

# Quebec's premier venture-capital fund controlled by Quebec Federation of Labour

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The role that the trade unions played in suppressing the Quebec student strike has raised many questions among the province's young people.

While the unions claimed to support the striking students, they joined with Premier Jean Charest in early May in seeking to bully the students into accepting a sell-out agreement. The unions similarly claimed to oppose the Liberal government's draconian strikebreaking legislation (Bill 78), but pledged to obey it and intervened forcefully to stamp out the threat that workers might walk out in sympathy with the students.

In late May, as spontaneous protests were erupting across the province, Michel Arsenault, the president of the Quebec Federation of Labour (FTQ), the province's largest labour federation, wrote to the Canadian Labour Congress to demand that it give no support to the students. Subsequently, the FTQ and all the province's rival union apparatuses joined forces to corral the students and the broader opposition movement their struggle had provoked behind the election of the big-business Parti Québécois—the Quebec elite's alternate party of government.

A notice that the FTQ recently published in *La Presse* sheds light on the objective reasons and class interests that lay behind the unions' strangling of the students' militant struggle.

Signed by FTQ President Arsenault, the notice honored Louis Laberge, the QFL's president from 1964 to 1991, on the tenth anniversary of his death. It depicts Laberge, a notorious right-winger throughout his decades-long career as a union functionary, as an indefatigable fighter for the interests of working people. However, Arsenault's memorial notice singles out as Laberge's greatest achievement—an achievement all Quebecers should celebrate—his founding of the Solidarity Fund.

A government-supported investment fund, the misnamed Solidarity Fund provides capital to Quebec entrepreneurs. It has been controlled by the QFL bureaucracy throughout its entire 30-year existence.

"The whole of Quebec," claimed Arsenault, "remembers Louis Laberge as the brilliant founder in 1983 of the Solidarity Fund, a fund which today totals more than eight and a half billion dollars."

The importance Arsenault gives to the creation of the Solidarity Fund exemplifies the transformation of the FTQ into a corporatist, anti-worker organization that connives with big business and the state in slashing jobs and wages and suppressing all working-class resistance, and whose highly paid officials have increasingly become petty stockholders in the exploitation of the working class.

The official goal of the Solidarity Fund is to provide venture capital to small and medium-sized businesses and to "troubled" larger enterprises. While it solicits investments from FTQ members and other workers, all Quebecers, irrespective of their wealth, can invest in it. Since its foundation, the president of the FTQ has doubled as the Solidarity Fund president and, while professionally trained money managers run the fund, it is controlled by the FTQ bureaucracy.

Fund managers and union officials work hand in hand with businessmen to ensure the "profitability" of companies that are recipients of Solidarity Fund investments, a process that is invariably at the expense of the jobs and working conditions of the companies' employees. The fund can and does frequently intervene to "rescue" companies with loans and investments, predicated on workers accepting concessions.

In launching the Solidarity Fund, Louis Laberge declared, "the Fund will not be a charity nor an agency to grant funds in place of the government; it will be profitable." In becoming the principal managers of such investment funds—the Confederation of National Trade Unions (CNTU) has its own investment fund, *Fondation*—the union bureaucracy has developed an alternate source of income to worker dues, thereby insulating itself from the fate of the workers they purportedly represent. Moreover, this income is derived from sharing in corporate profits, that is, in the direct exploitation of the working class.

The FTQ set up the Solidarity Fund in the wake of the global slump of the early 1980s, which hit Quebec and Canada very hard. Quebec was officially in recession from the summer of 1981 until the end of 1982. During this period, the unemployment rate rose to 14 percent.

Under conditions where the international bourgeoisie had turned to class-war policies, with the governments of Ronald Reagan in the U.S. and Margaret Thatcher in Britain acting as their spearhead, the Parti Québécois (PQ) government of René Lévesque turned viciously against the working class. By decree, the PQ imposed concessions, including wage cuts of up to 20 percent, on public sector employees. When teachers rebelled, the FTQ and CNTU isolated them, enabling the government to break the strike with a draconian antistrike law and the threat of mass firings.

Fearing that workers would begin to move independently against the PQ government's assault, Laberge and the FTQ—aided by his "good friend René" (Lévesque)—floated the idea of a Solidarity

Fund as an innovative way to “save jobs.”

At the height of the economic crisis, in August 1982, Laberge had effectively supported the government’s plans to cut public sector wages, declaring that “the FTQ was ready to consider any proposal that would allow funds gotten from wage cuts to be reinvested in initiatives to create employment.” Subsequently, Laberge proposed that the FTQ would help “save jobs” by coupling “flexibility” at the bargaining table—that is the acceptance of contract concessions—with the development of a fund designed to provide capital to struggling enterprises.

All of this was, of course, rooted in violent opposition to any challenge to an economic system in which production and employment are subordinated to private profit.

Laberge called the establishment of the Solidarity Fund “much more revolutionary” than the creation of a “workers’ party.” He thereby acknowledged the FTQ’s utter hostility to the independent political mobilization of the working class to impose its own solution to the capitalist crisis and its turn, under the impact of the intensification of the capitalist crisis and the ruling class’s pursuit of class war, toward corporatism, in which the unions function as junior partners of big business and the state.

In 1986, several years after the creation of the Solidarity Fund, Laberge spelled this out in a speech before the Montreal Board of Trade. “In order to prevent the system from breaking,” declared Laberge, “the FTQ decided that the unions must intervene to increase employment, with its social partners. We decided to take action to restore confidence in a democratic economic system which has served us pretty well so far.”

Long-serving Quebec Liberal Premier Robert Bourassa warmly embraced the Solidarity Fund: “With this Fund, the unions no longer speak about destroying the system, but of improving it. It is a sign of insight and of maturity on the part of the FTQ. It is the way to go, if we want to get through the crisis.”

Bourassa’s support was emblematic of the attitude of Quebec’s big-business elite. They strongly supported the FTQ investment fund creation as a means of strengthening the trade union bureaucracy and giving it a direct financial incentive, as a petty shareholder in its enterprises, to increase the exploitation of workers.

The Fund’s establishment and success was entirely dependent on lucrative tax concessions—tax breaks that remain in effect to this day—from the federal Conservative government of Brian Mulroney and the Quebec provincial government.

Quebec’s francophone elite also welcomed the fund as a way to strengthen their grip on the province’s economy through the development and financing of Quebec companies. In paying homage to Laberge, former PQ Premier Jacques Parizeau declared, “Probably more than the CNTU, the FTQ and PQ, represents the basic orientation of our society and are a bit like two arms of the same operation” (to promote Quebecois capitalism).

While some workers have small sums invested in the Solidarity Fund, the real beneficiaries are the companies receiving the capital, the Fund’s major shareholders, its directors (a majority of whom are QFL officials), and highly paid investment managers.

In 2009, Fund CEO Yvon Bolduc was paid a salary of \$470,000, while the Chief Vice-president of Investments received \$309,000,

and the Chief Vice-president of Finance was paid \$299,000.

The day-to-day management of the Solidarity Fund has been entrusted to the economic and political elite of the province. Its first CEO (from 1983 to 1997), the millionaire entrepreneur Claude Blanchet, is the husband of Pauline Marois, the current leader of the Parti Québécois and Quebec’s newly elected Premier. Blanchet’s successor, from 1997 to 2001, was Raymond Bachand, the Finance Minister in the outgoing Liberal government of Jean Charest. And Marois has named as her Minister for Industrial Policy Éline Zakaïb, who for the past twenty years has been a senior Solidarity Fund executive.

The Solidarity Fund has become a major player in the Quebec economy and a means by which the bureaucracy is able to develop close financial and personal links with the Quebec bourgeoisie. The Fund has provided capital not only for hundreds of *PMEs* (small and medium-sized businesses), but also for large companies, such as the construction and engineering firm SNC-Lavalin, the cable-television and internet provider Vidéotron owned by the billionaire Pierre Karl Péladeau, and the airline Air Transat, led at the time by François Legault, now leader of the far-right CAQ (Coalition Avenir Québec).

The Fund has also made headlines in recent months for investing millions of dollars in companies owned by the wealthy businessman Tony Accurso, who is at the center of a fraud and corruption scandal related to mafia involvement in the construction industry. In 2008, the FTQ’s Arsenault received a gift of jewelry worth \$12,000 from Accurso, and in 2009 he spent time on Accurso’s private yacht, alongside other political and union figures.

The transformation of the unions into economic organizations that seek a share of the profits extracted from the working class is the result of a historical process; it is not simply the personal corruption of various union bureaucrats. The unions’ ever-closer alliance with employers is the outcome of their pro-capitalist and nationalist orientation under conditions of the development of globalized production. Their hostility to all worker struggle and to any social movement, like the Quebec student strike, that threatens to become the catalyst for working-class resistance shows that the task facing workers and young people is not to try to reform or pressure these bureaucratic apparatuses, but to break politically and organizationally from them and build new organs of struggle, above all a revolutionary workers’ party based on a socialist and internationalist program.



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