Québec Solidaire covers up unions' role in gutting of pension plans

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Vincent Marissal, a Québec Solidaire (QS) legislator and the pseudo-left party's finance critic, recently tabled a motion in the National Assembly concerning the White Birch pulp and paper mill in Quebec City. Presented as a show of support for White Birch retirees, the motion was a political maneuver by QS to give itself a pro-worker image. In reality, the February 4 motion served to camouflage the complicity of the unions in the looting of pension funds and the employer offensive against jobs and working conditions.

The QS motion, which failed to pass to because of opposition from the Coalition Avenir Québec (CAQ)—the party that forms Quebec's provincial government and controls the majority of seats in the National Assembly—followed an announcement from Canada's Supreme Court that it would not hear the case of the White Birch retirees.

The retirees' lawsuit targeted Canada's largest industrial union, Unifor, for its role in the gutting of their pension funds during the company's restructuring. Yet the QS motion failed to so much as mention the union. Its wording, deliberately misleading, did not identify against whom the retirees fought "their long battle for the right to collect the amounts owed to them by their pension plan."

In 2010, US multimillionaire Peter Brant's White Birch Paper company placed itself under creditor protection in a court-ordered restructuring process. At the time, White Birch operated three pulp and paper mills in Quebec, including the Stadaconna mill in Quebec City, which had been in operation since 1927.

With the complicity of the Quebec Superior Court, Brant and a few creditors took advantage of the restructuring to wipe out the company's debts and buy back its assets at a discount under a new corporate shell, BD White Birch.

The company also took advantage of the restructuring to slash its labour costs. This included reopening employee collective agreements, reducing salaries, canceling accumulated pension liabilities (resulting from White Birch defaults) and replacing defined-benefit pension plans with new targeted benefit plans (TBPs). TBPs are less costly for companies and more precarious for workers because they have limited or no cost-of-living indexation, and the amount of pension paid to retirees is adjusted—mostly downward—to reflect the plan's performance.

All of these demands were meekly accepted by the Communications, Energy and Paperworkers Union (CEP), which represented White Birch employees before merging with the Canadian Auto Workers (CAW) in 2013 to form Unifor. Unifor then conspired with the company to isolate workers, disorient them and eventually force them to accept new contracts that resulted in the elimination of hundreds of additional jobs, 10 per cent wage cuts, cuts to vacation and group insurance, and the gutting of the old pension plans.

Unionized retirees at the Quebec City plant lost 25 percent of their pension benefits under this agreement, on which they could not even vote, because as retirees they were no longer considered full union members. They decided therefore to sue Unifor.

The first court to hear the case, the Quebec Superior Court recognized the union's "gross negligence." However, it refused to compensate the retirees or deem the contract negotiated by Unifor invalid, citing legal technicalities.

In May 2020, the Court of Appeal absolved Unifor of all liability, even reversing the trial judge's finding of fact regarding the union's negligence. The Court of Appeal's ruling was a transparent attempt to protect the union bureaucracy from the wrath of rank-and-file workers. (See Canadian Appeal Court rules against White Birch Paper retirees)

The January 28, 2021 decision of the Supreme Court not to hear the pensioners' appeal of the two lower court rulings puts an end to their legal struggle, and puts the stamp of approval of Canada's highest court on the looting of their pension funds.

What has happened to the White Birch workers is part of a sweeping ruling-class assault on worker pension plans that has gathered pace and become all but universal since the 2008 global financial collapse. After decades of service to their employers, workers find themselves deprived of the well-deserved retirement that they are owed. As a result, many are forced to return to the labor market and to accept precarious and low-paying jobs.

In this context, the fact that the QS motion does not mention Unifor is no coincidence. Despite its claims to be a "party of the street," QS is in reality a pseudo-left party of the middle class that opposes the class struggle and advocates timid social reforms as part of a program based on Quebec nationalism. Its intervention is aimed at covering up the pro-capitalist character of the unions and preserving what remains of their credibility among rank-and-file workers.

The February 4 motion also aimed to promote the illusion that the capitalist system can be reformed. It urged the National Assembly to "demand that the federal government" amend bankruptcy laws to protect pensioners in the event of a corporate restructuring.

In reality, no substantive reforms are possible when all parties in the National Assembly and the federal parliament are capitalist parties that serve the interests of the ruling class and support its assault on pension plans.

In December 2012, after its destruction of workers' defined benefit pension plans, White Birch needed the cooperation of the Quebec government to replace them with TBPs, which were then prohibited under Quebec law. The Parti Québécois-led government of the day complied by passing legislation in less than a week to allow the establishment of TBPs at pulp and paper companies.

Two years later, in December 2014, the Liberals, recently returned to power in Quebec City under Philippe Couillard, brutally attacked the province's municipal sector employees by passing a pension "reform" law, Bill 15. Under the pretext of salvaging pension plans that were in the red, this law forced workers to "share" accumulated pension fund deficits with their employer, imposed the retroactive restructuring of rights and benefits enshrined in collective agreements, and established a cap on pension plan costs.

As a result of this "reform," since January 1, 2017 the province's two largest cities, Montreal and Quebec City, are no longer adjusting the pensions paid to their retired employees for inflation. This will result in the loss of between one third and one half of their purchasing power in fifteen years.

The public sector unions played a pivotal role in suppressing the widespread opposition to Bill 15. While claiming to be adamantly opposed to the bill's passage, they declared themselves "open to negotiation," i.e., to the imposition of pension cuts and other regressive changes and refused to mobilize the tens of thousands of affected workers and the entire working class in a common defense of pension plans, and against the Couillard government's sweeping austerity agenda of which Bill 15 was a part.

Once the law was passed, the unions' opposition was confined to legal challenges to Bill 15. More than five years later, these proceedings are still pending. In July 2020, Quebec's Superior Court ruled partly in favor of the unions and suspended the right of cities to stop indexing pensions for workers already retired. However, it left all other provisions of Bill 15 in place. The Quebec Court of Appeal will hear this case later this year.

In 2020, the CAQ government extended to all private sector companies and certain public institutions the permission granted in 2012 to White Birch to implement TBPs. In less than two months, it introduced, passed and implemented Bill 68, which opens the door to targeted benefit pension plans. Once again, refusing to mobilize their hundreds of thousands of members, the unions timidly called for amendments to the bill. These were brushed aside by the CAQ, which adopted legislation that was fully in line with big business demands.

The fierce attack by all governments, regardless of the party in power, on workers' pension plans is fueled by objective factors related to the global crisis of capitalism. In a context of ever-intensifying global competition and declining rates of profit, the ruling class is demanding ever-higher returns on investment. Job cuts are no longer enough and all working conditions are under attack, including pensions.

Workers must reject the perspective of pseudo-left parties such as QS who claim that the task of defending pensions can be left to the unions or that corporate governments can reform the profit system. As White Birch retirees tragically learned, the unions and capitalist governments are tasked by the financial oligarchy and the banks with destroying pension funds. Entrusting them with the defense of pensions is like asking the wolves to guard the sheep!

The only way forward for workers and retirees is a unified political struggle of the entire working class in Quebec, Canada and internationally against the capitalist system that is responsible for the destruction of pension plans. Conducted independently of the pro-capitalist unions, this struggle must aim at the socialist reorganization of economic life so that all can benefit from a comfortable retirement at the end of their working life.