Ontario’s Laurentian University declares insolvency, slashes hundreds of jobs, dozens of programs

Matthew Richter
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Management at Laurentian University, which serves Northern Ontario as a postsecondary hub, filed for creditor protection in February and has spent the past three months imposing savage cuts on the institution’s faculty and staff. The use of insolvency proceedings for the first time at a Canadian postsecondary educational institution was greenlighted by Ontario’s hard-right Conservative government and broad sections of the ruling elite. They view it as setting a precedent for a broader assault on education workers and drive to reorganize the postsecondary sector to more fully meet the needs of big business.

A quarter of the tenured faculty—about 110 professors—were unceremoniously laid off last month, with no prior notice during a Zoom call with school administration. Scores of contract positions have also been axed, above all, through Laurentian’s ending of the federated status of three smaller regional universities: the Huntington University, Thorneloe University and the University of Sudbury.

The cuts are especially devastating in a region that has no other major postsecondary institution. Moreover, Laurentian was one of the few institutions in predominantly English-speaking Ontario that allowed students to study in French, an option that has now been severely curtailed with the elimination of key programs like French language and cultural studies.

Fifty-eight undergraduate and 11 graduate programs were eliminated entirely, accounting for about a third of the northern university’s course offerings. Programs that were cut include undergraduate degrees in anthropology, environmental science, geography, Italian, mathematics, modern languages, music, philosophy, physics, political science and Spanish.

It also appears likely that Laurentian’s Indigenous Studies program, one of the oldest in Canada, will cease to exist.

The savage destruction of a large chunk of the university’s academic course offerings, combined with the termination of a substantial section of tenured faculty, was the desired and intended policy pursued by the administration.

Like other Ontario universities, Laurentian was facing mounting financial pressures due to years of government underfunding and the cuts the Doug Ford-led provincial government implemented shortly after taking power in 2018. These pressures were exacerbated by the pandemic and Laurentian’s inability as a smaller institution in the north to recruit large numbers of international students and develop lucrative corporate partnerships.

That said, Laurentian President Robert Haché, with the tacit support of Ford and possibly the major banks, manufactured a financial crisis and then presented his decision to seek protection under the Companies’ Creditors Arrangement Act (CCAA) as a fait accompli. The CCAA, intended for private companies, allowed Haché and his fellow university managers to draft their plan to decimate the university behind closed doors with no input from staff or students and in flagrant violation of all collective agreements with the faculty and staff.

After callously terminating a quarter of the permanent workforce, management then bullied the terrified and demoralized remaining faculty to accept sweeping concessions in new collective agreements that were rammed through in a matter of hours. With the proverbial gun held to their heads, the faculty voted for a 5 percent across-the-board pay cut from May 1, followed by pay freezes for two years. The laid-off faculty were told they would have to seek severance pay through the CCAA process. In other words, they will be lucky to receive a cent of severance pay once the highly profitable banks have received their pound of flesh with interest on top.

In the self-serving narrative presented by management, Laurentian owed $91 million on three different unsecured lines of credit with RBC ($71.1 million), TD Canada Trust ($18.5 million) and the Bank of Montreal ($1.3 million). At a time when the RBC line of credit was undrawn, Laurentian opened an additional line of credit for $14.4 million with Desjardins, according to court documents. This was repaid in full last fall upon the receipt of tuition fees. For reasons that remain unclear, both RBC and Desjardins rescinded their lines of credit to the institution last summer. Laurentian conducted its financial operations running its operating budget and its restricted funds (those for research grants, etc.) from a single bank account, further complicating accounting.

Even industry experts have pointed to the dubious nature of the financial dealings at Laurentian. Alex Usher, the president of the Toronto-based consulting firm Higher Education Strategy Associates, remarked, “Did the bank actually withdraw the line of credit?” writes Usher. “If so, why? Or, did Laurentian University’s President actually choose to renounce the line of credit in order to provoke a crisis (the careful wording of

[President] Haché’s affidavit is ambiguous on this point). If there were non-CCAA alternatives that could have been taken and were not, that’s probably unforgivable.”

Management has long sought to drastically cut costs at the university. Laurentian’s court documents for the CCAA proceeding bitterly complained that it costs on average $2,000 more than the provincial average to educate students at Laurentian. The faculty association was also known for its militancy.

The underhanded and ruthless actions taken by university management had the blessing of the provincial Tory government. The province could have easily forwarded the money to avoid the bankruptcy proceedings, even if only to claw it back at a later date from provincial grants. Laurentian, however, is the proverbial canary in the coal mine.

Big business is determined to restructure postsecondary education, both to tie it more fully to its labour market needs and to develop further profit streams through the corporatization and privatization of education. By allowing Laurentian to brutally restructure its operations at the expense of staff and students, the political establishment has sent a message that a wave of cost-cutting and layoffs is looming across the entire sector.

As far as the apostles of the market are concerned, the Enlightenment ideals of the value of a comprehensive education and an educated citizenry are obstacles to be overcome. They also want to press forward with changing how universities are funded.

The decades immediately following World War II saw a significant expansion of Canada’s universities and, in the 1960s, community colleges. This was bound up with the postwar boom and the needs of industry and the expanding welfare state for a more highly skilled, technically trained workforce, as well as concerns within the political elite—as articulated in the 1951 report of the Royal Commission on National Development in the Arts, Letters, and Sciences (commonly known as the Massey Commission)—about fostering a Canadian identity as a bulwark of capitalist rule.

Initially the federal government played a leading role by providing universities operating grants, and during the 1960s the provinces increased their per capita support for students by over 85 percent. Objectively, this was based on the postwar boom.

With its end in the 1970s there were major changes in university funding. Ottawa largely withdrew from providing direct funding, with the exception of research funding and Canada Student Loans, and instead provided the provinces with transfers to help fund postsecondary education in the form of cash and tax credit transfers.

These transfers were consolidated with health transfers to the provinces by the Chretien Liberal government in the mid-1990s, with cuts totalling in the billions of dollars. The provinces then imposed sweeping cuts in their funding of postsecondary institutions and allowed tuition to increase annually by 7-8 percent for the better part of a decade. Student aid was disembowelled, resulting in the usurious program of large loans that run interest rates several percentage points higher than the prime rate. This led to a doubling of the student debt. Currently, the average student owes at least $28,000 upon graduation that students must repay and cannot declare bankruptcy on. As a share of operating revenues for universities, government funding dropped from 77 percent in 1992 to 55 percent in 2012.

Tuition fees rose in response, especially for international students. According to Statistics Canada, the average annual tuition fee for an international student was $29,712 for the 2019-20 year.

The rabid anti-worker, anti-education, right-wing Ford regime is the most naked and backward exponent of the market-based view of education. Last November, the provincial government instituted a performance-based funding initiative. In a press release dated November 26, 2020, the provincial government declared that it had “signed historic agreements with public colleges and universities that will revolutionize post-secondary educational institutions. The move will help students get the education, skills and experience they need to find good jobs by ensuring post-secondary institutions offer programs that align with labour market demands.”

The move is clearly meant to take a further major step in the direction of fully commodifying and corporatizing postsecondary education. Up to 60 percent of funding from the provincial government will be dependent on 10 performance metrics, such as graduate earnings, a vague category of “experiential learning” (i.e., co-op programs) and economic impact. Institutions that fail to meet the metrics will have their funding cut.

Significantly, this draconian move has not been challenged by the opposition Liberals. The opposition NDP critic Chris Glover confined himself to lamely stating that the move would “destabilize institutions and make it impossible for them to budget.”

Laurentian’s travails provide the clearest example yet of how the ruling class intends to enforce its plan to drastically restructure higher education across the country in the interests of big business. If quality postsecondary education is to be defended and expanded so as to provide free education for all, faculty, support staff and students must turn to the working class. It is the only social force that has the power and interest in reorganizing socioeconomic life to place human needs, science and culture before the imperative of capitalist profit.