



TAKING BACK ONTARIO, ONE VOTER AT A TIME

Catherine Swift

Monday, December 6, 2013

London, Ontario

Check against delivery

Starting in the 1800s, the union movement came into existence at the time of the industrial revolution in virtually all developed countries around the world, and proceeded to make major inroads into many facets of our economies. In the early days, unions by and large legitimately fought for some workplace balance in an environment when employees were often at the mercy of employers. This needed to happen, and for the most part unions played an important and necessary role.

In more recent times, however, the role of unions has changed very significantly along with changes in economies, in legal frameworks, globalization, technology and many other factors. Today, I would like to discuss how the modern-day union is a very different creature than it was a century or so ago, and how the organized labour movement is now having an overall negative impact on our economy, our public services, our values and our society in general.

In recent decades, we have seen a growing number of laws and regulations that imbalance the workplace in favour of unions, to the detriment of employers and individual workers. Let me mention some examples. It is much easier in all Canadian provinces to organize a workplace than to decertify a workplace. Some provinces permit a "card check" and don't even require a secret ballot vote on union certification, which tilts the playing field significantly in the union's favour. In all jurisdictions there are various employment standards that make it virtually impossible or immensely costly to let go of an employee, regardless of a legitimate need to do so. It is ironic that the unintended consequences of these rigid employment standards are that employers are very reticent to hire employees even if the business needs them. Inflexible employment standards have been a major contributor to the so-called "sclerotic" workplace typical in Europe, where unemployment rates are very high as employers look to hire only as a last resort.

Also, unions seem to have never seen a payroll tax or other tax they don't want to drastically increase as long as others are paying it. EI is a good example in Canada, WSIB in Ontario, and as you likely know there is a big campaign being pushed by the unions currently to significantly increase CPP premiums. The reason the unions are so keen on big CPP hikes is that their pension plans are grossly underfunded, and if they could have a larger amount of their pensions come out of the CPP pot their pension plans will be under less pressure. But higher payroll taxes have been shown time and time again to have a negative impact on overall employment, which would seem to be a strange goal for a labour movement which purports to represent workers.

You may have heard some in the unions and other voices of the left recently bemoaning the growth of what they refer to as "precarious work", which means jobs that are part-time, temporary, contract etc. But once again they have caused the very situation they now complain about. The more payroll taxes, regulations, red tape etc. that are layered on businesses, especially smaller businesses, the more those businesses will be forced to find ways around them so they can stay in business. It has always amazed me that either unions don't understand that the policies they promote are going to have negative consequences for workers and the economy in general, or they know it full well but just don't care as long as they get their pound of flesh. I suspect it is the latter, as these are by and large not stupid people we are dealing with.

In the last few years here in Ontario, we have seen the creation of a totally unnecessary institution in the College of Trades, which is really a Trojan horse to permit unions to infiltrate and ultimately dominate many more sectors of the economy. In the construction sector, unions in Ontario would love to duplicate the Québec practice where to even work in the industry at all you need to be a member of a union. As we follow the Charbonneau Commission in Québec uncover the massive corruption in the construction sector, with unions one of the main participants in that corruption, I hardly think that is a model we should emulate.

There was no need at all for the College of Trades, as any government oversight of the various trades was already being conducted within government departments. But the unions wanted a whole new entity they could basically run to impose more costs on businesses and increase their own control over more sectors of the economy. As you likely know, additional significant costs are being imposed on many tradespersons, seemingly only to finance the operation of the College of Trades and create more grief and red tape for small businesses that already have more than enough to deal with.

If anything, what we need in the trades area is to change journeyman/apprentice ratios to permit more apprentices into the system where major labour shortages exist and are getting worse. Unions of course oppose changing these ratios as they want the shortages to continue to maintain scarcity and high wages for existing tradespersons, and in the process they keep many young people out of the trades.

Another policy unions have successfully established in many jurisdictions is to have procurement policies restricted to union-only players. Most Canadian governments do not have open tendering for contracts, but rather require bidders to either be unionized or adhere to some sort of so-called “fair wage” policy. This restricts or eliminates the ability of many tax-paying Canadian businesses to bid on government work, and also drives up the cost of these projects dramatically – often to the tune of 40% to 50% higher cost than if the work was tendered in an open manner.

The mother of all goodies unions have managed to achieve is forcing mandatory union dues payment on workers in an organized workplace, and eliminating worker choice as to whether they want to pay dues or not. In Canada we have the dubious distinction of having created the Rand formula by Canadian Supreme Court Justice Ivan Rand back in 1946, and some version of this decision travelled to many other countries thereafter. The decision was based on the principle that as all workers benefited from the work of the union, they should all be forced to pay dues whether they wanted to or not.

Interestingly, in more recent times other countries have backed away from the Rand formula to varying degrees. In some countries, unions are only permitted to force dues when they can prove they are being used exclusively for collective bargaining purposes. Other countries have abandoned forced dues altogether on the basis of the rights of the worker to make their own decision on whether they want to pay dues to a union.

In Canada, we are the only country left which permits unions to compel dues from workers, with zero restrictions as to how those funds can be spent. In recent times, we have seen union dues spent on ridiculous things such as Occupy protests, G20 riots, violent student protests in Montreal, funding union leader trips to socialist meetings and conferences, partisan interference in elections, and the list goes on. I doubt most union members would favour such spending, yet they currently have no way of preventing their funds being used in such irresponsible ways. And as someone who frequently travels in and out of Ottawa on business, I can assure you that I virtually never see a union leader on the flight who isn't sitting pretty in business class as I walk back to economy, so those dues are also going to enable cushy perks for union bosses.

Another development that greatly assisted unions occurred back in the 1960s when unions were permitted for the first time to organize the public sector. Previously, it was thought that since government had no competitors and did not operate in a market environment, there was no place for unions in government. During the 1960s, J.F. Kennedy in the US and Lester Pearson in Canada decided otherwise, and the rest is truly history. We have seen union membership drop dramatically in the private sector over the past few decades as global competition has become more acute and technology has displaced many jobs previously done by labour. Unionization rates in Canada in the private sector are about 17 per cent currently, but the government rate is 80 per cent. In fact, Canada has one of the highest rates of public sector unionization in the world. And when we look at all unionized workers in Canada, fully 57 per cent of them are government workers, when government employment represents about 20 per cent of the total employment picture. Clearly the Canadian unions today are very dependent on their members in the public sector for their funding, as the number of unionized workers in the private sector dwindles as they are no longer competitive. Having union domination in government, with the excessive wages and benefits it brings, is what eventually was a major factor in bankrupting jurisdictions such as Greece, Detroit and many others.

So although it could be argued a hundred years or so ago that unions were needed to bring some balance into the workplace, the pendulum has now swung much too far in the other direction, and it is severely damaging our economy and our society.

So the question remains – what can be done to rectify this situation before we become Greece? Right from the start, we have to challenge some of the so-called “truths” that have been promoted by unions for decades to really understand the situation we are in.

Unions today have more in common with large corporations than they do with the average person – they both like big government that they can coerce it to give them money from the average taxpayer. Unions like to claim that they make life better for everyone, but nothing could be further from the truth. Rather, they are just another interest group looking to line their pockets at other people’s expense. As a result, they should not have the immensely privileged status of being able to collect forced union dues in a workplace without the explicit consent of the employee. Unions should have every right to promote their agenda like any other interest group, but they do not deserve their current privileged status.

In the public sector, it is very easy to demonstrate that the better government workers do, the worse the rest of us do. In the developed world, government worker wages are significantly higher than the same job would pay in the private sector, and come with more job security and benefits, earlier retirement and rich pensions. The more wages and benefits increase for government workers, the more the rest of us pay for it. A recent EU study’s findings were interesting in that they concluded countries which had a bigger pay and benefit advantage for public sector workers also had a worse fiscal situation. A bloated and overpaid public sector will eventually bankrupt an economy.

The case is not as clear in the private sector, but on closer examination is still very much there. For instance, when unionized auto workers get a wage or benefit increase, you can be sure that the rest of us – most of whom don’t make as much money as an auto worker – pay more for a car. In addition, how many times have taxpayers bailed out auto companies, largely because their finances were in trouble because of overly large wages and benefits to union employees? Numerous times. Unions have also been very successful over the years in convincing short-sighted governments to implement practices such as union-only procurement policies, which again cause taxpayers to ante up more than if government projects were truly open to the best and lowest-cost bidder.

Unionized private sector companies do, unlike governments, have to compete in the marketplace. But even this competition gets mitigated by market-distorting measures such as regular bailouts of particular industries, autos being a notable example. And of course the reason that private sector union membership is shrinking is exactly because those companies have competition, which governments do not.

If a business or an individual has something good to sell, it will sell. If the product the unions are offering is as terrific and valuable as they would have us believe, people would be lining up to buy it. The fact that they have to continue to rely on forced union dues, restrictive policies that favour unions to the expense of others, and often threats and intimidation proves that unions don't even believe their own rhetoric and know that if people were not forced to pay them, their revenues would drop precipitously. And this is not only theory, but what has actually happened in jurisdictions which permitted employees a choice in whether they wanted to pay union dues or not. Wisconsin is a good example, where when they removed the requirements for employees to be forced to pay union dues, those dues revenues dropped precipitously.

So a first step is to raise awareness of the damage union dominance is doing and send a message of what reforms are needed to restore fairness to the workplace and our government policies. Over the past few months, I have been working with a group of committed individuals on a volunteer basis to create a new, not-for-profit, non-partisan organization called Working Canadians, whose mission is to counter union propaganda and tell the truth about what is really happening. Although groups with this agenda exist in other countries, we have never had one in Canada until now. As I noted earlier, unions have clearly used very effective intimidation techniques to co-opt governments to give them what they want, and convince businesses to knuckle under and not oppose them. After many years of fighting unions in the public domain as the President and CEO of the Canadian Federation of Independent Business (CFIB), I can assure you that they will continue to play hardball, and if we want to make any progress in opposing them we can't be playing tiddly winks.

Our plans for Working Canadians is to counter the dishonest claims of groups like the Working Families, the unions themselves and others, and undertake public information and advertising campaigns as well as advocacy to support fair policies that are good for workers, businesses and the economy overall. We will present our position in a factual and professional manner with integrity. We know from experience that sitting on the sidelines will get us nowhere – that's what we've been doing for years. We need a new approach, and that's what Working Canadians will be.

To any skeptics who think the status quo can't be changed and that we're just tilting at windmills here, I can only say that I've lost count of how many times I've been told over the years "It can't be done". At CFIB, I was told we would never be able to raise the Lifetime Capital Gains Exemption for small businesses, but we did it several times. When CFIB opposed bank mergers, we often heard – even from CFIB members – that we couldn't win against the big banks. But we did. When we fought VISA and Mastercard on small business' behalf, many thought we were fools to even try, but once again we prevailed. And these are just a few examples. When people are determined, committed and persistent in pursuing change, it can be done.

So please join us. Naturally, we need support, so I would ask you to support us in whatever way you can so that we can get our message out effectively and often in the months and years ahead. Nothing will be accomplished quickly, but we do need to act now before the situation gets even worse. We need to take back Ontario, and Canada for that matter, without delay.