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Editor: Jon Alexander

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CONSERVATIVE AMENDMENT TO BILL 179 WOULD TERMINATE CONTRACT AT END OF CONTROL YEAR

ON November 3rd, 1982 the Conservatives introduced an amendment which would have the effect of terminating the CUASA collective agreement one year early. In effect the Bill as amended will provide for a control year in place of the second year of our agreement (substituting 5% increase for CPI -1% and taking away CDI's for those earning \$35,000 after the 5% has been applied) and terminating the agreement at the end of the control year (1983-84). We will - if this amendment becomes law - have to negotiate in 1984 in place of the third year of our agreement which provided for CPI - 1% in the 1984-85 contract year. For your information the text of this amendment is reprinted below:

Notwithstanding subsection 8.1, a collective agreement that includes a compensation plan referred to in 11b shall, notwithstanding its stated term of operation or any other Act, be deemed to have a term of operation ending at the time when the compensation plan included therein ceases to be subject to this part.

Editorial

A TIME TO CLOSE RANKS

By Jon Alexander

When he was President of the University of Chicago, Robert Maynard Hutchins once remarked that a university faculty may be defined as a congeries of individuals united only in their common interest in having a convenient place to park their cars. The passage of years since those halcyon days has brought a sea-change in the nature of our essential common bond. In these troubled times we should recall some home truths. Today we are still carrying out our traditional roles of maintaining and disseminating the current values of Western civilization through free, disinterested and disciplined public dialogue, transmitting culture and the current state of knowledge to the next generation, and advancing the scientific, technological and artistic bases upon which our society depends. We continue to provide the common understanding of what things mean, the principles on which the society must rely for its standard of living and quality of life, and we still serve to disclose the higher purposes and methods that alone can contain the tremendous forces of modernity that we ourselves have unleashed. We teach men and women to think and train them for their life work.

And yet we are now being asked to serve still another function -- that of sacrificial goat to carry the sins of the whole community in a ritualistic political act designed to help break the general public psychology of inflation. This is a psychology of fear and apprehension that has arisen globally as a consequence of the manifest failure of political imagination and political will due to the present mismatch of the universalising scale of human economic and social dislocations, and the limited intellectual and political capacities we have to deal with the disruptions attending the dawning realization of a finite earth.

There is a political logic in the ancient tradition of scapegoating. A government becomes immobilized by senility or by a problem beyond its capacity and reach. This weakens its legitimacy, and consequently the public demands action. From the necessity to do something despite the absence of effective remedies arises the need for locating a victim. Individuals and groups perceived as personally or politically demoralized are intuitively assessed as potential victims. Tentative steps to test the ease of victimization ensue. Reality is politically tested; those tentatively chosen either demonstrate that they will or will not be easy victims. If the tested groups display demoralization and disunity by failing to rally for effective defence, then the very human urge to substitute sacrifice for impossible solutions proceeds toward culmination in catharsis. Then true victimization occurs. If the tested groups close ranks and display vigorous solidarity plus a willingness to act politically in their own defense, victimization is thwarted and the group emerges stronger for having been tested.

Despite the ultimate social interest in an independent and healthy system of higher learning, we have reached our time of testing internationally. The luxury of remaining aloof from direct political action to defend higher education, including ourselves as practicing academics, is no longer available to us. The immediate threat to our livelihoods must be understood as the latest in an ongoing series of tests whose next particular manifestation is yet another threat to the venerable but still fragile tradition of tenure, as the next issue of News should make clear.



LOCAL 224-6

In the immediate situation with respect to Bill 179 we are fortunate to be objectively in a position of potential solidarity with other groups which have a tradition of political self-defence, and we have already joined with them to present our initial reaction to Bill 179 to the Ontario legislature. One of the more interesting briefs submitted along with ours to the provincial legislature's Justice Committee concerning Bill 179 was written for several separate unions by Union Consulting Services of Toronto. The bulk of this brief is reprinted below to show how closely their political arguments coincide with our own.

These are only firefighting efforts and they do not demonstrate our solidarity concretely. This we must do ourselves in as many politically relevant ways as we can. Politicians have a means to test the solidarity and depth of commitment of groups that make political demands: they weigh the degree of personal involvement on the part of the membership as is evidenced in political communications that they, the politicians, receive. It is therefore impossible for a union's leadership to fake a strong commitment on the members' behalf. We owe it to ourselves, to each other, to our traditions and scholarly commitments to launch and sustain a spirited defence.

I suggest that every member of this union write to Premier William Davis or to Mr. R. Gre-leaven, Chairman of the Justice Committee, Queen's Park, Ontario. Put into your own words your concerns about Bill 179 and ask the government to reconsider its position, both in general and with respect to the bill's specific inequities. Speak for yourself and for your colleagues. Let the youngest among us, for example, specifically oppose the bill's adverse impact upon the pensions of those who are soon to retire. Let us thus demonstrate that we are one bargaining unit and that we consider a particular hurt to any of us a general hurt to us all. Let us also defend ourselves by reasoned argument designed to sway the political system in defence of the higher education in Canada as a whole. The time for our own political accountability has arrived. Let us embrace the challenge to explain ourselves and our collective enterprise to our political paymasters, but let us also recognize a final home truth: it is time to close ranks.

GENERAL REVIEW OF BILL 179

By William Walsh of Union Consulting Services

The Ontario Government has imposed Bill 179 with the claim that controls on the Public Sector will in some way help solve Ontario's economic problems. That claim is a dishonest one.

The controls program is based on assertions that excessive wages have been a major cause of Ontario's current depression/recession, and by curbing wages, forcing lower increases, the economy will in some way be helped.

In fact, the economy will not be helped in any way. It will be seriously harmed. Moreover, the statistics show that real wages have fallen both in the Private and Public Sectors over the last five years. Therefore, wages have lagged behind price increases rather than being the cause of inflation.

We will deal here with the Bill's real economic effects, with its patent unfairness, and its violation of basic democratic rights, as well as some of its specific anomalies.

No Economic Rationale. There is in fact no legitimate economic rationale for Bill 179. It will do nothing to solve the current twin scourges of unemployment and inflation.

Unemployment. We now suffer from the highest unemployment rate since the Dirty Thirties. Currently some 32% of Ontario's industrial capacity is idle. In the thirties the unemployed had little money to buy consumer goods. The Retail Sector kept reducing their purchases of finished goods from industries processing such goods. Industries therefore cut back on production, which meant lay-offs of workers. As workers were laid off, they added to those not able to buy. This in turn added to further cutbacks in industry, and to further lay-offs. It fed on itself: lay-offs; reduced consumption; more lay-offs; further reduced consumption. Similarly today, reduced consumption is keeping unemployment at record heights.

Inflation. One big difference between the dirty thirties and the unnamed eighties is that we did not have inflation in the thirties. The market place was considerably governed by "supply and demand". The effects of the concentration of capital, of monopoly control, were not nearly so pronounced as today. (Witness the sudden increase of gasoline one day 1st week by 10¢ a litre -- an overnight simultaneous jump of 26% by three or four of the largest oil corporations, others falling in line after a discreet wait of an hour or two.)

A combination of monopoly influences on prices in key sectors of the economy, the energy policy and the resulting increased price of fuel, and Government monetary policy that resulted in high interest rates -- these have all contributed to inflation over the past few years.

What possible influence will Bill 179 have in curbing these factors that fuel inflation? If one wants to curb price increases, that's what should be done: curb price increases!

As has been said by so many, wages have not caused inflation. Workers have been victimized by inflation. Wages have not kept up with inflation.

Redistribution of Income. In this environment, what effect will Bill 179 have? It will be self-defeating since it will simply lead to a redistribution of wealth. It has been estimated that it will take away some \$500-800 million from the pockets of the Ontario Public Sector, of which a large number are already receiving pitifully low wages.

It is difficult to estimate that figure more precisely. Part of the loss is the direct loss ensuing from roll-backs of contracts which have already been negotiated. There is also an estimated loss because of the removal of the right to bargain and the restraint of all wage increases to 5%. We do not know what the results of collective bargaining in the Public Sector would have been in the absence of Bill 179. But clearly there is a substantial loss in both present and future income as a result of this legislation.

Even after the legislation expires the Ontario Public Sector will be bargaining from a base of much lower incomes. Therefore both present and future earnings of the Ontario Public Sector will be severely reduced. The figure of \$800 million is likely conservative but, even that figure amounts to approximately \$1600 for each of the 500,000 employees affected.

How does Bill 179 Break Existing Collective Agreements? It does this in two ways. First of all, Section 11(b) provides for direct roll-backs of the second year of a multi-year contract where the current collective agreement has a scheduled expiry date on or after October 1st, 1983. That is the most obvious example of breaking contracts.

Secondly, and more generally, but at least as important, the extension of all existing agreements by a further year is a very severe form of contract-breaking. When the parties negotiated the collective agreement they did so with a clear provision that the term would be of a certain duration. Duration of contract is always part of the bargain that is struck, and it affects all negotiations on both monetary and non-monetary issues. By legislating a further one or two year extension, the bargain that was already made becomes violated. This is a further aspect of the blatant unfairness of this legislation.

Removal of Collective Bargaining Rights. We've already discussed the economic injustices which this Bill perpetuates. We now turn to the more general aspect of its effect on collective bargaining. The right to free collective bargaining is one of the basic rights in a democratic society. The manner in which a government treats this particular freedom is a barometer of how safe are any of the freedoms we enjoy.

Bill 179 not only restrains wages but removes the right to bargain on any matters in the collective agreement, monetary or non-monetary. This certainly goes well beyond even the stated purpose of the legislation. There are many non-monetary issues which go to make up a collective agreement, including some of the following: job security; seniority rights; job vacancies, transfers and promotions; layoffs, recalls; scheduling and assigning of work; restrictions on contracting out; union representation; leaves of absence (unpaid); grievance procedures; arbitration; discharge and discipline; checkoff of union dues; no discrimination; health and safety provisions; and technological change.

It is very difficult to see what interest the Government has in preventing negotiations on these matters. This has nothing to do with inflation, but more to do with weakening the position of the Public Service Unions, and directly and indirectly, the unions in the Private Sector.

In the case of renewal agreements, the employees are compelled to work under language they may consider to be intolerable for at least another year and have no means of changing it.

It is true that Section 15 allows the parties to voluntarily amend non-monetary matters. However, stripped of the right to strike and even of access to arbitration, no union has any means of resolving any impasse in bargaining. There is simply no real right to bargain if there is no way of resolving any impasse.

In the case of the first collective agreements, it is uncertain at this point whether employees will even have a way of achieving a collective agreement with the legislation as it currently stands. Once again with no right to strike or to arbitrate, there is really no means of bargaining at all. The Bill really appears to remove any meaningful role for the union as a bargaining agent. It certainly is designed to make far more unlikely the possibility of organizing the unorganized.

SOME SPECIFIC PROBLEMS

The Bill does Not Allow Even 5%. The Bill appears to allow increases of 5%. But this is deceptive. Bill 179 freezes the entire "Compensation Plan" but allows a 5% increase only on "Compensation Rates". In other words the 5% is based strictly on the wage rates which form only a portion of the total compensation package due the employees in payment for their services. In terms of their total compensation, the actual increase is less than 5%.

Assume that health and welfare items, life insurance, pensions, vacations, statutory or other holidays and other such items which form part of the package negotiated add up to 33% over and above direct wage rates. A few years ago this was generally regarded as an average in Canada, and if anything, it is higher now. The compensation the worker receives for his work is therefore 133% of his wage rate. But the legislated increase is to be 5% of his wage rate only. This computes to 3.8% of his negotiated compensation, not 5%.

This is particularly significant because during the past nine or ten years workers have placed particular emphasis on these non-wage forms of compensation such as pensions, health-welfare items, dental care, life insurance, etc. To achieve progress in these important areas they and their unions have had to forego some wage increases in their settlements, as the employers insistently compute these fringe items as part of the total labour cost, and therefore part of the total compensation received by the employees. But by the legislation the worker is to be held to 5% of only the part of their total compensation -- a wage rate that has already been reduced by virtue of the bargain made which depressed such direct wage increases in favour of other forms of compensation.

During the Anti-Inflation Board years (1975-1978) the percentage increases were computed on the base of total compensation. In this case by freezing total compensation at 5% of wage rates, the workers are hit by a double whammy, indeed a triple whammy: the 5%; the non-application to fringes; and the 5% on wage rates considerably reduced.

Procedural Unfairness. Not only is Bill 179 ill-conceived, harmful, and inequitable -- it also suffers from gross procedural unfairness. The Inflation Restraint Board has wide and sweeping powers. It can do the following:

1. It has full discretion to determine the allowable wage increase (with no guidelines whatsoever) in a case covered by Section 10(b) (which applies where the previous compensation plan expired prior to October 1, 1981).
2. In the case of a collective agreement which expired prior to October 1, 1981, Section 10(a) come into play, allowing for an increase of NOT MORE THAN 9%. It therefore appears that the Inflation Restraint Board can order a wage increase anywhere between 0% and 9%.
3. The Board has the discretion to decide whether an employee is entitled to get even the \$1000 per year increase designed for the most low paid employees, or something less.
4. The Board can decide on the value to be placed on any items or conditions of a compensation plan.
5. It can also determine what is monetary or non-monetary. It can reject any agreement or compensation plan brought before it.

The Inflation Restraint Board can do all of the above without giving the parties a hearing and is not required to give reasons. This violates the most basic principles of procedural fairness that we have grown to expect in a democratic society.

Moreover, the nature of the Inflation Restraint Board itself gives workers every reason to believe they will be dealt with shabbily. It is a totally controlled creation of the Cabinet, and the Government establishes the appointments on the Board and their terms of office. . . .

CONCLUSION

In conclusion, Bill 179 is a deadly attack on the basic rights of public employees. Its true purpose must be to make scapegoats of public employees and to make their unions as weak as possible. We strongly urge that this Bill be withdrawn or defeated.

Where Does the Money Go? First of all, it goes to the Ontario Government and in effect amounts to increased taxation with an average of \$1600 per employee. Money is therefore redistributed by the Government from employees in the public sector to society as a whole, but most particularly to the corporate sector. It does not all go to the Government itself, however. A portion of the money saved goes to certain private corporations such as private nursing homes, day nurseries and day care agencies. Included are such corporate giants as Extendicare (Canada) Limited.

In some cases, the controls cover not only the period following October 1st, 1982 but the prior period stretching back into 1981 as well, depending on the status of negotiations when the Bill was first introduced. The effect will be an extensive windfall to some of these Corporations, even covering the period which has already passed and for which their revenue has already been determined, and pocketed.

I digress on the matter of who benefits from such wage control legislation. As is known, not long ago the CNR and CPR arrived at a contract settlement with a number of unions representing large groups of their employees. A few days later the 6/5 federal legislation was introduced in parliament to restrain or cut wages in the public sector. The CN workers were, of course, included as public workers and automatically slated to have part of their agreed-upon wage increase rolled back. But soon thereafter, the CP workers, employed by this mammoth enterprise, were also fingered to have their wages similarly rolled back, apparently as a special case. In this set of circumstances, is it possible the government became an instant enthusiastic convert to the need for equal pay for work of equal value?!

In a completely separate development, on October 14th, a conference sponsored by Canadian Labour Views was held in Toronto, one of the themes being "Collective Bargaining in a 6/5 Economy". It attracted over 400 people, the large majority being corporation and other management representatives. However, a number of union people were also in attendance, including me. On the panel was Mr. Ian Sinclair, Chairman of Canadian Pacific Enterprises. Mr. Sinclair is also listed as chairman of the "Public Sector 6/5 Committee" that was established last summer. Not surprisingly he strongly championed the 6/5 legislation. In the question period which followed, a man identified himself as "One of your employees, Mr. Sinclair". He was there representing his fellow workers in a CP-owned plant in a small town in Quebec. He indicated the plant was slated for shut-down because of apparent unsatisfactory productivity, due, he said, to worn-out equipment and outmoded methods of production. He asked Mr. Sinclair whether the money to be recouped by CP from the rolled back wages would be used to update equipment and methods, to save the jobs of his workmates. "Will it be used for that, or to create other jobs? Or what will the money be used for?"

Mr. Sinclair's reply was terse. "Profits!" That was it. That's where the rolled back money is headed for.

To summarize: We have the Government passing legislation to take substantial amounts of money out of the hands of public employees. Some of it will go to Government, and some directly or indirectly to corporations in the private sector.

Economic Effect - Reduced Consumer Demand. With lower wage increases and much lower wage expectations for the future because of Bill 179, the effect will clearly be to weaken consumer demand further. These employees will be still less able to buy homes, cars, and other durable consumer goods. The consumer will have less confidence. There will be more business failure, more unemployment, and a prolonged recession/depression.

The Myth of Job Security. One of the oft-mentioned justifications for public service wage controls is the claim that the Public Sector benefits from total job security. The Private Sector is suffering layoffs and high unemployment. The Government would have us believe that Bill 179 is a way of making the Public Sector do their part to compensate for their greater job security.

We have already indicated that reducing wages of the Public Sector will do nothing to help workers in the Private Sector. In fact, as we have already indicated, it will harm them. But, in addition, the Public Sector is not immune from layoffs either. In the last few years we have witnessed cutbacks and layoffs in hospitals, nursing homes and educational institutions.

If this Bill is justified by the supposed job security of the Public Sector, the answer is simple. Merely put a "NO LAYOFF" clause into all of the collective agreements. Otherwise it is dishonest for the Government to pretend that these workers are immune from layoffs.

Principle of the Sanctity of Contracts. There are also several fundamental principles this Bill violates. One is the sanctity of contracts. This is a basic legal principle which we tend to take for granted. When two consenting parties sign a contract, that contract is binding. Moreover, the government is traditionally seen as being subject to the law as well. Bill 179 illustrates that the Government by legislation can breach any contract it so wishes. It can sign a contract one day as an employer and break it the next day through legislative power. This type of action removes the respect of the population for the law.

The justification is that there were so-called runaway settlements in the past few years. In actual fact, real wages have fallen since 1976, both in the Private and Public Sectors. Other presentations and data have already illustrated that the Public Sector has not been living high off the hog.

But aside from that we must consider who made these so-called runaway settlements. The Government in fact signed many of these contracts in good faith. What is the Government saying now? Are they saying, "We made a mistake?"

The repudiation of contracts is a very alarming sign. If the Government can tear up a contract, why not the other employers in the Private Sector?

When union leaders violate collective agreements by engaging in unlawful strikes, they are thrown in to jail or fired from their jobs. Yet the Government appears to have no compunction about wiping out the contracts it has negotiated. The reason is that the Government has the power to do what it wants, to make the law or change the law as it suits its purpose and the interests of those whose interests they really represent. This is a lesson that will not be lost on working people.

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