Canada’s Liberal government shaken by WE Charity scandal

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Canada’s Liberal government has been shaken in recent weeks by a scandal triggered by Prime Minister Justin Trudeau and Finance Minister Bill Morneau’s close ties to the WE Charity, an ostensibly philanthropic organization with powerful corporate backers.

Some media outlets have suggested that the scandal—which is bound up with the government’s awarding of a lucrative contract without tender to WE to manage a $912 million COVID-19 pandemic relief program—could threaten Trudeau’s continued prime ministership and the very survival of his minority Liberal government.

At the very least, the scandal has exposed a web of incestuous and corrupt ties between the top ranks of the Liberal government and WE; and between WE and corporations like the Royal Bank of Canada, Dow Chemical, Microsoft, and Teck Resources, which the charity promotes as environmentally and socially responsible.

WE’s modus operandi is itself something of a metaphor for the Trudeau government, which attempts to conceal its rapacious defence of the interests of big business at home and abroad behind a smokescreen of “progressive” rhetoric.

In late June, Trudeau announced that WE had been granted the contract to administer the government’s newly created Canada Student Service Grant (CSSG). The program was supposed to provide a financial boost for students unable to find summer jobs by offering stipends of up to $5,000 for volunteer work done during the coronavirus pandemic. It quickly became clear that WE stood to gain handsomely from the contract, thanks to the government’s commitment to pay it up $43 million in administration fees.

More questions were raised when the close ties between the Trudeau family and WE were revealed, including the fact that Margaret Trudeau, the Prime Minister’s mother, had been paid $312,000 since 2016 to speak at 28 WE events. Alexandre Trudeau, Justin Trudeau’s brother, also received $32,000 for eight speaking engagements, while Finance Minister Bill Morneau and his well-connected family were wined and dined by WE with complementary travel in 2017 worth $100,000. Morneau, whose father cofounded Morneau Shepell, one of Canada’s largest pension and benefit management firms, and is married to a member of the billionaire McCain family, has since repaid these sums, including $41,307 just last week.

Justin Trudeau, for his part, has enjoyed a long relationship with WE, going all the way back to an appearance he made at the first WE Day event in 2007. He has continued to appear at WE events since coming to power in 2015, while his wife, Sophie Gregoire Trudeau, hosts a podcast for the organization. It was on a trip to a WE event in London, England, in March that Gregoire Trudeau caught COVID-19.

Trudeau claims that he has never been paid for his appearances at WE events. But he and Craig and Marc Kielburger, the brothers who founded Free the Children, which became WE in 2016, and continue to lead the charity, have clearly found their relationship mutually beneficial. His government, which came to power in October 2015, has substantially increased the value of contracts awarded to the organization. Prior to the CSSG deal, WE received $5.8 million in government contracts under the Trudeau Liberals, compared to less than $1 million during the ten years of Stephen Harper and his Conservative government.

Trudeau and Morneau’s failure to recuse themselves during cabinet discussions on awarding the CSSG contract to WE has triggered an ethics inquiry by federal Ethics Commissioner Mario Dion. In an attempt to stanch the scandal, Trudeau has taken the rare step of agreeing to appear before the House of Commons Finance Committee tomorrow to answer questions about the affair. His chief of staff, Katie Telford, will testify before the same committee immediately after him.

Evidence has come to light suggesting that the government contract was tailored to offset mounting financial problems at the charity. In 2019 WE reported a $2.4 million loss. Then, with the onset of the coronavirus pandemic, donations dried up and WE began announcing mass layoffs of staff.

On April 9, WE sent an unsolicited offer to Small Business Minister Mary Ng to create what it described as a “social enterprise” opportunity for young people. The same day that Trudeau publicly unveiled his intention to establish the CSSG, April 22, Craig Kielburger sent two proposals to an Employment Ministry official that have many similarities with the government’s scheme.

The government only publicly announced the awarding of the contract to WE in late June, a decision it justified on the ground that it was the only charitable organization in the country with the wherewithal to run such a program. However, documents obtained by the *Toronto Star* show that WE had already begun working on the CSSG program by May 5. A separate *Globe and Mail* report revealed that WE was set to collect $33 million, the vast majority of the administration fee, within the first week of the contract.

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Amid mounting controversy, WE backed out of the CSSG contract on July 3, but not before it had received most of the project's administrative fees. The federal government was left to manage the student program, which, with the summer now almost over, appears likely to amount to nothing, leaving those financially stressed students who hoped to benefit from it in the lurch.

The Trudeau government has conspicuously failed to provide any explanation as to why it was necessary to outsource a program supposedly aimed at providing financial assistance to students unable to find jobs during the pandemic. However, the approach is in keeping with the Liberals' promotion of public-private partnerships, which have proven to be a boondoggle for the corporate elite over recent decades, and "social entrepreneurship" and "social financing"—that is, schemes to outsource the provision of public services and, to use the words of Canada's Ministry of Employment and Social Development, "mobilize private capital for the public good."

Although WE is publicly portrayed as a philanthropic organization engaged in charity activities in the developing world and with young people in Canada, it is in reality a multimillion-dollar business operation with substantial interests in real estate and private education. *Vice News*, which conducted a comprehensive investigation of the charity's affairs, described it as a "charitable corporate hybrid" with "friends in high places." The organization, which includes a charity and a separate for-profit business known as ME to WE, has incorporated status in Canada, the United States, and United Kingdom, and holds a real estate portfolio worth approximately $50 million. Prominent backers include Oprah Winfrey and Al Gore. The Dalai Lama, Martin Sheen, and Kendrick Lamar are among the many celebrities who have appeared at public WE events.

WE used its celebrity-studded events to appeal to young people, who were offered volunteer trips to developing countries, summer camps, and training programs. Its education materials, which are used in 18,000 schools across North America, serve to promote major corporate brands to a young, impressionable audience. Major backers include behemoths like KPMG, Unilever, and RBC. An internal WE document aimed at potential sponsors of its education programs bluntly declared that support from sponsors would "improve partners' brand reputation particularly by increasing consumer perception of partners' investment in their local community."

The organization's website describes Marc Kielburger as a speaker who has expertise in "purposeful and profitable business strategies."

The close ties between the Trudeau government and the WE organization are just the tip of the iceberg. Federal and provincial governments of all political stripes have a symbiotic relationship with the business and financial elites who dictate government policy. They also regularly transfer vast sums of public funds to private corporations, charities, and non-profits to run public services in what amounts to privatization by other means. According to a study by the Professional Institute of the Public Service of Canada, the federal government spent over $11.9 billion between 2011 and 2018 on external contracts for management consultants, IT services, and temporary contractors for services that could have been performed by public sector workers.

The role of WE as a shill for big business is symbolic of the character of the Trudeau Liberal government. The trade unions, the NDP and countless middle-class "left" organizations have promoted the Liberals as "progressive," supporting Trudeau's election in 2015 and return to power in 2019. The reality is Trudeau's "feminist," "diverse and multicultural" and pro-"native reconciliation" government has pursued the austerity and militarist agenda of Canada's capitalist elite. It has slashed tens of billions from health care, while dramatically hiking military spending, cutting corporate taxes, and further integrating Canada into Washington's military-strategic offensives against China, Russia, and in the Middle East and its regime-change intrigues in Latin America.

Following the eruption of the coronavirus crisis, the Liberal government used its close ties to the trade unions to orchestrate a $650 billion bailout for the major banks and financial oligarchy, while placing workers on rations. Then, with the wealth of the super-rich guaranteed, it organized the reckless back-to-work drive, which threatens to produce a resurgence of the pandemic and cost thousands of working people their lives.

Many will no doubt take satisfaction that the WE scandal has delivered yet another blow to Trudeau and the Liberals' smug, cynical "progressive" image. But the working class can gain from this crisis only if it intervenes as an independent political force. If youth and workers are to be protected from the ravages of the pandemic and its devastating economic fallout, the working class must develop a counteroffensive against the capitalist elite's insistence that their profits take precedence over workers' safety and lives and their attempts to make workers pay for the crisis through job and social spending cuts and evictions. Militant actions, such as the formation of rank-and-file workplace safety committees and the shutting down of unsafe workplaces, must be tied to the fight for a workers' government and the socialist reorganization of economic life.

Absent the development of such a movement, the WE scandal will be exploited by big business, the Conservative opposition, and corporate media to push politics further to the right. Whilst the Tories rail on about the WE scandal, hypocritically demanding "accountability" and full disclosure, their real complaint is that the Trudeau Liberals are not moving even faster to eliminate the meager Canada Emergency Response Benefit, and otherwise slash "profligate" social spending, so workers are compelled to return to work amid the COVID-19 pandemic.

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