

Canada's Liberal government boosts employer assault on pensions

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Canada's Liberal government is proposing changes to regulations governing pension plans that will boost and accelerate the ruling-class drive to shred workers' pensions.

Bill C-27, which was tabled in parliament last month, eliminates legal prohibitions on employers retroactively reducing "already accrued" or earned pension benefits.

It is also designed to facilitate employers' efforts to eliminate defined-benefit pension plans, which guarantee workers a modest income on retirement, and replace them with so-called target benefit plans (TBPs).

Under TBPs, workers' pensions are not "defined," i.e., guaranteed at a set rate, but merely "targets," and employers are not responsible for meeting projected pension-plan deficits. Should there be any shortfall between a plan's "targeted" pension benefits and its financial resources, the "risk is shared." Put simply, retirees' benefits can be slashed and/or workers' pension contributions hiked.

The Liberals' Bill C-27 is patterned on a failed Harper Conservative government initiative.

In accordance with Canada's constitution, the Liberal legislation will only directly impact companies and workers in sectors of the economy governed by federal labour law. These include banks, railways, airlines, telecommunication companies, and Crown Corporations like Canada Post and CBC. But its ultimate impact will be far wider, as federal labour standards have long served as an informal benchmark for governments across the country.

Bill C-27 is so egregious an attack on worker rights that the trade unions, which played a pivotal role in bringing Justin Trudeau and his Liberals to power and routinely boast about the extent of their collaboration with the government, have felt compelled to denounce it as a "betrayal."

The legislation outlines rules for federally-regulated employers to establish TBPs. While it does not give an employer the unilateral right to transform an existing defined-benefit plan into a TBP, it does allow such a change if employees give their "informed consent." Employers—no doubt pleading "competitive pressures" and financial difficulties and working in close collaboration with the union bureaucrats—will now seize on this legal device to bully workers into giving "consent," that is into giving up hard-earned pension rights.

Management of the TBPs will be in the hands of employer-dominated boards, empowered to change benefit rates, i.e., slash pensions, so as to ensure the financial "sustainability" of the plan.

Bill C-27 marks a new stage in the big business assault on workers' pensions. Since the 2008 global economic crisis, governments and corporations across Canada have moved aggressively to slash pensions, in many cases replacing defined-benefit schemes with defined-contribution plans, in which workers' retirement income is totally at the mercy of the vagaries of the financial markets. In December 2014, the Quebec Liberal government pushed through legislation slashing municipal workers' pensions, while dramatically hiking their pension contributions.

On November 16, nearly a month after the Liberals tabled their pension bill, the Canadian Labour Congress (CLC) sent a letter to Finance Minister Bill Morneau denouncing Bill C-27 as "an unconscionable betrayal" of workers' pension rights and complaining that the government had not consulted with the unions in preparing it. The legislation, wrote CLC President Hassan Yussuff, "invites" federal private sector employers and Crown Corporations to shift the burden of pension-plan financial risk onto "workers and retirees" and "will have negative implications for private and public-sector DB (defined benefit) plans in every jurisdiction in Canada."

Subsequently, the CLC vowed that if the government doesn't back down it will "mobilize" its members against the bill.

No one should be fooled by this bluster. Yussuff and his fellow union bureaucrats are loyal allies of the Trudeau government, having worked tirelessly during the decade of Conservative rule to promote the lie that the Liberals—Canadian big business' traditional party of government—are a "progressive" force. While they may bleat about their opposition to Bill C-27, they will do their utmost to confine workers' opposition to it to impotent protests.

It would have been impossible for the Liberals to have moved forward with their anti-worker pension bill had the unions not demonstrated time and again their loyalty to this right-wing, big business government, and, just in the past few months, sabotaged major worker struggles in which pensions were a critical issue.

Just days prior to the Liberals' tabling Bill C-27, Unifor, the country's largest private sector union, rammed through a rotten concessions contract at Fiat-Chrysler, which among other things eliminated the last vestiges of a defined-benefit pension plan for new hires. This followed the pattern settlement that Unifor had imposed in the face of widespread opposition at General Motors and would subsequently impose at Ford.

In 2015, Unifor President Jerry Dias had admitted that allowing the automakers to establish wholly defined-contribution pension plans would be a major concession that would open the floodgates for an assault on defined-benefit pensions across the country. Yet this fall, he claimed that to give way on this issue was no big deal, while threatening autoworkers with job losses and plant shutdowns if they rebelled against Unifor's Detroit Three pattern settlement and praising Trudeau and his Liberals for their purported concern for autoworkers' livelihoods.

The corporate media hailed Dias and Unifor for agreeing to the gutting of pensions, with the conservative *National Post* writing gleefully that it was a "watershed moment" that should open the way for a cross-Canada attack on pensions in both the private and public sectors.

An equally reactionary role was played by the Canadian Union of Postal Workers (CUPW) and its leader Mike Palecek, a former member of the pseudo-left Fightback group. Despite an overwhelming vote in favour of strike action by 50,000 postal workers in answer to Canada Post's demands for a major assault on pension provisions, wages and working conditions, CUPW refused to call a strike and dragged out negotiations with management for months. Ultimately, in late August, the union agreed to a short-term, interim agreement that it concedes has in no way removed the threat of sweeping concessions and job losses.

CUPW justified its refusal to mount any job action by saying that nothing should be done to "disrupt" the Liberals' task force on the post office, which it claimed would listen to workers' concerns. Predictably, the task force concluded by issuing a report that endorsed virtually all of management's demands, including sweeping attacks on jobs and the need for pension cuts.

Now the Liberals have moved to further strengthen Canada Post's hand with their Bill C-27.

This record demonstrates that a mass struggle involving tens of thousands of workers could have developed over recent months in opposition to the attacks on wages and working conditions, including pensions, by the right-wing Liberal government and major corporations. That this did not take place is due to the rotten role played by the nationalist and pro-capitalist trade unions, whose suppression of the class struggle has facilitated the launching of the Liberals' offensive on pensions, as well as its recently announced privatization drive.

Contrary to the CLC's claim, the attack on pensions has not emerged like a bolt from the blue. It has long been in the

making and the trade unions have been involved from the outset.

The TBP model was pioneered in New Brunswick by the province's then Progressive Conservative government in the wake of the 2008 global financial crisis. With the connivance of the province's major unions, the Tories imposed drastic pension premium increases and benefit cuts on healthcare and other public sector workers.

In their book *The Third Rail*, Jim Leech of the Ontario Teachers' Pension Plan and Jacquie McNish of the *Globe and Mail* paint a devastating picture of the unions' utter subservience to the demands of New Brunswick's big business government. The unions, including CUPE, the nation's largest, held lengthy consultations with a task force set up by the Tory government, enabling Premier David Alward to announce in 2012 that most of the province's public sector workers had been transferred to TBP plans.

Leech and McNish write glowingly of the scene in the provincial legislature following Alward's speech, which union leaders had been invited to attend: "After the premier gave a speech explaining the significance of the new shared-risk pension plan, which would also be applied that day to MLA [Member of the Legislative Assembly] pensions, Alward asked his guests to stand as he thanked them for their co-operation. As they rose, the two-story chamber was soon filled with thunderous applause. Every attending MLA from the ... Liberal and Conservative Parties stood to give the unions and the labour lawyer a standing ovation."

In 2014, the Harper Conservatives sought to take forward at the federal level what their colleagues in New Brunswick had begun, but retreated due to the depth of popular opposition. It required a newly-elected Liberal government with close ties to the union bureaucracy to move forward with the next stage in big business' assault on workers' right to a secure retirement.



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