

# The human cost of corporate downsizing: an interview with a Vancouver telecom worker

7 August 2008

*David Walsh recently conducted the interview posted below with a former worker for MTS Allstream, the third-largest telecommunications company in Canada, headquartered in Winnipeg, Manitoba. Doug worked for the firm in Vancouver, British Columbia, for more than two decades, until he was laid off in October 2007.*

*MTS Allstream, a subsidiary of Manitoba Telecom Services, with 6,000 employees nationally, is itself the product of a complex process of deregulation, privatization and rationalization of the telecommunications industry in Canada over the past two decades.*

*The firm's origins lie in the merger of Canadian National and Canadian Pacific telegraph divisions, which created CNCP Telecommunications in 1967. The latter, in turn, formed Unitel, which opened the Canadian telephone market to long-distance competition in 1992. Unitel became AT&T Canada, before changing its name to Allstream in 2003, with a few sales and mergers along the way.*

*Manitoba Telecom Services acquired Allstream in 2004. In 1997, what was then the Manitoba Telephone System, a Crown corporation, was privatized by the provincial Conservative government of Premier Gary Filmon. The latter now sits on the board of directors of MTS Allstream.*

*In a speech delivered to the Montreal Board of Trade in April 2008, MTS Allstream Chief Executive Officer Pierre Blouin boasted, "If you had invested in our company on January 10, 1997, you would have earned a yield of 437 percent as of year-end 2007. So we have had great success." Blouin's annual compensation in 2007 was C\$1,518,000.*

*The company's "great success" has largely come at the expense of the jobs, living standards, working conditions and general physical and psychological well-being of its workers, as this discussion records.*

*As Doug indicates in the conversation below, he first knew with certainty he would lose his job in November 2005. Over the next two years, he received five layoff deferrals, creating a level of stress that would produce a "major depressive episode."*

*The interview makes equally clear the worthlessness of the Canadian Auto Workers union from the point of view of defending jobs or workers' rights. The CAW facilitated the job destruction and argued that the company had "the right to manage" and there was "nothing" the union could do about it. This raises the question: why should such an impotent organization continue to exist?*

*Doug also turned for assistance to Harry Bains, his Member of the Legislative Assembly in British Columbia from the New Democratic Party, a former union official, who characterized any interference with the right of the employer to destroy jobs as "communism."*

*The bankruptcy of these national-reformist, so-called "workers organizations," is a universal phenomenon. Doug's experience is the experience, with the inevitable differences taken into account, of millions of workers globally.*

David Walsh: When you began work in March 1984 what was the state of the company at that point?

Doug: It was still CN-CP. There were a lot of workers, there was a lot of work.

George Harvey [of CNCP and later Unitel] played a very large role in the deregulation of the telephone industry in Canada. He was one of the chief executive officers of Unitel, in the late 1980s. Now, following the deregulation, the company initiated what they called the Network Modernization Program, NMP for short. The workers referred to it as "No More People." That's when the massive downsizing really started, particularly in British Columbia.

Prior to the deregulation, there were about 300 employees in B.C.; today, we stand at less than 30. There's just been an enormous loss of workers.

I was called an equipment technician. This was in the waning days of teletype. We were the main teletype provider in the country. We provided private line data services, voice services and teletype services.

In 2001, the company announced a workforce reduction of 500 employees. It was AT&T Canada by then. There were about 5,000 workers across the country, unionized and white-collar staff.

DW: Was it the Canadian Auto Workers [CAW] by 2001, or another union?

Doug: That was the CAW. Prior to that, it was the Canadian Association of Communications and Allied Workers. An in-house union, more of an association. But as the staffing fell, the union leadership felt we didn't have the resources to protect the membership, so we looked for mergers with other unions. There was a bit of a battle between the CAW and the IBEW [International Brotherhood of Electrical Workers], but eventually the CAW won out.

DW: And they've done a fine job "protecting" you!

Doug: Oh, yes, a wonderful job, just wonderful.

DW: From 2001 onward, what did the union say or do about the layoffs? Did they offer any kind of resistance, or just announce them, so to speak?

Doug: They just announced them—there was very little opposition. They just relayed the message on to the members.

DW: You said you were a union activist, when was that?

Doug: I was a shop steward. From 1995 to 2005, when I received my layoff notice.

DW: So you were a shop steward the entire time the CAW was there. You went to union meetings during those years?

Doug: I went to the infrequent union meetings; there have been very few of them.

DW: In May 2002, the union cited the company's right to manage. Was that a statement sent out to the membership?

Doug: That was a statement from the union in response to some protests that came out of B.C., over the massive layoffs we were facing. The union just said that the company has the right to manage and there's nothing we could do about it.

DW: In 2005, a senior company official said he was aware that staffing levels were low and that might be causing undue stress. Can you elaborate on that? Were there complaints about stress and overwork?

Doug: Yes, even until today there are complaints about stress. The local president, Bob Carmichael, told me that they have quarterly benefit

meetings with the company. The company said that benefit costs were rising significantly, and I was told that this was because a lot of workers were getting sick, and that this is related to the overwork. They're booking off work.

DW: Did you feel pressure as an employee for productivity, to work harder?

Doug: What I observed was an increase in contracting out. The company would lay off workers and then contract out, citing the lack of staff. So they created the conditions where they needed to contract out.

DW: Was that permitted under the union contract?

Doug: That was permitted; the contract was incredibly weak in regard to contracting out. The contract states that the company can contract out work that is not done on the premises that they own, if there's a lack of manpower. Now they say they have to contract out because they don't have the staff.

We'd often be overbooked, we'd be booked up with work that was impossible to do. The nature of the job is such that the workload waxes and wanes. I was told that the company at one time staffed to meet maximum demand. But now they're no longer doing that. They staff at levels that are absolutely bare bones.

DW: Tell me about the letters you sent to the politicians. This was specifically about the layoffs in B.C.?

Doug: In March 2006, I sent letters to my MLA [Member of the Legislative Assembly] and my MP, both from the NDP. They went unanswered. So some months later, I sent letters again. I did get a reply from [MLA] Harry Bains, but to this day the only reply I got from [MP] Penny Priddy was to get on her e-mail distribution list. She never did respond.

Bains responded after my second letter to him. He's a longtime NDP MLA, and I believe he was an official in the IWA [International Woodworkers of America] for more than 15 years. He did accommodate, in that he arranged a conference call between himself, the president and vice president of the local, Chuck Puchmayr, the B.C. NDP labour critic, and myself. Puchmayr asked if what the company was doing was legal, and actually it is legal under the collective agreement. They can move jobs wherever they want. My argument in these letters was that the economy of B.C. was being unfairly singled out.

The fall sitting of the legislature was called off by the [Liberal Gordon] Campbell government. Bains and Puchmayr said they would have raised the issue if that hadn't been the case. So ultimately, there was nothing they could do. In another discussion with Harry Bains, he indicated that a company can do whatever it likes, operate however it likes, and for anyone to interfere, and I'm paraphrasing here, would be "too much like communism." That was in a private conversation.

DW: What about Buzz Hargrove [president of the Canadian Auto Workers]?

Doug: He never responded. I also contacted Hemi Metic, an assistant to Hargrove, via telephone. He was quite hostile. He told me to go to my own local, he wouldn't even discuss it with me.

DW: What was the straw that broke the camel's back? Why did you decide to write these letters, to go public, so to speak?

Doug: I'd say it was a cumulative process. I was just trying to think of every alternative, I was doing everything I could to save the jobs here. Initially, I went to the local union. They said they were doing everything humanly possible, but they gave no specifics. I learned later that they had no strategy. They made appeals, they tried to reason, but nothing you could call negotiations. They kept asking me for recommendations, what they should do. I'd write them. I'd tell them to negotiate, withhold something from the company. They were incredibly secretive, next to no information came out of them, so I assumed they were doing nothing. I stated that, I implied that in a couple of letters, and I was met with character attacks.

DW: Was there ever any kind of protest, or threat of strike action, against the layoffs?

Doug: No. There were many grievances across the country about the contracting out; some 20 grievances went in from B.C. The union ultimately dropped them. Because the language in the collective agreement is just so weak. The company would contract out, we'd grieve it, but the language permitted them to do it. There was never any talk of strike action, or anything like that.

DW: The union complained you were being difficult, but we're talking about the steady destruction of jobs, of people's lives. Laying people off, potentially ruining or damaging their lives, is a violent and anti-social act.

Doug: Yes, to put it lightly. It's inhuman, it's cruel. It's one of the greatest stressors a person can have in their life, to lose their job through no doing of their own.

The most severe tension and stress have taken place since Pierre Blouin took over the company, in 2005. Things became qualitatively more difficult. You didn't feel like you were part of an organization, you didn't feel valued. Workers were disposable, dispensable. The company was operating only for the benefit of the shareholder.

DW: On March 22, 2006, you received your layoff notice. This was the first time you actually got a date to be laid off? How did you react to that?

Doug: My heart sank. I felt devastated.

DW: What were your family responsibilities?

Doug: I have a mortgage, I have to administer the house, I have a high school-age son, I have an elderly mother living with me.

It was a feeling of dread.

DW: Was it totally unexpected?

Doug: I was expecting it. The company has to issue a 90-day notice, and that was issued at the end of November 2005, so I knew it was coming, I just didn't know exactly when. November 29, 2005, is in effect the date that I knew the layoff was coming.

DW: By that time, you already had more than 20 years, right?

Doug: That was my 23rd year.

DW: How much seniority did you have to have to keep your job?

DW: About 25 years. That's only in B.C. They have a separate seniority scale for each district. The country is divided into districts.

In B.C., the workers are older. In 2004, we were in negotiations and the company was demanding a two-tier pay structure; there was a lot of opposition to it, from the rank and file. Brian Lee, the president of the local [CAW Local 2000] at that time, issued a communiqué aimed at the opposition to the two-tier pay structure.

Brian said that "other companies are doing this, the company needs to be competitive, it's not going to affect the older workers, they're going to retain their first-tier pay rate, there won't be any concessions," and he also said that it would be several years before a significant number of CT1s [CT = Communications Technician], that is, technicians on the new, lower pay scale, would be in place.

Now, by 2007, 60-65 percent of the entire staff were CT1s. That was three years after he said it would be several years before there were *any* significant number of workers on that lower pay scale.

I had 23 years' seniority, I was at the top of the pay scale. In B.C., the workers who were left had at least 24 years' seniority, so we were all at the top of the pay scale. So it's in the company's interest to get rid of as many of us as possible. The reason I got laid off was that the company decided to shut down the provisioning department in Vancouver and move it—these are virtual jobs, meaning they can be done anywhere in the country. These jobs ultimately went to Ontario on the CT1 pay scale, lower-paid jobs. So I was thrown out on the street.

I directly addressed [Allstream executive] John McDonald in an all-employee conference call, and I asked him why we were being laid off. I asked McDonald why they were shutting down provisioning while the company was continuing to hire. And he responded by saying, "How else

are we supposed to save money?" In Brian Lee's communiqué, he said there was language that would prevent the company from doing that very thing, moving jobs elsewhere to the lower pay scale in order to get rid of older workers.

DW: Did you ever look for that language?

Doug: I wrote him. He said that the paperwork was buried in a bunch of boxes in a self-storage place, and that I'd have to deal with the new local president, Bob Carmichael. So I contacted Carmichael and asked him where the language was that would prevent them from doing that. He sidestepped and told me that the language exists, but we need proof that they're doing this. I have the proof. It was stated by John McDonald when he said to everyone in the company that they were saving money by doing this. I replied to him, this is what McDonald said, it's solid proof!

DW: This mysterious "language" in a box in a self-storage unit! Why wasn't it in the contract?

Doug: I believe the language is contained in something called a letter of understanding. These are legal documents that can be negotiated in between formal contract negotiations. I got nowhere when it came to finding that language.

DW: Nine days after you received the layoff notice, you received a deferral?

Doug: March 22, 2006, I received a layoff notice, March 31 I received a deferral to May 31. That was one of five deferrals I received. And each of those deferrals I received at the eleventh hour. It was incredibly stressful.

DW: Tell me about your emotional difficulties. When did the whole situation become difficult to bear?

Doug: That was in December 2006. My physician booked me off work immediately, he said that I had to get away from "the stressor." He referred to my job as "the stressor." I was off for a total of five months. Although I had recovered somewhat before the end of that period, my doctor didn't want me to go back for fear of undergoing a relapse.

The insurance company ended up paying me for only two months. I went three months without any income while recovering. They demanded more information from my psychiatrist, from my physician. They provided that information and the insurance company flatly denied the claim. My doctors wrote additional supporting letters, it was still denied. My physician told me, I can quote him, "These people just don't give a shit about anyone." He was furious.

DW: This whole time you had this layoff hanging over your head, of June 29, 2007?

Doug: Yes, that's correct. It was always there.

DW: You returned to work in May 2007, and then you got another deferral on May 31, and that was the final dropping of the ax.

Doug: My last day of work was October 5, 2007.

DW: To listen to it, this is a torturous process. The anatomy of corporate downsizing. What are some of your more general conclusions, not simply from your own experience, but from the more general experience of the working class?

Doug: I believe that the unions have become junior partners to the corporations. They function primarily as a police force for the corporations. To suppress dissent, and to keep the rabble in line. Their own concern is to maintain the dues, to preserve their privileged positions.

Now, there aren't a lot of perks on the local side. The executives do get a \$500 a month stipend. They do get air travel, hotels. It's recently been disclosed that there's been some financial indiscretion. At the national level, these fellows do quite well, making six-figure incomes, \$120,000 to \$150,000 a year. And that's a base salary. They get other perks, hotels, meals and so forth.

The concessions at Allstream were really spearheading the whole process. When you look at Magna now, they've given up the grievance process. It's to maintain the union coffers. The unions have completely abandoned what they're supposed to do. They no longer represent the

workers whatsoever.

DW: Did your company pioneer the two-tier wage system in Canada?

Doug: The two-tier wage system was introduced in 2004, which was well before what's happening in the auto industry. "Pioneer" is the word I was searching for. Yes, I guess so.

A few years ago, I was having lunch with an executive from Telus [a rival telecom company]. We both belonged to the same exercise club. We were having lunch one day, and he learned that I was a unionized worker at Allstream. And when he learned that, he started to gush over our agreement. He just loved it. He said, "That's the kind of agreement we have to have at Telus." This was before the labour troubles at Telus two or three years ago.

DW: When did you start reading the WSWS?

Doug: About six years ago.

DW: What do you think of it?

Doug: It's given me an entirely new perspective on labour and the workings of the world in general. I like to think of it as a kind of beacon of truth. It's allowed me to understand what's taking place. It's given me an appreciation of the importance of a historical perspective.

DW: How has your own political thinking changed over the years?

Doug: At one time I was quite naïve politically. I really didn't understand what was meant by the right or the left, by nationalism, the consequences of nationalism. I was politically naïve 10 years ago, but no longer. I credit the WSWS for that. A day doesn't go by when I don't read it.

DW: Have you followed the recent CAW negotiations in the auto industry?

Doug: Yes, I have. I think the hypocrisy of the CAW has been exposed. The CAW claims to have a no-concession policy, but the recently negotiated contracts are full of concessions. The CAW will say that they've negotiated a pay freeze at Ford, so that isn't a concession. In fact, with a 4 percent inflation rate, it's a 12 percent pay cut.

I was also following the American Axle strike in Detroit closely. They're going to have poverty-level wages.

DW: What road do you think the working class should take at this point?

Doug: We can't rely on the unions any longer. They've just become partners of those interests that are globalizing the economy. We can't embrace nationalism, and pit worker against worker in different countries. That just leads to a race to the bottom.

DW: In your case, pitting region against region is also a danger.

Doug: That's true. I'm coming to the conclusion that an international movement has to be built, I'm just not certain how that will happen.

I hope this will allow others to see that they're not alone.



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