



# Labour Rights, Inequality and Democracy

CTF Research and Information  
July 2013



Canadian Teachers' Federation  
Fédération canadienne des enseignantes et des enseignants



## TABLE OF CONTENTS

	Page
<b>“Austeria” .....</b>	<b>1</b>
<b>Sustained attack on labour rights .....</b>	<b>2</b>
<b>Growth of income inequality .....</b>	<b>4</b>
<b>The union advantage .....</b>	<b>5</b>
<b>References.....</b>	<b>8</b>



# Labour Rights, Inequality and Democracy

by Bernie Froese-Germain

*“Unions make democracy work better.”*  
(Canadian Foundation for Labour Rights, 2013)

## *“Austeria”*

Perhaps the most predictable lesson we’ve learned about the imposition of fiscal austerity over the past few years has been that it has generally failed where it has been tried. In his keynote talk at the CCPA Post-Austerity session in Toronto in January, Alex Himelfarb, Director of the Glendon School of Public and International Affairs at York University and former Clerk of the Privy Council, outlined the detrimental impacts of the failed austerity experiment in Canada and many EU countries, and the serious contradictions inherent in this approach.

What became increasingly clear was that austerity had never been driven by fiscal policy or economics or evidence. It was driven by ideology. Market fundamentalism. A desire to make government much smaller, eliminate or reduce, as much as politics allowed, so-called entitlements, create a “pro-business” climate of less regulation, less government, and, above all, lower taxes.

Think about the irony of this: that the huge recession-induced deficits that were largely the result of tax cuts and deregulation were now the justification to renew the commitment to that same failed ideology. Deficits were a gift – cover to do what many had wanted to do all along. Cut government down to size. Cut services. Cut. It seems that every failure of this neoconservative approach is used by its advocates to justify doing more of the same. That’s kind of nuts.

Yes it does seem to defy rational thought, but such is the ideologically-driven state of public policymaking these days. Himelfarb says austerity (or “austeria” as he calls it – Joseph Stiglitz has described austerity as “medieval medicine”) also has opportunity costs. It prevents us from tackling big societal challenges like climate change, inequality and poverty, the erosion of our democracy. As he sees it, the alternative to austerity lies in “the renewal of our sense of the common good and a conversation about taxes because we only get the future we are willing to pay for.”

Any conversation about taxes – and there is much to talk about – would have to include a discussion about the issue of corporate tax evasion and the growing use of tax havens to shelter massive corporate profits. Some estimates put the amount invested tax-free in off-shore tax havens at over \$20 trillion, representing billions of dollars in lost tax revenues (Canadians for Tax Fairness).

## *Sustained attack on labour rights*

A recent Education International study of EI members examines global trends in freedom of association and collective bargaining in the education sector since the 2008 financial crisis. The study, conducted by Nora Wintour, found that in many countries, the economic crisis has been used by governments as a justification to cut education budgets and in particular, salaries and benefits of the education workforce. Internationally trade unions have faced unprecedented challenges to maintain existing rights and representation and to uphold and strengthen collective bargaining provisions. In response to the economic downturn, some governments have argued that it is necessary to revoke existing collective agreements; impose wage settlements and other terms and conditions through legislation; and adopt back-to-work legislation rather than use existing conciliation and arbitration mechanisms. Other impacts include the loss of pension and other benefits, introduction of merit pay schemes, and growth in individual contracts as opposed to the collective agreement (Ellis, 2013).

The attack on labour rights in Canada has also intensified in the crisis-driven climate of fiscal austerity, creating a divide and conquer mindset. Himelfarb says that currently, “the most visible cuts are the most politically sexy or at least saleable. The targets? Public servants, teachers’ salaries, politically easy stuff that feeds off stereotypes and nurtures divisions between unionized and non-unionized, public and private.”

Over the past thirty years we have witnessed a significant erosion of labour rights in Canada. According to a recent report by the Canadian Foundation for Labour Rights (CFLR),

between 1982 and 2012, there have been 200 restrictive labour laws passed by the federal and provincial governments. These restrictive pieces of legislation on labour rights have suspended or denied collective bargaining rights of workers in Canada .... The number of restrictive laws enacted in the past three decades is higher than any other period in the history of labour relations in Canada. (Sran et al., 2013, p. 29)

Examples include back-to-work legislation (including the arbitrary imposition of settlements), suspension of workers’ bargaining rights and imposed wage freezes or rollbacks, restrictions on unions’ ability to organize, and restrictions on the scope of bargaining and other union activities. Some of this legislation has violated the *Charter of Rights and Freedoms*.

Canada also has a poor record meeting its international labour obligations, specifically regarding the ratification of International Labour Organization (ILO) conventions. As the CFLR has documented, Canada has ratified only 34 of the ILO’s 189 conventions, and only eight of the 31 conventions developed since 1982. In addition we are only one of 24 countries in the world that have not ratified core Convention No. 98 (introduced in 1949) on the right to organize a union and to bargain collectively. The CFLR states that,

Since 1982, Canada's record with respect to the number of complaints submitted to the ILO's Freedom of Association Committee is one of the worst of the 183 member States of the ILO ... with unions in Canada filing more complaints than the national labour movements of any other country. There have been 84 ILO complaints filed against Canadian federal and provincial labour legislation since 1982.

This is an unenviable record to say the least.

Bill C-377 which passed in the House of Commons in Dec. 2012 is the most recent manifestation of the attack on unions and labour rights. The CFLR notes that Bill C-377 "imposes strict and excessive financial reporting measures on unions that will add costs and time-consuming administrative requirements to their normal activities." (Sran et al., 2013, p. 34) It is also discriminatory as it does not apply to employer bargaining associations or other professional associations that collect dues from their members. The Bill is currently being studied by the Senate.

In his testimony at a Senate committee hearing constitutional expert Professor Bruce Ryder was blunt in his assessment of Bill C-377:

It feels like it is using the *Income Tax Act* as a Trojan Horse to regulate unions .... The unprecedented detail of the disclosure obligations it places on labour organizations – and only on labour organizations – connects to no discernible tax policy issue or objective .... I am here to share the bad news that Bill C-377 is beyond the legislative jurisdiction of the Parliament of Canada. (Korski, 2013)

Some see Bill C-377 as setting the stage for ultimately eliminating the Rand formula, importing right-to-work legislation into Canada from the U.S. where about two dozen states have instituted right-to-work laws, most recently in Michigan. At the federal level Conservative MP Pierre Poilievre is strongly advocating what he calls "workers freedom" legislation which would give federal government employees the option of paying union dues. Ontario PC Leader Tim Hudak is also pushing for RTW-type laws.

Andrew Jackson in a recent report by the Broadbent Institute states that "the ultimate goal of Bill C-377 is to secure the information base needed to support American-style legislation that would allow union members to withhold dues spent on activities other than collective bargaining and workplace representation." The rationale seems to be that union members will not support their dues being spent on political causes they may not agree with. This is inconsistent with the longstanding critical role that unions play in human rights and social justice struggles in Canada and globally. It also ignores the fact that the democratic nature of unions requires such financial and other decisions to be decided upon by the union membership.

Schenk reviews recent research on so-called “Right-to-Work” laws in the U.S., exposing their negative social and economic consequences and the fact that such laws “would be incompatible with the well-established Rand formula. This is a core principal of Canadian labour relations, which recognizes all workers in a unionized workplace benefit from the union and therefore, they should equally pay the costs of achieving and protecting those benefits.” (p. 7) (The Rand formula requires workers to pay for the benefits they receive from being unionized but does not require them to be union members.) In Right-to-Work states workers’ wages are an estimated \$1500 less annually (prompting some such as President Obama to describe the laws as “right to earn less”) and workers are less likely to have employer-sponsored health insurance or pension plans than workers in states which don’t have these laws. Such laws will also contribute to income inequality (Sran et al., 2013, pp. 34-35).

Writing in *NEA Today*, Long observes that the impact of Right-to-Work laws on public education in the U.S. has been to “drive away good teachers who move to other states with lower class sizes, better salaries and benefits, and more job security”, and to effectively remove the ability for teachers to bargain for better teaching and learning conditions in their schools.

### *Growth of income inequality*

In 2011 the Occupy international protest movement, partly in response to the global financial crisis, put the issue of growing social and economic inequality – “we are the 99%” – on the political and media radar.

In Canada income inequality has worsened over the years. Earlier this year the Conference Board of Canada, in its *Society Report Card*, gave Canada a “C” grade on income inequality, ranking us 12th out of 17 peer countries. It found that “income inequality in Canada has increased over the past 20 years” and that “since 1990, the richest group of Canadians has increased its share of total national income, while the poorest and middle-income groups have lost share.”

In her recent presentation to the House of Commons Standing Committee on Finance studying the issue of income inequality, CCPA Economist Armine Yalnizyan made this rather startling comparative observation on the share of income gains captured by the richest 1% of earners in Canada:

More of the gains from growth are ending up in the pockets of higher-income individuals and households than in the past. Based on individual tax data, the top 1% in Canada accounted for 32% of all income growth in the decade 1997-2007. Think that is normal? It is four times the gain during a period of similar growth in the 1960s, and almost double the gains accruing to the top 1% during the Roaring Twenties. (p. 5)

She adds that this puts Canada “in uncharted territory economically.” (p. 5)



Of course tackling inequality is not simply a moral issue. There is growing international recognition that income inequality can actually hurt the economy. The economic argument that equality and efficiency are trade-offs is disputed in this finding from a 2011 International Monetary Fund study (cited by the Conference Board) which links inequality with unsustainable economic growth:

“When growth is looked at over the long term, the trade-off between efficiency and equality may not exist. In fact equality appears to be an important ingredient in promoting and sustaining growth. The difference between countries that can sustain rapid growth for many years or even decades and the many others that see growth spurts fade quickly may be the level of inequality. Countries may find that improving equality may also improve efficiency, understood as more sustainable long-run growth.”

Growing inequality matters for other important reasons. Divided societies have many more social problems. Citing research by Richard Wilkinson and Kate Pickett (authors of the 2009 book *The Spirit Level: Why Greater Equality Makes Societies Stronger*) Sran et al. state that,

More unequal societies tend to produce greater levels of social dysfunction, they commonly exhibit more crime, higher levels of mental illness, more illiteracy, lower life expectancies, higher rates of incarceration, lower degrees of civic engagement, higher teenage pregnancy rates, diminished social mobility and opportunities, lower levels of interpersonal trust, lower levels of general health, and weaker social shock absorbers for the poor. (p. 9)

It may surprise some to know that in the U.S. growing inequality and the hollowing out of the middle class are among the factors contributing to downward mobility in the higher education system. According to the OECD, “only about one in five young adults in the US reaches a higher level of education than their parents – among the lowest rates of upward mobility in the developed world.” (Coughlan, 2012) The American dream is becoming more elusive it would seem – Wilkinson recently remarked at a conference on labour rights that, “If you want to live the American Dream... go to Denmark.” (Fraser, 2013)

In other words more equal societies (less divided societies) are overall healthier societies and as such, reducing inequality is just good public policy.

### *The union advantage*

Those in the labour movement often tout the traditional union advantage as better wages (the wage premium) and benefits, and decent working conditions. Another face of the union advantage – and one with the potential to become the new narrative of the labour movement – is that it helps to keep income inequality in check (Littlemore, 2013).

There is mounting evidence of this. A 2008 International Labour Organization study of 51 countries demonstrated “a strong correlation between high union density and greater income equality.” (Schenk, p. 7) A number of other international studies and reports support this finding. According to the CFLR,

the conservative-leaning World Bank has found that high levels of unionization lead to greater income equality, lower unemployment and inflation, higher productivity and speedier adjustments to economic shocks .... Moreover, there is a growing body of international literature across the political spectrum which has established that unions play a critical role in reducing income inequality. Tying this all together, it would be in the best interest of any nation to promote policies and legislation that strengthen labour rights as an effective strategy to reduce income inequality. (Sran et al., p. 4)

The message is quite clear – growing income inequality is bad for the economy and contributes to numerous social problems as measured across a broad range of social indicators. Rather than being an inevitable outcome of globalization or technological change, income inequality can be reduced through, among other measures, supporting and strengthening labour rights.

Toward this end and recognizing the dangers of increasing inequality, Yalnizyan proposes a number of actions the federal government could take in order to offset income inequality. These include direct income measures (such as enhancing the Child Tax Benefit, Guaranteed Income Supplement or Old Age Security as well as improving Employment Insurance); indirect support in terms of supporting provincial and territorial poverty reduction strategies; tax measures that would restore some fairness to the tax system (including, in the absence of any new measures, enforcing existing tax rules and regulations and ensuring the Canada Revenue Agency has the necessary resources to do so); and investing in as she says “the things that can greatly alleviate the pressure on middle- and low-income households: child care, transit, housing, post-secondary education.” (p. 6)

Improving labour market policies and regulations is another proposed option – Yalnizyan states that,

As much as possible, balance the playing field in the labour market: In an era of growing corporate consolidation and increased bargaining power of employers, the federal government should not make it more difficult for workers to form unions and bargain collectively. The correlation between greater equality, a bigger middle class and unionization is widely documented (p. 7).

Similarly Schenk calls for a discussion on how to address the challenge of income inequality in Canada, suggesting that

the best way to deal with insecurity faced by a growing number of workers resulting from low wages and increasingly precarious work, is through

progressive labour law reform which promotes unionization, rather than legislation like 'Right-to-Work' laws, which impact negatively on the living standards of Canadian workers. (p. 8)

In sum unions protect and advance the interests of their members and of society as a whole. As the Canadian Foundation for Labour Rights notes, "the attack on labour rights has a much broader impact than limiting the ability of unions to protect the interests of their members. It weakens democracy, destroys good jobs, produces greater income inequality and threatens the economic and social well-being of ordinary citizens."

The CFLR lays out some basic elements of a national strategy for the labour movement and its progressive allies to defend, promote and strengthen labour rights. Among the elements is the need to change the public discourse on labour rights by emphasizing that in addition to being statutory rights, labour rights including collective bargaining are also human rights. In concert with this – and echoing Himelfarb's earlier comments – is the need to shift public and political discourse on the value of public services and fair taxation, all in service of the common good.

When considering the critical role of the labour movement in Canadian society we need to ask ourselves these simple questions:

- What would the middle class look like without unions? Or perhaps more to the point, would there even be a middle class in the absence of unions?
- What would our social safety net look like without unions?
- What would our public education system look like without unions?
- What would our democracy look like without unions?

Indeed the success of public education is built on a high quality teaching profession supported by strong vibrant teacher unions. Educational improvements negotiated through the collective bargaining process are substantial. They include services for students with special needs, ESL programs, reductions in primary class size, ratios for teacher-librarians based on school size, teacher preparation time, professional development days, setting up teams to discuss individual student progress, mentorship programs, and equity in education initiatives (Salutin, 2012, pp. 61-62). No doubt we could add to this list many more union-initiated changes that are beneficial for student learning.

When teachers stand up for their collective bargaining and other labour rights (for example as they did last year in Ontario to oppose anti-labour legislation Bill 115), they are putting into practice the lessons in democracy they teach their students every day – the importance of fighting for hard-won democratic rights and freedoms and of being active responsible citizens in a democratic society.

Teachers' ability to exercise their fundamental labour rights is integral to the achievement of quality public education.

## References

Canadian Foundation for Labour Rights. "Canada's record at the International Labour Organization (ILO)."

[www.labourrights.ca/issues/fact3-canadas-record-ilo](http://www.labourrights.ca/issues/fact3-canadas-record-ilo)

Canadian Foundation for Labour Rights. "Solutions – A vigorous defence of labour rights is critical and possible."

[www.labourrights.ca/solutions/vigorous-defence](http://www.labourrights.ca/solutions/vigorous-defence)

Canadian Labour Congress (May 2013). "Submission of the Canadian Labour Congress to the Standing Senate Committee on Banking, Trade and Commerce Regarding Bill C-377 *An Act to Amend the Income Tax Act (Labour Organizations)*".

Canadians for Tax Fairness website.

[www.taxfairness.ca/](http://www.taxfairness.ca/)

Conference Board of Canada (2013). *How Canada Performs: A Report Card on Canada*. Ottawa.

[www.conferenceboard.ca/hcp/details/society.aspx](http://www.conferenceboard.ca/hcp/details/society.aspx)

Coughlan, Sean (Dec. 3, 2012). "Downward mobility haunts US education." *BBC News*.

[www.bbc.co.uk/news/business-20154358?print=true](http://www.bbc.co.uk/news/business-20154358?print=true)

Ellis, Myles (2013). "Teacher Collective Bargaining: An International Perspective." Presentation at Canadian Teachers' Federation Conference – "Teacher Collective Bargaining: Reaffirming Our Rights", Toronto, May 26-28, 2013.

Fraser, Calvin (May 2013). "Our changing society: A call to action." *CTF Perspectives*.

Himelfarb, Alex (2013). "The age of austerity." Canadian Centre for Policy Alternatives (CCPA) Post-Austerity session, Toronto, Jan. 9, 2013.

<http://afhimelfarb.wordpress.com/2013/01/24/the-age-of-austerity/>

Jackson, Andrew (April 2013). "Union Communities, Healthy Communities: The new attack on unions and its threat to shared prosperity in Canada." Broadbent Institute, Ottawa.

[www.broadbentinstitute.ca/sites/default/files/documents/union-en.pdf](http://www.broadbentinstitute.ca/sites/default/files/documents/union-en.pdf)

Korski, Tom (May 27, 2013). "Union bill unlawful: Expert." *Blacklock's Reporter*.

[www.blacklocks.ca/union-bill-unlawful-expert/](http://www.blacklocks.ca/union-bill-unlawful-expert/)

Littlemore, Richard (March 27, 2013). "Do unions have a future?" *The Globe & Mail*.

[www.theglobeandmail.com/report-on-business/rob-magazine/do-unions-have-a-future/article10310754/?utm\\_source=Shared+Article+Sent+to+User&utm\\_medium=E-mail:+Newsletters+:+E-Blasts+:+etc.&utm\\_campaign=Shared+Web+Article+Links](http://www.theglobeandmail.com/report-on-business/rob-magazine/do-unions-have-a-future/article10310754/?utm_source=Shared+Article+Sent+to+User&utm_medium=E-mail:+Newsletters+:+E-Blasts+:+etc.&utm_campaign=Shared+Web+Article+Links)

Long, Cindy (Spring 2013). “‘Right to work’ hurts students, teachers, and public education.” *NEA Today*, pp. 48-49.  
<http://neatoday.org/2013/03/19/right-to-work-hurts-students-teachers-and-public-education/>

Manitoba Teachers’ Society *Union Watch*.  
[www.mbteach.org/unionwatch/unionmain.html](http://www.mbteach.org/unionwatch/unionmain.html)

Salutin, Rick (2012). *Keeping the Public in Public Education*. Linda Leith Publishing.

Schenk, Christopher (Sept. 2012). *Unions in a Democratic Society – A Response to the Consultation Paper on the Renewal of Labour Legislation in Saskatchewan*. CCPA National Office/CCPA Saskatchewan Office.  
[www.policyalternatives.ca/publications/reports/unions-democratic-society](http://www.policyalternatives.ca/publications/reports/unions-democratic-society)

Sran, Garry, et al. (March 2013). *Unions Matter: How the Ability of Labour Unions to Reduce Income Inequality and Influence Public Policy has been affected by Regressive Labour Laws*. Canadian Foundation for Labour Rights. Ottawa.  
[www.labourrights.ca/sites/labourrights.ca/files/documents/cflr\\_unions\\_matter.pdf](http://www.labourrights.ca/sites/labourrights.ca/files/documents/cflr_unions_matter.pdf)

Yalnizyan, Armine (2013). *Study of Income Inequality in Canada – What Can Be Done*. Presentation to the House of Commons Standing Committee on Finance, April 30, 2013.  
[www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2013/04/Armine\\_Inequality\\_Presentation\\_HOC\\_Finance\\_Committee.pdf](http://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2013/04/Armine_Inequality_Presentation_HOC_Finance_Committee.pdf)

*Bernie Froese-Germain is a Researcher with the Canadian Teachers’ Federation.*