

Trade unions have role to play in job creation

by Mark Olyan

Although labour unions traditionally protect members and secure increased benefits, today's unions have the added responsibility of trying to create new jobs, says Dr. Edward Shaeffer, of the U of A economics department.

The U of A New Democrats, concerned over the role of trade unions in job creation, brought together Dr. Shaeffer, Dr. Shmuel Sharir (also of the economics department), and Ms. Joanna Miazga last Thursday, to discuss their views on the job creation issue.

The first speaker, Dr. Shaeffer, broke with the traditional economic view, and argued that, "wage reductions will not induce greater demand for labour, because of the negative income effect."

In other words, employers might benefit from lower labour costs, but to some extent, "these benefits will be offset by the reduction in effective demand caused by lower wages."

As an example, Shaeffer referred to unemployment in the third world, where "there is no vigorous demand for labour, because there's a lack of domestic demand for their products, caused by the low wages."

To induce hiring, Shaeffer suggested reducing the work week, "raising overtime rates to double or triple time, so there is an incentive to hire someone else, and limiting the amount of work given any one labourer."

Shaeffer also emphasized the political role for unions in job creation. Specifically, they should "try to get government to institute policies which will stimulate demand and raise the level of economic activity."

The second speaker, Dr. Sharir, called unemployment "public enemy number one in Canada today."



photo Chris Menard
Prof Shaeffer: Unions have a political role in creating jobs.

"If 10-12 per cent unemployment justifies the intervention of an anti-inflation program in 1975," said Sharir. 10-12 per cent unemployment today justifies similar drastic action. I would call a declaration of war on unemployment. Unemployment, by and large, is waste from an economic point of view."

According to Sharir, unions should face reality and look more to compromise while reducing the expectations of their members.

Unlike Shaeffer, Sharir believed unions should limit their wage demands.

Pointing to the construction industry in Alberta, Sharir called it a "disaster."

"What is the point that half of the members are unemployed and most of them go to non-unionized firms to find jobs?" he said "Unions can also help by avoiding cost increasing and productivity reducing demands."

Additionally, he charged that high interest rates, designed to protect the Canadian dollar, ultimately cause jobs to disappear in Canada.

The last speaker, Miazga, felt that

union power is seriously threatened by technological change "introduced unilaterally by employers," regressive legislation, and ever decreasing bargaining power.

According to Miazga, some of the general public believes in a myth "that the trade union movement exercises a fair amount of power."

"There is an attribution of power to unions which makes people fearful of unions, and that fear is seriously misplaced. They should be fearful of large corporations; they should be fearful of government majorities that are out of control and act against their interests."

Miazga agreed with Shaeffer that unions should not cut wages since, "we have no way of ensuring that the money (saved by the employed) will be properly spent."

"Unions take their lumps at the outset and experience shows that they continued to take their lumps year after year, decade after decade. Nothing changes," she said.

"Just because we lower our

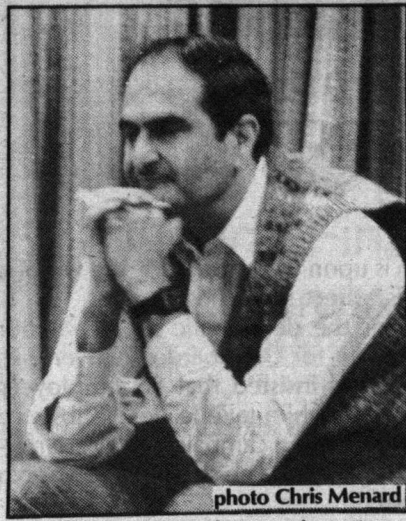


photo Chris Menard
Prof Sharir: "Unemployment is waste from an economic point of view."

wages," said Miazga, "does not mean the employer is going to turn around and lower the prices. Similarly, we have no guarantee that by accepting concessions here, there and everywhere, that a company

will get to stay in business."

In job creation, Miazga feels the trade union movement can play a major role, by using their pension plans for "the protection of jobs and the creation of new jobs for the labour market."

Miazga also called for boycotts of countries which exploit workers, so that their cheap products cannot flood world markets, and so that

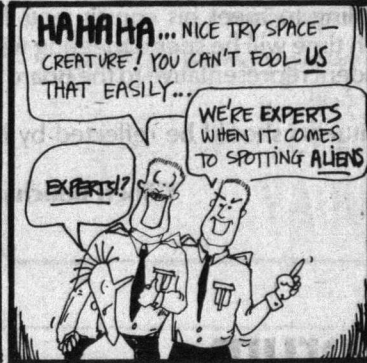
exploited workers gain some important bargaining power.

Finally, Miazga talked of the American air-traffic controllers and described deregulation as "having no immediate benefit to anyone, other than those controlling a particular industry."

The issue may have been summarized best by Dr. Shaeffer. "In the final analysis, the only way the unions can really create jobs is through a major restructuring of Canadian society, and changing some of the basic economic and social relationships that characterized Canadian society up to now."

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by Hans Beckers



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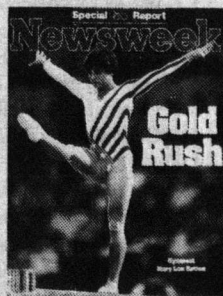
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