WORKERS' FORUM
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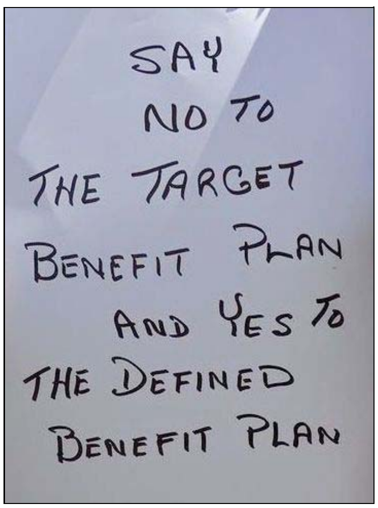
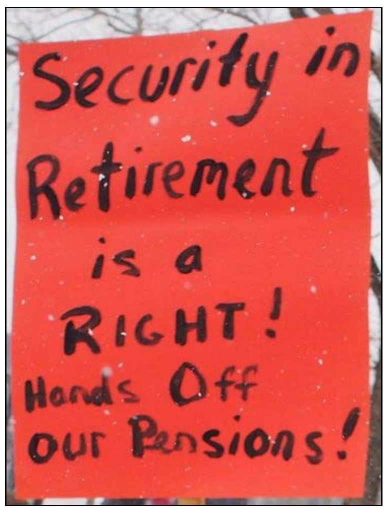
November 30, 2017

Fight for Security in Retirement!

Withdraw Bill C-27!
No to Attacks on Defined Benefit Pensions!





Fight for Security in Retirement!
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Fight for Security in Retirement!

Withdraw Bill C-27!
No to Attacks on Defined Benefit Pensions!

Retired and active postal workers from the Toronto and Scaborough Locals of the Canadian Union of Postal Workers (CUPW), workers from other unions and their allies held a rally and picket in Toronto on November 28 to denounce the Liberal government's attacks on workers and retirees and to demand that Bill C-27 be scrapped.

Bill C-27, if passed, will remove the issue of pensions from postal workers' upcoming negotiations. Workers will have no say in the kind of pensions they have, as the police powers of Bill C-27 will replace negotiations with state dictate. The government through Bill C-27 will direct Canada Post to unilaterally replace the defined benefit plan with a target benefit plan.[1]

The action took place outside the annual meeting of the Institute of Corporate Directors at which Liberal Finance Minister Bill Morneau was the keynote speaker. Bill C-27 would reap windfall profits for Morneau Shepell -- the pension consultancy company owned by the Morneau family. Protesters denounced this as a blatant conflict of interest and "highway robbery."

Jean-Claude Parrot, President of the National Organization of Retired Postal Workers (NORPW), and a former National President of CUPW, pointed out that postal workers have historically fought to defend their rights and those of all workers to live and work with dignity. He stated that the Harper government had planned to convert postal workers' defined benefit pension plan to a defined contribution plan but postal workers mobilized to prevent this. He pointed out that during the 2015 federal election the Trudeau Liberals promised not to touch government workers' pension plans, but one year after coming to power they tabled Bill C-27. Parrot stressed that postal workers' fight for defined benefit pensions is one with the fight of all workers for a secure retirement and called for continued unity of workers from all sectors.

Peter Whitaker, speaking for NORPW, stated that retired and active postal workers are not alone in defending workers' pensions. He cited the courageous battle waged by the steelworkers in Hamilton whose pensions and benefits were misappropriated by U.S. Steel using the *Companies' Creditors Arrangement Act* (CCAA). He stated that the Public Service Alliance of Canada and other unions are also demanding "Hands Off Our Pensions!" Whitaker noted that the Trudeau Liberals appointed Morneau as Finance Minister knowing that he and his company had long agitated for governments to pass legislation to convert defined benefit pensions to target benefit pensions which allow companies like Morneau Shepell to make a killing. He called on everyone to join in the fight to defeat the Liberals' anti-worker Bill C-27.

Other speakers also denounced Bill C-27 and called for the resignation of Morneau and Trudeau, and the repeal of this anti-pension bill. They pledged to take collective action to unseat the Liberals in the next federal election in 2019.

The action received wide support from passers-by, many of whom stopped to find out more about the action and to offer their support.

Note

1. For further information on Bill C-27 see *Workers' Forum*, September 18, 2017.

Congratulations to CEZinc Steelworkers!

Meeting of steelworkers from CEZinc refinery in Salaberry-de-Valleyfield, November 25, 2017

Workers' Forum joins with all workers and their allies in extending our heartiest congratulations to CEZinc steelworkers in defending their rights! Members of United Steelworkers/Syndicat des Métallos Local 6486 at the CEZinc refinery in Salaberry-de-Valleyfield, with the active assistance of many community and other allies, have successfully defended their pension plan for current and future workers.

On strike for nine and a half months, the 371 CEZinc steelworkers have maintained their just and honourable position to defend their pension plan from the attacks of those who own and control the refinery, the Noranda Income Fund and global monopoly Glencore. The steelworkers' position in defence of the right of current and future workers to a just claim on the value they produce and to retire in dignity won the active support of the working class and others across Quebec, Canada and internationally. Their strike began on February 12, and continued until the ratification vote to accept the new contract on November 25, which contains no concessions regarding the pension plan.

Quebec Aluminum Workers Overwhelmingly Reject Two-Tier Pension Plan

- Interview, Clément Masse, President, United Steelworkers Local 9700 -

On November 22, the day their collective agreement came to an end, the 1,030 workers at the ABI aluminum plant in Bécancour overwhelmingly rejected the company's offer to introduce a two-tier pension plan and create two-tier working conditions by dismantling existing contractual *arrangements with respect to job transfers and mobility. The workers decided not to go on strike at this time and the employer has not locked them out. There are talks going on right now in the presence of a mediator. Posted below is an interview with Clément Masse, President of USW Local 9700 representing the ABI workers.*

Workers at ABI plant in Bécancour following vote to reject company offer, November 22, 2017.

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Workers' Forum: How many workers are there at the ABI smelter, and what do they produce?

Clément Masse: At the ABI plant, we produce primary aluminum in the form of ingots, billets and plates. The plant has a production of about 450,000 tonnes per year. It is owned in partnership by Alcoa (75 per cent) and Rio Tinto (25 per cent). We are 1,030 unionized workers and management has about 100 people. The union members are divided into three units, all of which are part of USW Local 9700. These are: the production unit, which comprises about 950 workers, the office and technical unit, and the lab technicians' unit which comprise about 50 and 21 people respectively.

The ABI plant has a big impact in the region economically. The plant is located on the south shore of the St. Lawrence River in Bécancour, but it has an impact throughout the region, even on the North Shore because 75 per cent of ABI employees live on the North Shore. There is no big city on the Bécancour side while the nearest town is Trois-Rivières on the North Shore. People often will prefer to live on the North Shore because of the services for children and the schools. The plant provides work for several small businesses and contractors. It must also be said that about 1,000 workers with an average wage of $42 to $43 per hour have an impact on the region. If there was to be a work stoppage here, the economy of the region would certainly feel it.

WF: You mentioned in a statement that negotiations are at an impasse on the issue of the pension fund and the job mobility issues in the plant. Can you tell us more about that?

CM: We went into early negotiations starting in January. We had done a lot of work. We had discussions with the employer but the negotiations stalled on the pension plan. The employer wants to establish a two-tier plan and put that proposal on the table. We said "no way." The early negotiations ended there in the spring.

We started official negotiations in September -- in the official negotiating period of 90 days before the end of the collective agreement on November 22, one minute before midnight. We are now without a contract. In September, we immediately asked the employer what their stand was on the issue of the pension plan. Their position was and still is to establish a new pension plan for new hires. This put a big gap between the positions of the two parties. On top of that, the employer has a lot of demands regarding job transfers and mobility issues.

There are many people who are retiring in the plant. The plant opened in 1986 and almost all of us were hired at the same time between 1986 and 1990. That's when the hiring boom at ABI happened. Now we are at a point where everyone is retiring. Since 2012, our last contract, there have been almost 400 hires to replace those who retired, and there will be almost 400 more in the next four to five years. Virtually the entire plant is going to be filled with new people within 10 years.

The employer's demand is to maintain the current regime for those who are currently employed, and to introduce a member-funded pension plan (MFPP) scheme for new hires. We are opposed to having two pension plans for our workers.

Our current plan is a defined benefit plan. The other is an MFPP, and in the employer's offer there are no details about the terms of the plan. All the employer says is that they would contribute to the plan and the rest would be built as we go, for example, what would be the workers' contribution, what would be the retirement age, and so on. What we do know, however, is that with the MFPP plan, the worker assumes the risk. In our defined benefit plan, if there is not enough money in the plan, it is the employer who has to make up the difference. In the MFPP it is the workers who have to do so and bear the risk. The only obligation of the employer is to pay their contribution, which is fixed. This is how an MFPP is defined by law.

The employer also has a lot of demands on job transfers and mobility issues. We do not want to go there because they want to attack our working conditions. In the proposal they made to us and which was rejected massively by our members, there is no respect for seniority. They want to be able to hire people directly to fill vacancies. They want to freeze people for four years in the specific jobs they are doing, with workers not being able to apply for and get other positions in the plant when there are vacancies.

So we are stuck on the issues of the pension plan and job transfers.

WF: How does the union argue against these two demands from ABI owners?

CM: As a matter of principle, we do not agree that there should be two regimes for workers. In our view, everyone belongs to the same regime and we are moving forward together. We have always fought against two-tier conditions. The same thing applies to working conditions. We have provisions whereby when there is a vacancy the employer is obliged to post the position internally. If the position is not filled it has to go into hiring and the person who is hired is part of the union and works on the same terms as everyone else. Someone who is hired and does the same job as another worker makes the same wage. We have been fighting all the time so that working people have the same conditions. In 2004 when we went on strike, it was for that too.

We have explained to our members the danger of having two pension plans in our agreement. It would divide us. What would we do if in four years, the 400 new people have a different pension fund? In the membership meetings, there would be conflicts between the workers. It is between workers that disputes are going to take place. The 400 new hires will say that we abandoned them when we signed a new contract.

WF: The workers overwhelmingly rejected ABI's offer on these two issues.

CM: The workers rejected the employer's offer and gave a 97 per cent strike mandate and the participation rate was 90 per cent. The room was packed. There were a lot of young people, a lot of new workers. The largest unit, the production unit, which includes about 950 workers, voted 98 per cent against the offer and for the strike mandate.

There has never been a membership meeting with so many people in the life of the union at ABI. I've been working here for 30 years and I've never seen anything like it.

Canadians Demand a New Direction to Guarantee Defined Pensions for All

- K.C. Adams -

Join the working class in organized actions to defend the pensions we have and fight for defined pensions for all!

Canadian pensions are under attack. The ruling imperialist elite have launched a broad campaign to reduce the amount of the new value workers produce that goes towards pensions. The transfer of social wealth from workers' pensions and benefits to private coffers of the rich in the last 30 years is unprecedented, reversing the pension guarantees the working class won in battles following World War II.

The working class is resisting the assault on the pensions it now has and fighting for the right of all to a guaranteed retirement at a Canadian standard. Campaigns are underway to expose and denounce the attack on pensions and the parasitism and corruption of contracting out pension administration and investment of workers' savings to third parties with close connections to the ruling imperialist elite.

Organizations have come together to denounce and stop the Trudeau/Morneau Liberal Bill C-27 that undermines public sector defined benefit pensions and replaces them with savings funds with no guaranteed pension benefits. Canadians are further incensed at the blatant hypocrisy and corruption of Liberal Finance Minister Bill Morneau leading the assault on federal public sector and Crown corporation pensions, such as at Canada Post. The company owned by the Morneau family, Morneau Shepell, will directly profit from user fees to administer the so-called pension savings funds that will replace the defined benefit pensions. Active and retired members of the Canadian Union of Postal Workers, the National Organization of Retired Postal Workers, and others in the Public Service Alliance of Canada and their allies across the country are determined to stop Liberal Bill C-27 and defeat this attack on federally-administered defined benefit pensions.

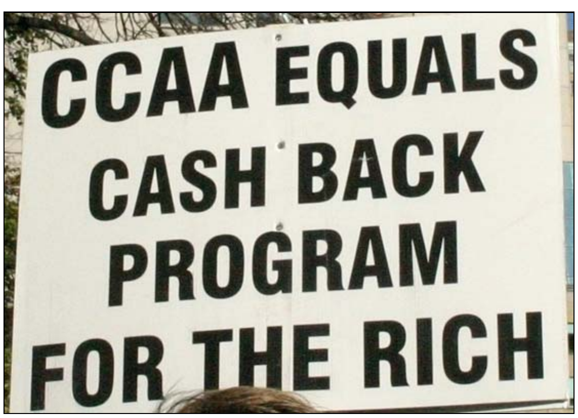
Other organizations of the working class have united to demand immediate changes in bankruptcy legislation, specifically the *Companies' Creditors Arrangement Act* (CCAA) for large companies. The present arrangement allows a form of legalized theft of what belongs to workers by right in pension benefits and other promised post-employment benefits.

A recently released study from the Canadian Centre for Policy Alternatives (CCPA) shows that companies, such as the recently bankrupt Sears, can deliberately degrade their defined benefit pension funds, transfer that money to directors and shareholders instead, and then declare CCAA bankruptcy and legally evade responsibility to make the pension funds whole and capable of meeting the promised defined benefits. A current NDP Member of Parliament and former Stelco steelworker from Hamilton, Scott Duvall, with the support and encouragement of the working class has introduced a private member's bill to stop this criminal practice of large companies, while the Trudeau Liberal majority government and Conservative opposition do not support the bill.

CCPA Study: The Lion's Share -- Pension Deficits and Shareholder Payments Among Canada's Largest Companies

Along with the Trudeau Liberal attack on public sector pensions, the CCPA study reveals a trend has become entrenched amongst large companies to eliminate defined benefit pensions for new employees. Defined benefit (DB) pensions were designed to guarantee pension benefits at a certain level. Their introduction was a step towards guaranteeing the right of all to a Canadian standard of living in retirement. Before defined pension benefits came into being along with the still inadequate Canada and Quebec Pension Plan, Canadian workers had to rely on savings during retirement, which is a recipe for poverty. The elimination of DB pensions and other post-employment benefits is a backward step to reliance on savings resulting in greater impoverishment of seniors.

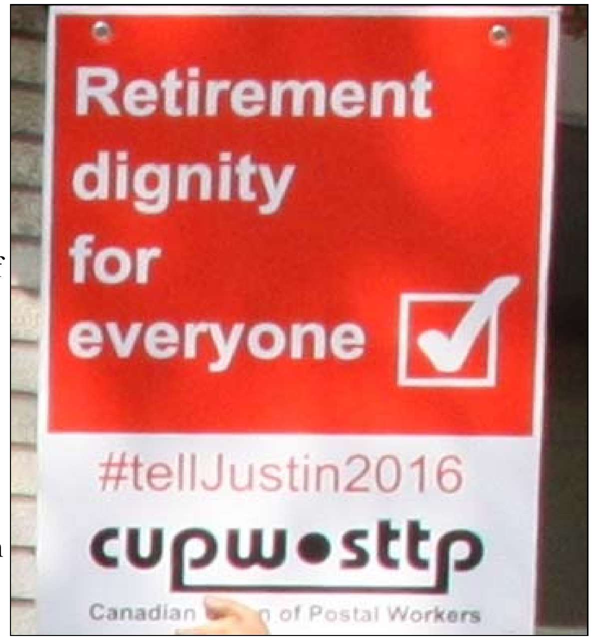
The CCPA study shows a steady decline in DB pensions, which are being replaced with various forms of savings plans without any guarantee of benefits in retirement. This trend is accompanied with the companies involved no longer administering pensions as a responsibility but rather contracting out the service to companies such as Morneau Shepell that charge a user fee, which comes directly from the pension savings.



The CCPA investigation found that the employees of only 39 of Canada's 60 largest companies traded on the stock exchanges still have DB pensions. Those companies controlled $174 billion in DB pension assets in 2016. The combined private sector pension assets in all of Canada's registered pension plans including DB plans and all retirement savings plans such as company defined contribution plans and RRSPs amounted to $537.39 billion in 2016.

The DB funds can fall into a deficit if not replenished with current revenue. DB plans promise a certain pension benefit and must have enough money currently coming directly from the company's accounts (balance sheet) or from the fund itself to cover all expected pension benefits. If the company declares CCAA bankruptcy as in the case of Nortel, Sears and others, or the DB plan is taken off the balance sheet through CCAA such as at Stelco, or wound up for whatever reason, then the existing assets in the DB fund must be enough to maintain the promised pension benefits until all members of the plan pass away. Having enough money in the pension fund is never the case since a company planning bankruptcy or to take the DB pension plan off the balance sheet or wind it up wants to use an existing pension fund deficit as one of the excuses for doing so and use available revenue for other purposes. The companies usually stop putting enough revenue in the fund well before the collapse. The revenue instead goes into the pockets of those who own and control the company.

The CCPA study found that the DB pension funds of the 39 largest companies held an aggregate deficit of $10.8 billion in 2016 up from a $6.6 billion shortfall in 2015. Instead of putting cash in the pension funds in 2016 to make them whole or at least stop the deficit from becoming worse, those companies collectively decided to use available revenue their workers produced to pay executives and directors their huge claims and to give shareholders $46.9 billion.



Over the past six years those 39 DB pension funds have consistently been in deficit yet those in control paid shareholder dividends at an increasing combined amount from $31.9 billion in 2011 to $46.9 billion in 2016. Those 39 companies directed four times the amount of revenue towards shareholders than the amount needed to fully fund their DB pension plans. The study shows that 25 of those DB plans could have been fully funded with less than one year's worth of payouts to shareholders. The shortfall in 18 of those DB plans could be fully funded now with just 13 per cent of what was paid to shareholders over the entire six years.

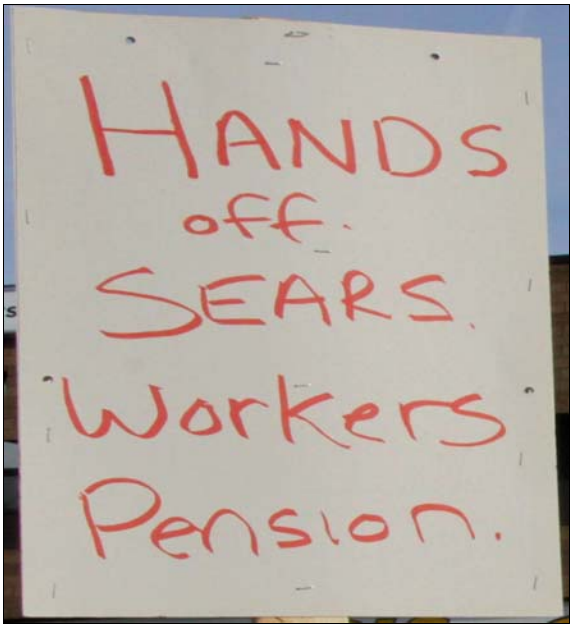
The study reveals what it calls a "curious" situation in that the DB pension plans in the worst shape with less than 80 per cent of the necessary funds to maintain benefits in the event of a fund windup could be fully funded with only 6 per cent of the shareholder payments since 2012.

The CCPA study writes, "[Federal and provincial DB plan regulations] purposely ignored what employers were doing with corporate earnings, as long as the required minimum required solvency payments were being met. In other words, broader corporate decisions about retained earnings are treated as a 'black box' for the purposes of pension regulation. In certain instances, this could create a 'moral hazard' in which firms had an incentive to direct cash flow to shareholders and directors, leaving as little as possible in a plan they could shed through eventual restructuring and insolvency."

(The "required payments" are routinely softened such as with Ontario's "too big to fail" legislation allowing the largest companies to delay their DB solvency payments. At Stelco, rules were put in place upon the exit from CCAA in 2006 restricting share dividend payments while the DB plan was in deficit but U.S. Steel insisted this regulation be lifted, which the ruling elite quickly agreed to do. -- *WF Ed. note*.)

Poisonous Deceit and Theft of Workers' Pensions and Benefits at Sears Canada Inc.

The CCPA study exposes the particular case of Sears Canada, which shows the U.S. ownership taking value out of Canada while letting the DB pension fund and the company itself badly deteriorate.



The CCPA study writes, "Canadian subsidiaries being raided by American parents is an all-too-familiar story with Canadian pensioners (not to mention suppliers and the courts) left to pick up the pieces in bankruptcy. The recent news that Sears Canada will shutter all remaining stores as a result of its insolvency leaves its DB pension plan with a $267 million funding shortfall on a wind-up basis.

"Since 2010, Sears Canada paid back $1.5 billion to shareholders in dividends and share buybacks. In other words, Sears Canada paid back five-and-a-half times more to its shareholders than it would have cost to entirely erase the deficit in its DB pension plan.

"As Sears proceeds to liquidate its entire Canadian operations, it will be Canadian retirees who are left to deal with that decision."

Destruction of DB Pensions Means a Large Transfer of Actual and Potential Value from the Working Class to the Not-Working Class, Those Who Own and Control the Socialized Economy

The CCPA investigation found that over the past 30 years, the number of workers enrolled in DB plans has declined from nearly 50 per cent of the workforce to one quarter with many of the remaining workers with DB plans concentrated in the public sector. Three million workers in the public sector are members of DB pension plans with another one million workers in the private sector. Less than one in 10 workers in the private sector now has a DB plan. The next target of the ruling imperialist elite not surprisingly is the public sector. The federal Trudeau/Morneau Liberal government has unleashed a direct attack on public sector and Crown corporation DB plans with its Bill C-27, which workers are determined to stop.

Almost all new pension plans today in the private sector are of the defined contribution (DC) savings plan variety where the pension benefit payments upon retirement are uncertain to say the least and can soon run out altogether. Many companies that still have DB plans are restricting entry of new employees into them. Many workers with pension savings plans, when they fall into difficulties beyond their control such as unemployment, injuries or serious illness, often cash in their DC or other savings plans to make ends meet in the present leaving themselves without any pension income beyond the wholly inadequate Canada Pension Plan and Guaranteed Income Supplement.

The CCPA study writes, "The trend away from DB pensions towards DC schemes is part of a wider redirection of corporate earnings away from workers and towards shareholders. This process reflects a change in corporate thinking over the past several decades that seeks to better align executives' decision-making with shareholder interests, at the expense of other corporate constituencies like labour."

The attacks on DB pensions are a feature of the ongoing class struggle between the working class and the not-working class, those who own and control the basic sectors of the socialized economy and state, over the aim and direction of the economy and how to use the value workers produce. The CCPA study clearly shows that the problems surrounding defined benefit pensions are not a result of lack of money but one of aim and which social class has control over the economy and state and the power to direct the value workers produce to serve its aim.

For the working class, the struggle to defend and broaden its claims on the value it produces forms part of its immediate or tactical aim in the class struggle with the not-working class. The long-term or strategic aim of the working class is to seize control of the entire value it produces for distribution to meet and guarantee the well-being and security of all from birth to passing away, to ensure the uninterrupted extended reproduction of the economy through harmonizing the existing socialized means of production with socialized relations of production, and to provide the necessary value for the general interests of society to open a path forward to the complete emancipation of the working class and elimination of social classes.

The defence of the pensions workers have, and the fight for defined pensions for all, form part of the tactical class struggle to raise the standard of living of all with improved wages, benefits, pensions and working conditions for all workers, to stop paying the rich and for increased investments in social programs.

How to wage this class struggle successfully is a matter of learning warfare through warfare, through organizing the practical politics of the working class and mobilizing workers to engage in actions with analysis in defence of their rights and claims on the actual and potential value they produce. An important feature of the tactical aim of the working class to defend its rights in the here and now is to organize and strengthen its independent institutions, politics and voice. Join the independent institutions and organized class struggle of the working class for its tactical and strategic aims!

Workers' Forum is a voice for the working class to advance its tactical and strategic aims. Read, discuss, write for and distribute *Workers' Forum*.

(To read CCPA's complete report on pensions click ***here***.)