for restrictive legislation, collective bargaining or other less formal negotiations, participation in programs to increase efficiency and lower labor costs, competitive proposals, and general acquiescence. No single approach has been consistently adopted or proven successful. As a result, unions often rely on a combination of tactics. For example, public demonstrations backed by lawsuits have compelled employers to negotiate over contracting out. Picketing and lobbying have forced employers to request and consider competitive bids from unions (Wright et aI., 1996).

Contracting out has been resisted in stages, with unions progressing from public relations campaigns and lobbying for restrictive legislation, to attacking the specific proposals or the fairness of bidding processes, to submitting their own competitive bids, and finally requesting preferential hiring of displaced workers if contracts are awarded to private firms (AFSCME, 1996, 1997). Restrictive legislation can be an impressive weapon for politically powerful unions, e.g., when it prohibits contracting out based solely on cost reduction rather than increasing efficiency as in California (Bureau of National Affairs, 1996b).

With so many legal jurisdictions, it is not surprising that public sector unions do not have a uniform right to bargain over the implementation or impact of restructuring. Labor laws vary widely in terms of the scope of employers' duty to bargain. In some states, contracting out and downsizing are mandatory bargaining subjects because they affect terms and conditions of employment; in others they are considered public policy matters or inherent management rights that are inappropriate for collective bargaining (Bureau of National Affairs, 1996a; Grennan, 1997). Where bargaining over restructuring has occurred, unions have emphasized lengthening the timetable for downsizing or instituting employee buyouts.

Outside of the formal collective bargaining process, unions have requested that public employers meet with them to analyze costs and work practices. The objective has been to provide input into the restructuring decisions and to cushion the impact of adverse decisions. Joint consultation has, for example, caused school boards to reverse decisions to contract out services.

In a few highly publicized cases in New Jersey, New York City, and Indianapolis, unions successfully competed against the bids of private firms for contracting out. However, many unions refrain from competitive bidding because they believe when employers' evaluate bids they weigh labor costs too heavily and do not adequately consider the quality of services from different providers (Bureau of National Affairs, 1995b; U.S. Secretary of Labor's Task Force, 1996).

Strikes over restructuring are rare. Most American jurisdictions prohibit strikes by government workers. Where strikes do occur, they are usually over wage and benefit issues and involve educational employees (Hebdon, 1996). Public protests over restructuring, however, are not uncommon and have featured coalitions of unions and other organizations affected by the restructuring (e.g., parents of students, welfare recipients, and citizens who depend on neighborhood hospitals).

Government intervention in the economy is greater in Canada than in the U.S. This larger role embraces developing the nation's infrastructure (e.g., transportation and communications) and establishing a broad range of social welfare policies (e.g., universal health care and a large publicly-funded education system) which has stimulated economic growth and development and restricted American influence in Canada (Thompson, 1997). Other major segments of the economy are in the private domain, e.g., manufacturing, natural resources, and banking. The relative importance of the state is reflected in expenditure and employment data. Public expenditures as a percentage of GDP are substantially higher in Canada than in the U.S. (46.9 percent and 36.1 percent, respectively, in 1990) (Beaumont, 1996). Employment figures reveal that about 27 percent of the Canadian work force was employed in government and the broader public sector, e.g., health and education (Gunderson and Hyatt, 1996). As a share of total employment, public sector employment in Canada is about 30 percent higher than the U.S. and the OECD average (Beaumont, 1996).

Within Canada's decentralized federal system, responsibility for economic and social affairs, including industrial relations, is vested in the provinces (the federal jurisdiction covers only 10 percent of the Canadian work force). The institutionalization of a social democratic party (the New Democratic Party or NDP) within "a highly federalized, parliamentary constitutional system ... has forced the Conservative and Liberal parties to become 'progressive conservative' parties" (Bruce, 1989, p. 135). Unions have espoused "social unionism" and relied on their affiliation with the NDP to influence labor laws and broader economic and social policy issues. The extent of tripartite consultation is modest by European standards.

All jurisdictions have established legal support for collective bargaining as the principle mechanism for determining terms and conditions of employment. Although legal structures vary among jurisdictions (e.g., dispute resolution and strike policies), public sector collective bargaining in Canada has a longer history and is more firmly entrenched than in the U.S. The strong support for collective bargaining is reflected in a public sector union density rate estimated at between 75 percent and 80 percent (more than twice the overall density rate) (Gunderson and Hyatt, 1996). Union coverage is virtually complete among workers eligible to join unions at the three levels of government (federal, provincial, and municipal) and in health and education.

The Antecedents of Restructuring. The period from the mid-1960s to the early 1980s was marked by rapid expansion of public sector unionism and collective agreement coverage. During the 1980s, a severe economic recession and high inflation prompted the federal and provincial governments to adopt austerity measures and resulted in a deceleration in public employment growth. The introduction of wagerestraint legislation and other austerity measures rather than effect permanent changes in the size or composition of the public sector. Governments at the time were aware of the economic ramifications of budget deficits and increases in public debt, but there was no political imperative to directly address them. As a result of the recession of the early 1990s and heightened concerns about deficits and debt servicing costs, governments adopted retrenchment policies.

Restructuring in Canada has four major characteristics. First, there have been substantial reductions in public employment, notably at the federal and provincial government levels and within the broader public sector (e.g., heath care and education). Second, the dominant process for restructuring has been legislative fiat, i.e., austerity budgets and legislation overriding collective bargaining impediments to restructuring. As a result, collective bargaining over adjustment issues has either been restricted or characterized by hard bargaining strategies by many governments and broader public sector employers. Third, the downsizing process is quite varied. A gradualist and voluntary approach based on employee buyouts and attrition has been most common, but adjustments have included layoffs, privatization, and contracting out. Fourth, despite the high level of union density and some major strikes, public sector unions have responded defensively to restructuring by emphasizing labor adjustment goals. Unions have had some influence in restructuring plans and timetables where NDP governments have been amenable to their participation.

Federal Government Level. Although the federal government has limited constitutional powers and is the smallest branch of government, it exercises a leadership role and often influences labor relations elsewhere in the public sector. The federal government has significantly influenced restructuring through downsizing and significant reductions of transfer payments to the provinces. In 1989, the federal government initiated Public Service 2000 to "renew" the public service by streamlining operations and promoting greater efficiency. This was followed in 1994 by a document advocating the need for the federal government to "reinvent" itself through a range of activities including the implementation of employee-involvement programs, the introduction of alternative delivery systems for public services (e.g., divestment of airport and air traffic control operations), and increased utilization of contingent workers (Ford and Johnson, 1995).

A major instrument for cost containment has been the budgetary process. In 1991, the Finance Minister warned federal employees that any increases in wages would be offset by layoffs. This resulted in a strike by 110,000 members (who were not designated essential) of Canada's largest federal public sector union, the Public Service Alliance of Canada. It was the "largest nationwide strike in the history of Canada" (Fryer, 1995, p. 351). In the end, the government passed back-to-work legislation and "temporarily" suspended collective bargaining by extending the terms of unsettled contracts for two years. The "temporary" suspension of bargaining has been extended twice through 1997 (Swimmer, 1995).

Perhaps the most dramatic development was the 1995 federal budget which affected public sector restructuring in three important ways. First, it resulted in downsizing the federal public service by 45,000 jobs over three years (out of a work force of 210,000 workers). Second, the federal government legislated an end to the Workforce Adjustment Policy (WAP), an agreement between the federal government and its unions that provided a virtual guarantee of job security. Third, there were massive cuts in transfer payments to the provinces, particularly for health, education, and social services. The provincial governments responded in kind by reducing their transfer payments to hospitals, schools, and municipalities.

To achieve staff reductions of this magnitude, the federal government resorted to legislation to override the WAP. The WAP had been negotiated by the National Joint Council, a consultative mechanism, that functions as a supplement to collective bargaining on issues of mutual interest. Pursuant to revisions to the WAP over the years, permanent employees achieved iron-clad job security. Specifically, employees deemed surplus or whose work was contracted out were guaranteed an offer of another permanent position in the same geographic area and typically at the same salary (alternatively they could opt for severance payments) (Swimmer, 1995). The massive staff reductions were achieved voluntarily through early retirement incentives and "monetary early departure" incentives. This resulted in payments that were equivalent to two year's salary and were two to four times larger than buyouts negotiated elsewhere in the public sector. Funding for these packages and for the creation of joint labor-management committees to facilitate and administer adjustment programs came from a $1 billion budget allocation over three years (National Joint Adjustment Steering Committee, 1996).

The third leg of reform was to overhaul and reduce funding arrangements with the provinces. Specifically, there was a substantial reduction in transfers to the provinces for health, education, and welfare, and transfer payments became subject to block funding known as the Canada Health and Social Transfer or CHST. This new system also gave the provinces greater control over the expenditure of federal funds (Warrian, 1996).

Provincial Government Level. Reductions in federal transfer payments coupled with burgeoning provincial budget deficits stimulated restructuring at the provincial government level. **In** response to federal spending cuts, the provinces reduced their transfer payments to municipal governments and the broader public sector and shifted responsibilities for some services to municipalities. Additionally, a number of provincial governments adopted broad-based initiatives affecting their employees and employees in the other public services they fund. As described below, the restructuring pattern is quite diverse.

The provincial response has fallen into three broad categories. By far the most common approach has been to pursue a "budgetary restraint/legislative" solution by either adopting or extending initiatives undertaken by the federal government. This response went well beyond the wage restraints of the 1980s (which put a ceiling on ?egotiated wage settlements in a bid to fight inflation). Among other things, legislation Imposed wage freezes or rollbacks to previously negotiated pay rates in collective agreements, extended collective agreements, and imposed days off without pay. **In** some cases, the legislative route produced large protests or strikes.

A second strategy involved the implementation of severe budgetary restraints followed by hard-nosed bargaining. This occurred in provinces with social democratic and conservative governments. **In** conservative jurisdictions, the adoption of hard-nosed bargaining has not been motivated by purely economic factors, but has taken on an ideological tone. A notable example is Alberta, Canada's fourth largest province which instituted deep, across-the-board budget cuts and left it to public sector partners to negotiate wage cuts and layoffs. Between 1993 and 1996, the Alberta government reduced program expenditures by 21 percent and the provincial public service shrank by 30 percent (Wetzel and Haiven, 1996).

The third and least common approach involves developing an "altered agenda." This approac~ found favor in British Columbia where an agreement between the government and Its employees provided no general wage increase and ajoint commitment to improve work systems and the delivery of public services (Fryer, 1995). Both British Columbia and Quebec have emphasized attrition and incentives such as early retirement to downsize without major layoffs (Thompson, 1997).

Canada's largest province, Ontario, has pursued all three strategies. **In** 1993, the NDP Government attempted to negotiate a "social contract" covering 900,000 public sector employees whereby public expenditures would be cut by $6 billion over three years (including a freeze on compensation) in an effort to preserve public sector jobs. The government resorted to legislation after talks reached an impasse. The "social contract" resulted in three years of spending cuts and compensation restraints, but only modest employment dislocation. On the political front, the government's decision to override collective bargaining led to a serious split between the NDP and organized labor.

In 1995, the Conservatives were elected and implemented an agenda based on large budget ~nd. tax cuts and a smaller role for government. Prior to the 1995 bargaining round with Its employees, the Conservatives amended legislation that protected government jobs against privatization and contracting out as part of the government's plan to cut the public service bargaining unit by 20 percent (about 13,500 jobs). The union was seeking to maintain its strong job security protection (including guaranteed job offers for surplus employees). The ensuing negotiations produc;ed a five-week strike by about 5~,000 nonessential employees (the first provincial government employees' strike in ~IStOry). **In** the end, job-security provisions were weakened, but protection was estabhshed for those affected by layoffs and privatization ("OPSEU and Harris Government S~ttl~ ... ", 1996). By the end of 1997, more than 14,000 public service jobs had been ehml~ated (Brennan, 1998). The Government also introduced other legislative changes ~ovenng the broader public sector including the establishment of statutory criteria for ~nte~est arbitration, requiring the amalgamation of hospitals, school boards, and municIp~hties, i~p~s.ing restrictions on bargaining during the amalgamation of bargaining ullltS, and hmltmg the scope of school teacher bargaining to achieve cost savings.

Other Components of the Public Sector. Relative to other levels of government an~ the broader public sector, there has been a modest and lagged response to restructunng at the municipal level. **In** part, this is because it often took longer for reductions in transfer payments and the downloading of services to affect the municipal sector, and municipalities have independent taxing authority to fund local services. However, with declining transfer payments and growing resistance to property tax increases, there is greater pressure on municipalities to amalgamate to reduce expenditures. This has prompted the Ontario government to pass legislation requiring municipal mergers in 1998, including a unified, single-tier government structure for Canada's largest city, Toronto, and its surrounding boroughs. In addition to the impetus to merge services, it is likely that service reductions and contracting out will increase and result in reductions in municipal employment. In all likelihood, contracting out will expand beyond garbage collection to other services, e.g., recreational facilities, road and other maintenance, and child daycare (Graham, 1995; Warrian, 1996).

Restructuring in health care and education has been significant and features more layoffs than commonly found among government employees. This is hardly surprising since health care represents by far the largest provincial expenditure (about one-third of provincial budgets) and education is the second highest expenditure. Contracting fiscal resources has led to a new health care delivery system. The new model represents a shift from an acute care, hospital-based system to a community-based network of health services. Legislation has often been used to reorganize health care delivery and its attendant labor relations changes. Downsizing of hospital employment has resulted from bed closures, ward closures, and hospital conversions in most jurisdictions, and numerous hospital closures or mergers in three of Canada's largest provinces (Quebec, Ontario, and Alberta).

Three broad models of change have appeared. The "slash and burn" model (Alberta) involves massive cuts in funding, without a central plan and without consultation with unions and management, in which the health care actors are left to their own devices to cope (Haiven, 1995). A second approach (Ontario), also based on large cost reductions, includes input from the health care community while the government retains final authority over restructuring (e.g., hospital closures and mergers). The third model involves tripartite consultation over labor adjustment issues, e.g., the "social accord" in British Columbia. The latter saw the government broker an agreement that offered employees assurances of job security and retraining and relied on voluntary exit in exchange for the managed restructuring of the health care sector (converting it to a community-based model). This includes the elimination of thousands of jobs in acute-care hospitals. Although the social accord is unique, the NDP government in Saskatchewan did enter into a MergerlTransfer agreement with health unions to deal with labor adjustment issues (Wetzel and Haiven, 1996).

Health care has also seen the adoption of alternative staffing strategies, including the increased use of contingent labor and the substitution of generic workers for nurses. Privatization has figured less prominently than hospital mergers and closures. Where it has occurred it mainly involves services that are not directly related to patient care, e.g., laboratory and dietary services. In 1996, there was a major labor dispute involving 3,000 public home-care workers over the Manitoba government's plan to privatize this service. Following a four-week strike, the settlement limited contracting to a maximum of 20 percent on a trial basis, provided job and hours of work guarantees, and gave the union a voice in the assessment of the contracted service (NUPGE, 1996).

In the education sector, layoffs of nonteaching staff and teachers have resulted from budget cuts (although attrition is often used to reduce teaching staff). There is a national trend to consolidate school structures by amalgamating local school boards. Most jurisdictions have relied on legislation to achieve this objective. Some provinces have reduced the number of school boards by more than one-third (e.g., from 129 to 72 in Ontario). The initial effect of amalgamation has been a reduction in management jobs. However, in Ontario, a 1997 law removed issues such as class size and teachers' preparation time from the scope of bargainable issues. This change is expected to result in a loss of 4,500 teachers in the next few years. When the legislation was introduced, the province's five teacher unions, which represent 126,000 teachers responded with a protest that shut schools and idled 2.1 million students for two weeks. Although it was the largest teachers dispute in history, the legislation was not significantly modified.

Y. *Mexico*

In Mexico, the current privatization process began in 1982. The previous economic model, generically known in Latin America as import substitution, functioned as of the 1930s, but entered into crisis in the 1970s. This model implied, among other aspects, strong state intervention in the economy, specifically a state that had become an important producer of goods and services. It also featured state corporatist industrial relations in which unions supported the economic model and participated in the political system and influenced labor policies and social security.

In 1982, Mexico experienced a financial crisis. Among the contributing factors were the fall in oil prices (Mexico is an important exporter) and the increase in international interest rates (in the 1970s Mexico financed an important part of its public spending with foreign debt). The foreign debt crisis was associated with the transformation of the economic role of the state (i.e., a retreat from productive investments and the absence of an industrial development policy) and a shift toward neoliberalism. Privatization, deregulation, and reductions in public spending became the instruments for state restructuring and the emergence of the new open economy. The industrial relations system changed as well; union influence on labor policies decreased significantly, and collective agreements in the public sector were made more flexible (de la Garza and Carrillo, 1997). In 1982, the current neoliberal model began to emerge, which implies - among other elements - an extensive privatization of state-run companies and institutions.

Privatization. The privatization process that still continues has gone through three stages. Between 1982 and 1988, many state-run companies were privatized, but still unaffected were the most important entities in this category. In this period, 743 state compani~s were privatized, but the economic impact was slight; income from such sales reached just $500 million and the privatized companies represented only 2.1 percent of the public sector's output. Of the companies sold, 93 percent were purchased by Mexican businessmen and 7 percent by foreign capital.

During the second period from 1988 to 1994, the government's most important companies were sold off (telephone company, banks, steel and mining companies, and sugar miUs), and the privatization process was launched in rail, ports and petrochemicals.

The third and current period involved concluding the privatization process, with the social security system (pensions) and urban transportation in Mexico City put on the block. It wiIl end with the privatization of rail, petrochemicals, airline terminals, with the government only remaining as the owner of oil drilling and refining operations and the generation and distribution of electrical energy.

The privatization process includes not only the sale of state enterprises, but liquidations, mergers, and transfers from the federal to state governments. In 1982, when the privatization process began, there were 1, 155 state-run companies; in 1996, only 195 remained. In terms of state-run companies with majority government ownership, in 1982 there were 744; in 1996,97 remained (see Table 1).

The government's privatization rationales cannot exclusively be attributed to the deficits of state-run entities; some of them, such as Telefonos de Mexico, operated with high profits. The privatization process in Mexico must be considered in the context of a change in the economic model. Under the new model, the state's role will not be to generate goods and services; with this in mind, it would be most efficient to transfer such activities to private interests which, spurred by the market, will make them more efficient. The government's project proposals indicate that privatization is undertaken because of "structural changes in the economy" and to encourage an efficient, competitive model that generates growth. The specific objectives of the privatization program include strengthening public finances, concentrating state resources in strategic areas, eliminating subsidies, and increasing productivity.

Income from the sale of public enterprises has largely been used to pay foreign debts. Unfortunately new debts and interest rates have pushed foreign debt higher rather than lower. As well, social spending, which declined throughout most of the 1980s, increased in the I 990s (social spending by government as a percentage of GDP, excluding financing of the debt, rose from 6.2 percent in 1989 to 9.0 percent in 1997).

The government's legal mechanism to reduce the number of the state-run companies have been liquidations, mergers, and transfers to state governments. In sales, the mechanism has been public bidding, with the government setting a minimum sale price. In the case of public services the sales have been combined with a state concession during a determined period and investment and quality commitments on the part of the buyers.

The sales process has been completely unilateral on the government's part, with neither Congress, nor political parties, unions, or other organizations intervening. Important state-run companies have been sold to a few large Mexican or foreign financial groups. Consequently, the privatization process has markedly increased capital concentration.

Responses to Privatization. Privatization has encountered resistance, but with the exception of the most recent cases of petrochemicals and the pension system, opposition has not been successful. The most important sources of resistance have been:

I. The left -wing parties, particularly the Party of the Democratic Revolution (PRD), the country's second largest electoral force, which has opposed almost aU the privatization.

2. Some unions, but with the exception of the cases of petrochemicals and the pension system, have had their public protests not heeded. In the former case, the oil workers union managed to form a coalition with other forces, including the official labor movement and congressional deputies from the Institutional Revolution Party (PRI, the party in power), the PRD, and independent unions. The case of the social security system is similar; the coalition was headed by the social security system employees union. Both conflicts remain unresolved.

3. Protests by nongovernmental organizations, such as religious, women's, environmental, indigenous and human rights groups.

4. Movements by users of privatized public services; the most important have been bank debtors and telephone service customers.

5. Movements by those displaced through privatization. This often takes ~Iace when privatization occurs and the work force is cut drastically (as III the case of banks, steel, mining, sugar, and railroads) and when the collective bargaining agreement is made more flexible and the company benefits. The unions have protested, but the strongest actions have been staged by movements of laid-off workers.

Among the more important of the Mexican privatization undertakings have been tho.s~ ~f the telephone company (Telmex) and the banking system. In these cases, huge fa~lhtIes were granted to the new owners to enable them to recover their investments qUIckly. In the case of Telmex, telephone rate increases were allowed, and the privatized

Table I

Number of State-Owned Companies in Mexico

Company Type	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Decentralized											
Companies	93	93	90	88	82	78	82	82	81	80	76
Companies with Majority State Participation	531	436	252	229	147	120	100	98	106	99	97
Public Trusts	108	83	72	62	51	43	35	30	28	25	22
Total	732	612	414	379	280	241	217	210	215	204	195

Source: Statistical annex to Ernesto Zedillo's **third** State of the Nation address.

company was granted monopoly status until 1997. This led to greater company profitability, technological modernization, and improvements in the service quality. In the case of the banks, the situation was different. From the beginning (1990), private banks were established; when the December 1994 economic crisis erupted with the corresponding rise in interest rates, thousands of debtors declared bankruptcy and launched one of the most important social movements of recent times against the banks. The banks' overdue loan portfolio is so high that it has been necessary for the government to establish a multi-million dollar rescue program. The banking crisis remains unresolved.

Government Services. Many services remaining within the government's control - hospitals and medical services, education, electricity, and urban public services (e.g., garbage, water, and transit) - have experienced some degree of privatization. As well, there has been increased competition, e.g., the development of parallel private mail service. Layoffs have been frequent in electricity, transport, and the postal system. As a result of privatization, reductions in public spending and the decentralization of services from the federal government to state governments (e.g., education), federal employment has declined significantly - from 1,456,800 in 1987 to 918,500 in 1996, or by 37 percent.

The use of privatization to raise revenue through sales has been nullified by the financial crisis of 1994 and 1995. Sales revenues have been used without producing economic growth. There are successful privatized companies (telephones, steel), but others face financial problems (banks, privatized highways). In most cases, workers' rights have been affected, with collective bargaining agreements weakened and major layoffs; there are few contrary exceptions, such as the phone company. Customers have sometimes benefited from improved service quality. Generally, privatized companies direct efforts toward middle and upper income groups; this occurred with highway passenger transportation, commercial aviation, rail, banks, telecommunications, private toll highways, and port services.

In most Caribbean countries, the state assumes a major role in the economy through government-implemented diversification programs and state-owned enterprises. Government is also usually the largest single employer. So public sector restructuring and wage restraint initiatives profoundly influence the entire economy (Adams, 1995). Other important sectors of Caribbean economies include agriculture, tourism, light manufacturing, and international services. Unlike the U.S. and Canada, Caribbean nations are not diversified exporters, but are limited to primary products or services (World Bank, 1996).

Since gaining independence from Great Britain, Commonwealth Caribbean countries have established parliamentary democracies based on the Westminster system. Although organized labor maintains political ties with social democratic parties, there has been a de-emphasis of political unionism over the past twenty years. Henry (1990, p. 5) notes that "In general, and increasingly, Caribbean trade unions have become more

dependent on their own bargaining strength than on political leverage for enhancing the welfare of workers; and this has been so even where the unions involved are in fact affiliates of ruling parties." The strength of organized labor in the region also varies. Estimates of union density in the 1990s range from 16 percent in Jamaica to 30-35 percent in Trinidad and Tobago and in Barbados to 52 percent in Guyana (U.S. Department of Labor, various years).

Historically, the industrial relations systems were based on the British model of voluntarism. Following independence, labor laws were enacted to provide for union recognition, collective bargaining, and the prevention and settlement of labor disputes, including restrictions on essential-service strikes and compulsory arbitration by industrial courts and tribunals (Henry, 1990). Consultation, either bilateral arrangements between employers and unions or tripartite bodies, is generally absent (Adams, 1995).

For the Caribbean region, there apparently is not a causal relationship between development strategies and industrial relations policy. In line with semi-industrialized countries, some Caribbean nations have pursued policies to contain industrial conflict in order to attract foreign capital. However, this approach is not widely practiced for political reasons, notably where labor support is important. Liberal industrial relations policies often have been associated with newly industrializing countries seeking to promote employee involvement (notably in Asia). Whereas industrial relations policy in the Caribbean is liberal, most countries are not newly industrializing. Adams (1995) argues that it is difficult to link economic development and industrial relations policy because most countries depend on exports and are too small to pursue an ISI strategy. Accordingly, a hybrid strategy has evolved based on some import substitution and a concern for exports. He concludes that British heritage in the Caribbean has had a significantly greater influence on industrial relations policy than development level.

Extent of Restructuring. In the early post-independence period (1960s and 1970s), many countries rapidly expanded the public sector, aided by union support and a buoyant economy and concomitantly increased foreign indebtedness. Large-scale restructuring of the public sector, including downsizing, commenced sooner in parts of the Caribbean, following on the heels of the worldwide recession in the early 1980s. As in Canada, governments often cut expenditures through compensation restraints. In some ~ases, this can be traced to an impatience with collective bargaining and, in other lllstances, an unwillingness to comply with recommendations of tribunals (Nurse, 1992). Jamaica has been particularly affected by restructuring. Between 1977 and 1992, nearly 46,000 government jobs (more than 40 percent of the total) were cut. In 1985 alone, 19,400 government jobs were eliminated, nearly one-fifth of the total (Jones, 1995). Restructuring has also followed massive reductions in expenditures on health care and education, and, reductions in the number of public enterprises.

Reasons for Restructuring. Restructuring programs and austerity measures aimed at controlling public expenditures are closely tied to financial assistance packages from major mternational lenders, including the International Monetary Fund (IMF), the World Bank, and the U.S. (Nurse, 1992). International financial assistance has been contingent on two types of adjustment. The first involves short-run .stabilization programs aimed at reducing government borrowing (e.g., measures to Increase revenues and reduce public expenditures, including reductions in employment and wages). The second involves medium-term structural adjustment programs to reduce the size and role of the state and increase competitiveness, e.g., deregulation and privatization initiatives (Evans, 1995). These measures sought to stabilize fiscal problems and improve foreign-exchange reserves (Nurse, 1992).

The debt crisis was most severe in Jamaica - its foreign debt quadrupled between 1977 and 1992 (from U.S. $30 million to U.S. $132 million). The share of government expenditures spent on debt servicing climbed from 26 percent in 1982 to 56 percent in 1992, and the ratio of debt to GDP rose from 33 percent in 1977 to 180 percent by 1985 (Jones, 1995). In Trinidad and Tobago, the collapse of oil prices in the mid-1980s precipitated an economic crisis. As a condition of financial assistance from the IMF in 1988, the government agreed to cut public expenditures through divestment of stateowned enterprises, cutbacks in public payrolls, and replacing ISI policies by removing barriers to foreign investment and trade (U.S. Department of Labor, various years). Guyana also received international financial assistance in 1988 in response to commitments to dismantle state enterprises and move toward a market-oriented economy (World Bank, 1996). International financial assistance linked to the adoption of austerity measures, including retrenchment in the public sector, commenced later in several other countries, e.g., Dominica (1990), Barbados (1991), and Grenada (1992) (U.S. Department of Labor, various years).

Forms of Restructuring. In Jamaica, the massive reductions in public administration employment in 1985 (nearly 20,000 jobs) were primarily achieved through layoffs. Downsizing has also been achieved by not filling vacant positions, privatization, and attrition that resulted from low wages, declining real wages, and deteriorating working conditions (Jones, 1995). In the mid-1980s, there were also layoffs in public utilities, public transportation, public enterprises, and various statutory bodies, e.g., the government printing office (Evans, 1995; Jones, 1995). In Barbados, there have been large staff layoffs as a result of restructuring the Transport Board and the National Conservation Commission (U.S. Department of Labor, various years).

Privatization has been the predominant form of restructuring in the region and has led to significant reductions in public employment. Privatization has been actively promoted by the international financial institutions and financial assistance has been made contingent on adopting privatization. In Jamaica, the adoption of democratic socialism in the 1970s produced a rapid expansion of public enterprises. Between 1974 and 1981, the number of such enterprises rose from 150 to over 400. Privatization and liquidations reduced public enterprises to around 300 by 1992 (Jones, 1995). According to World Bank figures, Jamaica's privatization initiatives have been extensive relative to 26 other developing countries and have included hotels, telecommunications, agricultural holdings, banking, mining, and other initiatives were under consideration, including a steel company and oil refinery (Evans, 1996; Jones, 1995). Moreover, large hospitals have begun to privatize services, such as security, cleaning, and catering (Evans, 1995).

In Trinidad and Tobago, there has been widespread divestment of state enterprises (e.g., the national airline, public utilities, and fisheries) and cutbacks in public sector payrolls. Wary of the possible adverse political consequences of massive layoffs by recently divested companies, the government included a clause in most of the sale agreements requiring purchasers to maintain current work force levels for a period of two years (U.S. Department of Labor, various years). In Guyana, 14 of 40 state enterprises have been privatized and private management has been introduced in key industries such as sugar and bauxite (World Bank, 1996).

Restructuring has taken other forms in the region. For example, large expenditure reductions for health and education services have been accompanied by downsizing, decentralization, and service deterioration (World Bank, 1996; Jones, 1995). More broadly, a number of countries have sought to improve government productivity through computerization and the adoption of human resource management strategies, e.g., introducing performance appraisal systems and hiring human resource managers.

Decision Processes and Responses to Restructuring. Restructuring has been largely based on unilateral management decisions and legislation. In Jamaica, there has been very little consultation with the civil service union either in terms of finding ways to eliminate waste and reduce costs or to increase productivity. Rather the focus has been on short-term initiatives based on reducing employment levels as quickly as possible (Jones, 1995). The massive government layoffs in 1985 were implemented unilaterally, speedily, and in a high-handed manner, prompting an outcry from unions and the general public. Two major concerns were the government's failure to adhere to the notice requirements in the Industrial Relations Act and a disregard for seniority in layoff decisions (Jones, 1995). Subsequent government downsizing has been achieved without major layoffs.

Elsewhere in the region, consultation with unions over restructuring has been the exception rather than the norm. In general, Caribbean unions have not been successful in countering large-scale reductions in public sector employment, even when they have resorted to industrial action, e.g., in Trinidad and Tobago in 1988 and Barbados in 1991 (Nurse, 1992). Fully functional tripartitism does not exist in Trinidad and Tobago, but has taken place in response to specific issues and problems. The response of unions to restructuring has been largely confined to negotiating pay and benefit freezes and enhanced severance packages. In Barbados, a country with tripartite arrangements, a "serious rift" erupted in traditionally stable labor relations between the ruling party and labor unions following the introduction of austerity measures in 1991 (U.S. Department of Labor, various years).

There has been an overall increase in industrial conflict in the public sector. According to Nurse (1992, p. 31), public sector unions in the region have openly refused "to comply with public policy aimed at curbing public expenditure, managing the fiscal deficit, and improving foreign-exchange reserves" and resorted to job actions, including strikes, to protest austerity measures that "simultaneously sought to roll back negotiated benefits in the public sector, reduce employment, cut wages and salaries, increase statutory payroll deductions and generally to raise the level of prices through additional indirect taxation." The most dramatic example of conflict w~s the widely supported, three-day general strike in Jamaic.a after the massive layoff 01 g.overn~~~t workers in 1985 (Evans, 1995). In the wake 01 the dispute, there were allegatIOns 01 vICtimization of some of the strike's most militant supporters (e.g., firings and layoffs), and legislative amendments were introduced to strengthen the government's ability.to deal with what it considered disputes in the national interest (Jones, 1995). DespIte increased conflict, union inlluence has been limited to minimizing labor adjustment rather than altering the direction of restructuring.

VII. *Discussion and Conclusions*

All of the countries that we studied experienced significant public sector restructuring during the 1980s and 1990s in response to budget delkits and burgeoning public debt. At th; same time, there were important diffcrences among countries with respect to the magnitude, pace, form, and decision-making processes. These differences r.ellect to some extent the statc of economic development and institutional charactenstlcs, such as the political and industrial relations systems.

The immediacy of public sector restructuring has been far more pronounced in Mexico and parts of the Caribbean, notably Jamaica. This is attributed to the severity of the debt crisis and the terms imposed for financial assistance by international lending institutions such as the IMF, the World Bank, and majo~ trading p~rtners. Typically financial assistance was made contingent on the adoption of stablhzatlOn programs and structural adjustment programs. Because of the substantial role of the state in t~ese economies, both as a direct employer and through the establishment of state enterpnses to spur economic development, the economic hemorrhaging associated with the debt crisis was far more pronounced. In essence, it led to sudden and extensive restructuring to reduce foreign debt and to transform entire economic systems, i.e .. to create open and competitive economies.

Spurred by international lenders, the developing countries were forced to ta~e immediate action and strong economic medicine. The severity of the foreign debt cnsis led to the loss of autonomy to formulate economic development strategies and to devise a restructuring blueprint based on existing institutional arrangements. This resulted in unilateral implementation of restructuring initiatives and dispensing with traditional industrial relations processes. Privatization became the single most important approach to restructuring. The adoption of large-scale reducti.ons in governm~nt expenditures and downsizing of employment, a pattern common 111 all the countnes studied, were on an even larger scale than in the U.S. and Canada. Layoffs also figured prominently in the adjustment process, especially in the early stages.

In ~ature, developed economies such as the U.S. and Canada, government deficit 1 h~lt the implications were quite different. Compared to ~~-flmv is relatively modest in terms -_:;,'" In both pro01C,'h ..

greater self-discipline. GOVtl'" •• _. economic consequences associated with failIng tu '" •• _ lems. By the same token, they responded in a measured and autonom()u~ 11"" •... _ domestic political and economic concerns being more influential in decision making.

Restructuring in both countries reflected a gradualist approach, in which puhlic spending was reduced over a number of years. The limited size and role of government in the economy and the decentralization of government authority over public services led to various forms of restructuring. While it is difficult to speak of a general pattern, it is clear that reducing public expenditures started from a smaller base than in developing countries and was aimed primarily at increasing the efficiency of public services. Consequently, the downsizing of government and broader public sector operations was phased in and took many forms, e.g., the elimination and consolidation of services, programs, and organizational units, and contracting out work. As a result, employment reductions were achieved largely by voluntary means such as buyouts and attrition. Although layoffs have occurred in parts of the public sector, they have not been the primary means of reducing public employment.

The response in the U.S. and Canada, while broadly similar, exhibits some differences rellecting fundamental differences in values between the two countries. The greater emphasis on individual capitalism, the relative absence of state enterprises, and the more intense voter opposition to tax increases in the U.S., meant the deficit had to be attacked by reducing government expenditures. Accordingly, downsizing and contracting out became the primary means of restructuring. As well, advocacy of "reinventing government" surfaced earlier and was more widely embraced in the U.S. In contrast, the Canadian public continues to recognize the importance of government intervention in the economy (e.g., physical infrastructure and universal health care) and has shown a greater tolerance of tax increases to support such activities, albeit on a smaller scale than ten years ago. As a result, there has been a lagged and uneven response to "reinventing government" in Canada. Furthermore, although the potential for privatization of state enterprises (through sales, leasing or other arrangements) is greater and has been more frequent in Canada than in the U.S., this restructuring option has been pursued gradually and selectively. There has been nothing approaching the massive privatization activity in Mexico and Jamaica.

There are similarities and differences in the way restructuring decisions have been made and implemented among countries. The norm has been for governments and broader public sector managers to unilaterally restructure based on budget decisions, legislative fiat, and executive decisions. The initiation of restructuring has been easiest where collective bargaining does not exist, the scope of collective bargaining does not impede the government's exclusive management right to reorganize work, and unions are weak. Where collective bargaining figures prominently, there has been a tendency for governments and broader public sector employers to pursue hard bargaining strategies in the wake of budget cuts and, on occasion, to rely on legislation to remove collective

. :~~ h:1rriers that would prevent, restrict or slow down the restructuring process

A major difference among countries is the extent of union participation in the restructuring process. It has been most difficult for unions in the developing countries to meaningfully participate because of the swiftness with which reforms have been introduced. **In** effect, the program of reforms scripted by international lending institutions and initiated by these countries obviated the need for meaningful consultation. **In** the Caribbean countries, public sector restructuring took place at a time when the political influence of unions was declining. **In** Mexico, the introduction of a neoliberal economic model substantially reduced and modified the influence of unions. While union influence has also declined in the U.S. and Canada, the systems of industrial relations have been not been transformed. The maintenance of the core features of the collective bargaining system coupled with the gradualist approach to restructuring has afforded unions some voice in the reforms. That role has allowed unions to participate in the labor-adjustment process, e.g., the reliance on voluntary exit rather than layoffs. Despite government intervention to limit or temporarily suspend public sector bargaining, unions in Canada appear to have had a larger voice in shaping public sector restructuring than their American counterparts. This is because of the substantially higher union density and bargaining coverage, broader scope of bargaining, fewer restrictions on the right to strike, and their ability to occasionally exert political influence with social democratic governments.

The unions in all the countries have responded defensively to restructuring. For the most part, restructuring has been inevitable, dictated either by terms imposed by exter-nallenders or by internal economic and political realities. Unions recognized that there was little likelihood they could prevent restructuring and consequently, they sought, wherever possible, to minimize its impact. **In** some cases, union coalitions with nonlabor groups modified restructuring initiatives. Restructuring has also generated considerable conflict between governments and unions. Severe conflict has typically erupted over process issues, e.g., the swift and high-handed downsizing of public administration in Jamaica and the teachers dispute in Ontario, Canada. **In** a few cases close ties between government and unions have facilitated restructuring.

In sum, there are significant differences in the form and extent of restructurin and in the form and effectiveness of responses to it. **In** developing countries, restruc turing is linked to broader economic policy, a new view of the role of the govern men as an actor in the economy, and is built on a foundation of large-scale government own ership of production and government as provider of services. The response to externa pressures for economic reform and domestic concerns about external pressures for eco nomic discipline has been a unilateral and swift public sector restructuring. This ha made it extremely difficult for unions to influence or alter restructuring initiatives. I developed economies, where the state assumes a smaller role and industrial relations i based on pluralism (the balancing of competing interests), the degree of restructurin and the unions' response to it has been has been shaped more by institutional forces Although government intervention to restrict collective bargaining and outcomes ha increased, the system remains largely intact and unions continue to have a voice i labor adjustment issues.

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