

TRANSCRIPT

The Work Goes On

Guest: Craig Riddell

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Craig Riddell:

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Orley Ashenfelter:

Welcome to [The Work Goes On](#), a podcast from the [Industrial Relations Section at Princeton University](#). I'm your host, [Orley Ashenfelter](#), the Joseph Douglas Green 1895 Professor of Economics at [Princeton University](#).

In this podcast series of conversations with leading thinkers and practitioners, we are creating an oral history of an entire generation of industrial relations experts and labor economists whose contributions to their fields have been absolutely extraordinary.

Our guest today is [Craig Riddell](#), who is emeritus professor of economics in the [Vancouver School of Economics](#) at the [University of British Columbia](#). He is renowned for his work in labor economics and especially for his analyses of Canadian labor markets. Craig, welcome to The Work Goes On.

Craig Riddell:

Thanks, Orley. Very happy to be here on this side of the 49th parallel.

Orley Ashenfelter:

Yes, we should explain that you're in Canada. Well, let's begin our discussion by talking about your background. Where did you grow up, Craig?

Craig Riddell:

Well, I grew up mainly in a small town about 20 miles west of Toronto called Milton. I was actually born in Toronto. My father was a pilot during the Second World War, and Canada had an educational program for returning veterans similar to your G.I. Bill in the U.S. and he decided to become a chiropractor. He went to the only chiropractic college that existed in Canada at the time in Toronto, and so I was born there and my next oldest sister was born there as well. Then we moved to Prince Edward Island on the East Coast for a few years where my mother was from while my father set up a practice, chose a place to practice as a chiropractor. He chose Milton, which was a small town. When I left for college, it was about six thousand people. Lovely place surrounded by farms, and there was part of the

Niagara Escarpment there, which we called the Milton Mountain. But anyway, it was a lovely place to grow up but very much small town Ontario.

Orley Ashenfelter:

I didn't know you're a Scottish Canadian too.

Craig Riddell:

Yeah, there's a long line of William Riddells going back many generations. I was William Craig and my father was William Gordon and on it goes. My mother's ancestry was originally from Scotland as well. They settled in New England and then moved up to Canada when things got heated in the U.S. and settled in Prince Edward Island, so that's where she grew up.

Orley Ashenfelter:

Where did you go to school in Milton, high school?

Craig Riddell:

Yes. We moved to Milton when I was halfway through kindergarten, and so I started grade one in Milton and went to elementary and high school there. Ontario had a pretty good education system at that time by Canadian standards and I think by international standards as well. One of the things that was unique about it was it included grade 13, so there were 13 grades in elementary and high school. Most provinces in Canada went to grade 12, and grade 13 was a testing year for university. All of the exams you wrote were province-wide exams and they were marked by a committee, not by your own teachers, a committee of experts in the fields. That was very important for whether you got into university and what kind of financial offers you might get.

Orley Ashenfelter:

Well, and now I know you did go to a rather unusual university.

Craig Riddell:

Yes. In fact, I took a very unorthodox way of becoming a labor economist because I didn't even study labor economics in grad school. I did apply to some civilian universities and got accepted at Western and Guelph, I think it was, but mainly for financial reasons I chose to go to military college, the Royal Military College in Kingston, Ontario. Even though I really didn't understand what I was getting into, I enlisted in the military and ended up at the Royal Military College.

Orley Ashenfelter:

I even noticed that you were awarded a prize at the Royal Military College, the Nordheimer Award or something like that. It seems to be on your CV, so I imagine you're proud of it. What is it for?

Craig Riddell:

It's for an essay I wrote in my fourth year. It wasn't necessarily a requirement, but there was encouragement to do a major paper in your fourth year. I wrote it and it won, so I was happy with that. One of my economics profs was sort of the supervisor of it. He was a development specialist, and he was very encouraging. So yeah, I was quite happy about that.

Orley Ashenfelter:

Yeah. That means you served in the military in Canada.

Craig Riddell:

Yeah. Technically I served in the military. Well, first of all, one of the drawbacks of going to RMC was there was a military commitment after you graduated. At the time I went, it was three years. We were actually the last... My class was the last of the three-year commitment, but then increased to four and then later to five. I knew I was signing up for something that I might not necessarily want to do long-term, but I felt that three years in the navy might be kind of exciting.

Orley Ashenfelter:

How long were you in the navy?

Craig Riddell:

I did my three years.

Orley Ashenfelter:

By the way, I should just add you're the third person in the series of podcasts that actually served in the navy. Ron Oaxaca was in the navy. Did you know that?

Craig Riddell:

No. No, I haven't heard that.

Orley Ashenfelter:

He was in the navy, and Bob McKersie in fact would join. He was actually during [the] Second World War, so he was in the navy too. It was kind of surprising to me to hear about these backgrounds. He went to Penn because they had some ROTC program that he could be involved with and got... It was some special program that paid for his way, more or less the same kind of argument as you made for why you went to the Royal Military College. How did you end up in graduate school?

Craig Riddell:

At RMC I had started out in engineering because those were the Cold War days and the Sputnik and all this, and engineers seemed to be in demand. I spent the first two years at RMC in engineering, but when you did engineering at RMC you took the same courses as everybody else except more.

Orley Ashenfelter:

That's what they say. You don't have to be a genius to be an engineer, but you have to work really hard.

Craig Riddell:

First year at RMC, we had 36 hours in the classroom each week, five hours each day and an hour on Saturday. Second year was about the same. We had a little less once in your third and fourth year. In the second term of my second year, I took a... Well, we all took a principles of economics course, and that was my first exposure to economics as a discipline. By that time I was having real doubts about whether

I wanted to be an engineer. I had joined a kind of [a] youth engineering program or something while I was at RMC and we did a few field trips and I thought, "Is this what I really want to do with my life?"

I mean, one field trip was to a small appliance plant that made toasters and irons and stuff like that, and I thought, "Boy." Then another was to a cement factory, and you could hardly see what was going on because of all the dust. It wasn't as glamorous as I expected, but, more importantly, I really found the first-year economics course to be... It really attracted me, the idea of asking big questions and pretending you knew the answers and basically the analytical side. In engineering, we used a lot of math and physics and chemistry and so on, but I liked the analytical side of economics.

So, after thinking about it over the summer, I decided to switch into the arts and science part of RMC and to study economics. Most of the economics, except for that first year of course, all the economics I took as an undergrad were in the third and fourth years. You couldn't actually... RMC was a small college so you couldn't actually specialize in economics. You had to either be in economics and commerce or economics and political science. I chose economics and commerce. After I'd finished four years at RMC, and I did reasonably well, not... My grades were never spectacular, but I did get an honors degree. I mean, there were a lot of demands in your time at RMC. There was the military stuff, there was all the sports, and then there was academics, and really there wasn't a lot of time for just straight academics.

After my experience in the navy, I decided I didn't want to stay in the armed forces, but I was fortunate in being able to get my last posting after I left the ship to the army base in Kingston, which is what I'd requested because my late wife and I had met in Kingston while I was at RMC, and we liked the town and I was hoping to get into Queens to do a master's degree. Then also the other places I was applying to for the master's were also in Ontario, so I was fortunate in getting my next posting in Kingston and then that's where I left the military.

Initially, my plan was to do a master's and then probably get a job with the federal government, which was expanding rapidly and there was a lot of demand for economists at the time. This would be in the early to mid '70s, more early '70s. I didn't have any intention of doing a PhD, but in the master's year it was the first time in my life I'd really applied myself academically and I did quite well. A couple of the profs encouraged me to stay on for a PhD. One of them encouraged me to go to the U.S., which is probably what I should have done, but I didn't. I ended up deciding to stay on for the PhD and was happy with how that worked out.

Orley Ashenfelter:

What did you write about? What was your thesis?

Craig Riddell:

One of the big issues in those days was inflation and unemployment. This was early '70s. Inflation had been building up through the '60s. I learned quite a bit about that area from Richard Lipsey who had moved to Queens around not long before I went to Queens from the U.K., where he'd spent most of his early career. I took macro from him in the MA year and then again some course called business cycles or something like that in the PhD year. We got a big grounding in the inflation and unemployment area. That was a time when there was a lot of interest in the micro foundations of inflation and unemployment, the famous Phelps volume, Phelps and Mortensen and others. Lipsey gave you a sense of excitement about the progress of the discipline.

Orley Ashenfelter:

I think I read your dissertation paper. It was in *Econometrica*, wasn't it, about using contract wage data?

Craig Riddell:

Yeah. One of the things that was fortunate that happened to me at Queens was I ended up as a research assistant for... Besides Lipsey's courses, which got me interested in the whole literature on inflation and unemployment and the Phillips Curve, one of the opportunities I got was to work as a research assistant for two young assistant profs there who were working in the area of wage determination, Robin Rowley and David Wilton. They both left Queens subsequently, but they were active in that area then. I learned quite a bit about the area from working with them, and I also learned about this data source of individual contract data that had been collected for about 20 years in the Department of Labor in Ottawa.... When it came to my thesis research, I was able to get a hold of those data, and my thesis and that *Econometrica* paper were based on using it.

Orley Ashenfelter:

I don't remember. What did you find out?

Craig Riddell:

Well, a big issue at the time was is there really a Phillips Curve? The early papers by Phillips and Lipsey had used annual data. They had found a strong relationship between wage inflation and unemployment, but ... the literature then switched to using quarterly wage index data. I think the original paper was by two British scholars, Dow and Dicks-Mireaux, and they had this overlapping annual wage change model but there were problems with that. Probably the biggest problem was that because of the tendency toward longer term wage contracts, the actual number of agreements being reached in any given quarter was small and quite variable. The overlapping annual wage change model didn't have an easy way of taking account of that variation in the frequency of wage settlements in a given quarter.

Another problem with it was that the typical contract of two or three years by that time not only had a... They were front end loaded, so they had more of an increase period in the initial period when the agreement was reached than later periods, but they also had deferred increases, and deferred increases, presumably the size of them are a function of what the conditions are at the time the contract's negotiated, not at the particular quarter when they actually are implemented. The existing models didn't deal with that very well.

Rowley and Wilton had a way of dealing with it that was rather complex and involved generalized least squares rather than ordinary least squares. When they implemented their method, they didn't find there was any evidence of a Phillips Curve. The coefficient on the unemployment rate in their equation was not significant. You [Orley] had a paper with John Pencavel with British data which had a different way of dealing with the frequency of wage settlements, a simpler, more intuitive way, but it also reached a negative conclusion that there was no Phillips Curve, so there was an issue of whether there was a Phillips Curve.

Orley Ashenfelter:

By the way, that issue is still around.

Craig Riddell:

Yeah. Some things never go away, right? Anyway, a suitable way of getting around those problems was to use individual contract data when you could take into account the increases that were going to occur through the life of an agreement, but at the time the agreement was reached. That was probably the key attraction of these individual contract data. That's what I ended up doing my thesis on, and I did find

there was strong evidence of a Phillips Curve and there was actually evidence of those famous Lipsey loops around the Phillips Curve.

Orley Ashenfelter:

We should explain that, the long history of the name for A.W. Phillips. It was a correlation between wage changes and unemployment that existed in British data at one point that he pointed out and has been a subject of discussion endlessly, actually, by many economists since... You probably gave up on that after that. I'm guessing you stopped working on that problem.

Craig Riddell:

Yes and no. I did a few more papers in the area, but then I decided I wanted to move on to other things.

Orley Ashenfelter:

I wanted to ask you about that. Going through the papers you've written, many of them, not all, but many of them implement a comparison between Canada and the U.S. I think you've done that with unemployment, and I think probably other things as well. I think it would be interesting... I'm not sure how you can summarize what you've done, but I went through, in fact, the introduction to this book that Card and Freeman edited called ["Small Differences That Matter,"](#) basically the idea being that Canada is a kind of microcosm of the US. It's about 10 percent the size but has much, much, much in common with the U.S., so in a way if the Canadians do something institutionally different, it gives you some leverage to try to see whether that might have some effect on economic variables and outcomes. Let's start with unemployment. You've studied that a great deal. How do you describe the differences between unemployment in the U.S. and Canada?

Craig Riddell:

That's good question and a big one. There's quite a [bit of] literature on it. There's certainly... I got quite involved in it once I actually became a labor economist. I should mention one other thing before I... I actually never did labor as a field in my PhD. My fields were econometrics and industrial organization, but because my thesis was on wage settlements and when I went... My first job was at the University of Alberta. When I went there, I was teaching microtheory and econometrics and industrial organization. I wasn't teaching labor. But when UBC approached me, and I ended up going there four years later, they wanted me to teach labor relations.

They had a well-known labor relations scholar who was retiring. He was more institutional style, but quite prominent in his field. They wanted someone with more modern data-driven approaches to the subject to teach. They had two undergrad courses in labor relations and a graduate course in the economics of labor relations. That's when I started shifting over into labor relations.

UBC had a labor economist around my age at the time, but he left a couple years later. He married one of our graduate students and they went to get jobs together. Then they asked me to teach labor economics as well, so I got into labor economics and labor relations kind of through the back door, if you like, never having done it as a field, but I found it to be just a superb field to work in. I really enjoyed teaching in the area, and I enjoyed doing research in the area. Anyway, that's a bit of an aside from the question you asked. The question you have is about Canada-U.S. differences. That first volume by Card and Freeman, I did a paper on differences in unionization between Canada and the U.S. in that.

Orley Ashenfelter:

Well, let's talk about that for a second. I was going to ask you about that. That difference persists, doesn't it? Canadian unionization rate is much higher than the US.

Craig Riddell:

Yeah. Like the U.S., ours has been declining since it peaked back in the '60s, but it's still considerably higher. Canada started later than the U.S. toward unionization. We adopted the same framework as the US Wagner Act model, but we didn't adopt it till during the Second World War. During the Second World War, the federal government... Well, first of all, labor relations and most of labor economics is under provincial jurisdiction in Canada, but during the war, under the War Measures Act, the federal government had jurisdiction.

They passed an Order of Counsel and the Privy Council equivalent to a law that established the right to unionize, and then that became adopted by most provinces, well, all provinces eventually, after the end of the war when jurisdiction returned to the provinces. So, we were late at the game, but there was significant growth in unionization in the early post-war period and then much faster growth when the public sector became allowed to unionize in the late '60s. Up until that point in time, the view was... Canada was a British colony originally before it became a country.

Orley Ashenfelter:

Oh, the U.S. was too.

Craig Riddell:

Yeah, that's true.

Orley Ashenfelter:

We have a lot in common.

Craig Riddell:

The very was that the Crown does not negotiate. The Crown does not work.

Orley Ashenfelter:

I see. Well, I guess we probably forgot that.

Craig Riddell:

Yeah. But anyway, in the late '60s there was an act passed that allowed federal civil servants to unionize, and then the provinces also followed suit for other public sector workers. That was a period of really strong spurt in union growth. I mean, a lot of it was just converting what were formerly employee associations into formal unions, so they were... Civil servants had some form of collective representation before, they just weren't formally a union, but they certainly didn't have the right to strike until this became legal.

Anyway, we did catch up with the U.S. in unionization, but then both countries' unionization declined but it declined less quickly in Canada. Now we have unionization rates in the private sector around 15 percent, which is significantly higher than you. It's much lower than in the past in Canada, but we have very high unionization rates in the public sector. Around 75 percent of public sector workers are unionized. Another reason unionization is greater in Canada is that, but also the fact we have a larger public sector than you do. We have about 20 percent of the workforce is in the public sector broadly

defined. This is including healthcare and education, social services, whereas I think you're more like 15 percent.

Orley Ashenfelter:

Yes, and I guess because the healthcare is public in Canada. That's probably one of the big differences between the U.S. and Canada.

Craig Riddell:

Yeah. Those are important factors, but there also are important legislative differences. The tradition in Canada at the time when I wrote that paper for the "Small Differences That Matter" book was that a union could be certified at representing a group of workers if there was enough support through the card check system, that is people signing a card saying, "I want to be represented by a union." There was no need for a mandatory vote or a secret ballot vote, and that was pretty universal in Canada in the provinces and in the federal sector where there's some about 10 percent of the workforce is in federally regulated.

We did move away a bit from that in some provinces later. My son has some good papers on British Columbia who switched back and forth between the card check and secret ballot election and then back to card check depending on the government of the day. There has been some movement back and forth, but largely speaking it's easier to organize a union in Canada than in the U.S., so that's definitely part of the story.

Orley Ashenfelter:

The unionization efforts in the U.S. of course have famous ones with Amazon and Starbucks, but the companies have made incredible efforts and spent an enormous amount of money to avoid the unions in those areas. It's fascinating to watch if you read the daily labor report.

Craig Riddell:

We don't have as much of a tradition of kind of union prevention or union busting experts that get consulted on for trying to avoid-

Orley Ashenfelter:

Yeah, and paid well too I guess. Well, let's come back to the unemployment issue. I do want to ask you about a couple more things. I know you've studied that on and off many different times. I even actually tried to work on that at one point, Canada-U.S. unemployment differences. What do you conclude from what you did?

Craig Riddell:

First of all, there are... Despite what was originally believed, the CPS in the U.S. and the Labour Force Survey in Canada are very similar surveys despite what was originally believed, that they basically had the same measurement methods. There are some measurement differences, so that's one of the reasons why unemployment, especially since the early '80s, has been higher than the U.S. In fact, [Statistics Canada](#), once these measurement differences were sorted out by academics like me and others, they have this series they call Alternative Measures of Unemployment, some of which are stricter than their standard measure and some of which include other people, like people that say they

want to work but they're not looking for work, for example. Measurement differences now account for about one percentage point difference between Canada and the U.S.

Orley Ashenfelter:

Oh, I see. That gets rid of a lot of the gap.

Craig Riddell:

Stats Canada reports regularly now a measure [of] what the Canadian unemployment rate would be if they used U.S. concepts.

Orley Ashenfelter:

It is pointed out in the introduction that people often use these Canada-U.S. differences for their own political gain. If they don't like what the Canadians do, then they say that that resulted in something or other different. I know the comparisons in crime, for example, are subject to that at all moments because it seems to be the case that homicide rates are phenomenally high in the U.S. compared to Canada. Probably a lot of guns in Canada too, so maybe it's not all about guns. Who knows?

Another issue... I just wanted to bring up a couple more points. Immigration is another area where the U.S. and... Well, first of all, it's a very, you probably have noticed, in the U.S. extremely topical and difficult, thorny, no agreement kind of issue. Canadians seem to have a more relaxed attitude about it, and that obviously is a difference between the two countries. Have you thought about why that exists?

Craig Riddell:

I don't have an easy answer on that. I mean, we are a country of immigrants but that's true for the U.S. too. If you look at the history of immigration in Canada, the early 1900s the number of immigrants coming to Canada relative to the population was just enormous. It's much lower now as relative to the population, although it's pretty high by Canadian standards right now. But I think we're similar to Australia. Australia's another former British colony. It's a federal system. It's very open to immigration, and we are. I think we've been fairly successful at integrating immigrants and developing a multicultural society. Many Canadian cities are very multi-ethnic, even Calgary, which we think of as...

Orley Ashenfelter:

Cowboy town.

Craig Riddell:

Cowboy town. Yeah, oil town, cowboy town. It's the third most ethnically diverse city in Canada. If you walk around Vancouver or Toronto or Montreal, you'll see a highly ethnic diverse society. It's not that there has been total acceptance of that, but immigration is... The surveys indicate that most people are comfortable with Canada's...

Orley Ashenfelter:

Why is that? That seems to be a hot political issue in the U.S. and not so much in Canada. Do you have any explanation for that?

Craig Riddell:

Well, one explanation is our point system, what's often referred to as our point system, which selects immigrants on their suitability for the Canadian labor market. Immigrants, they don't do that well compared to native born initially when they arrive. There's conditioning on their education and experience, but they do catch up over time and in general they do well. They adapt well to Canadian lifestyle and norms. The second generation of immigrants do very well. They do better in terms of educational attainment than native born Canadians do, so that's another factor on the plus side.

Orley Ashenfelter:

Let me finish by just asking you one personal question. I'm kind of curious about... You're not the only economist I know in this position, but you've actually written a number of papers with your son, another Riddell. He's probably not named William. Is he named William too?

Craig Riddell:

No, we broke the norm with him.

Orley Ashenfelter:

[inaudible 00:32:00].

Craig Riddell:

His name is Chris.

Orley Ashenfelter:

I always wondered why you were W. Craig Riddell, and you've explained that in this podcast so I appreciate that. I can't imagine that very many economists write papers with their children. How did that come about?

Craig Riddell:

When he went to UBC as an undergrad, he started out in film. He wanted to become a film director, but he quickly learned that his idea of a good film, which was *Star Wars*, was not the UBC film department's idea of a good film. We had encouraged him to at least do calculus and introductory economics in his first year as well as the other courses he took, and he did do that, and so he had a fallback in the second year when he decided to switch out of film. His girlfriend at the time was doing economics so she had really good notes, so he decided to stay in economics.

Orley Ashenfelter:

I see.

Craig Riddell:

Then he actually came to quite enjoy it. He had very good... In his fourth year, he had very good teachers in David Green, a young colleague of mine, and Denise Doiron, who was a former student of mine who taught at UBC at the time, and that influenced his decision. Then he worked for the government for a while but then decided to do a master's degree and went to McMaster University, and then ended up deciding he wanted to do a PhD, so he went to University of Toronto and did a PhD in labor relations. We have some economics and some labor relations in common. Yeah, it's been really wonderful to work

with him. He's actually unique in that he's the only economist I know of who's published papers with his father and his mother.

Orley Ashenfelter:

Is that right, his mother too?

Craig Riddell:

My late wife was a nurse and she ended up being what they call a nurse practitioner who specialized in HIV/AIDS and addiction at one of the main hospitals in Vancouver. She got into that area when AIDS first was mainly an illness of young gay men, and that hospital was the one that was near the AIDS neighborhood in Vancouver and then later her clientele changed from young gay men to injection drug users.

But she would talk about it at dinnertime, and one time she was talking about people who were admitted to hospital who were drug users. They had the strongest incentive to leave the hospital even though they hadn't finished their treatment because if they were in hospital when the checks were being issued, there would be a deduction for the fact they were staying in a public... A deduction from their welfare check for the fact they were staying in a public facility. Chris said, "Well, can you get any data on that?" She was able to produce data and they did this paper, which was published in *The Journal of Human Resources*, on the spike in leaving hospital against medical advice the day before the checks were being issued.

Orley Ashenfelter:

I can see how medicine and economics came together and one fell swoop.

Craig Riddell:

That evidence was so strong they got the welfare procedures changed.

Orley Ashenfelter:

Is that right? Oh, that's good, actually. That's the kind of paper that doesn't get cited anymore because it changed everything and you can't do it again.

Craig, it's been an absolute delight to talk to you, and I can only make the comment that pretty much every American makes about Canadians. They seem like such nice people, and I think you fit the bill pretty well. Our guest today has been [W. Craig Riddell](#), emeritus professor of economics at the [University of British Columbia](#). Please join us again for the next episode of [The Work Goes On](#), an Oral History of Industrial Relations and Labor Economics from the [Industrial Relations Section at Princeton University](#). I'm your host, Orley Ashenfelter. Thanks for listening.

Announcer:

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