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Public Sector “Reform” and the Future of Public Sector Unions

by David Camfield

The summer and fall of 2005 saw two high-profile disputes involving unionized workers in the public sector in Canada.¹

At the CBC, management's demands for major concessions led to a lock-out that kept workers on the picket line for eight weeks right across the country. In British Columbia, teachers went on strike for a negotiated contract that would address key classroom issues and provide a decent wage increase, even though they were banned from striking.

These struggles, along with the significant strike by the BC Hospital Employees' Union (HEU) in the spring of 2004, highlight key difficulties facing public sector unions in Canada. All three had common roots in the neoliberal “reform” of the public sector – the major challenge facing public sector unions today. Analysing these three struggles allows us to draw some important conclusions about strikes that pit hostile governments against public sector workers, and about the most effective strategic direction for public sector unions in the years ahead.

Working in the Public Sector

Although the percentage of all workers who are employed in the broad public sector has declined to 21%, public sector workers in Canada remain highly unionized, with union density at a fairly stable 72%. In comparison, union density in the private sector is 18% and falling. Over 60% of public sector workers are women (compared to 45% in the private sector). Unionized public sector employment has been an important source of better-paid jobs with benefits and decent working conditions for women. Such jobs reduce poverty and economic dependence, thereby enhancing the ability of women to make meaningful choices in their lives.

However, public sector workers have experienced many hardships and attacks over the past three decades. Wage freezes or cuts, layoffs, the involuntary extension of collective agreements, back-to-work legislation and other restrictions of union rights have all become routine in the public sector. They remain common even though the federal government and many provincial governments are now

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running significant budget surpluses. As a result, the quality of work life has deteriorated. Cuts to staffing levels and work reorganization have made jobs harder, insecurity has increased, and precarious employment has spread. Many employers continue to demand concessions, which often include attacks on job security — witness CBC management’s attempt to win the right to hire an unlimited number of workers into contract positions and weaken seniority rights. Out-right privatization and contracting-out also continues, both on a large scale (for example, the contracting-out of hospital support jobs in BC hospitals and long-term care facilities) and in less dramatic ways (as in the 2005 decision of Winnipeg City Council to contract-out the share of garbage collection still performed by municipal workers). High union density in the public sector matters, but it certainly hasn’t insulated public sector workers from harsh times.

Public Sector “Reform” vs Public Sector Workers and Unions

There is more going on here than simply efforts by right-wing governments to erode workers’ pay and working conditions and weaken unions. Many of the attacks on public sector workers and their unions are linked to the extensive so-called “reform” of the public sector (this goes under many names, including restructuring and reengineering).

This “reform” is usually portrayed as a necessary and positive change away from the outmoded public administration of the postwar welfare state towards a public sector geared to fostering a more competitive economy.

However, critical researchers have argued convincingly that public sector reform is not a positive endeavour. It leads to fewer, lower-quality public services as well as attacks on the workers who deliver these services. It is a project of neoliberalism, whose “most basic feature,” in the words of British economists Alfred Saad-Filho and Deborah Johnston, is “the systematic use of state power to impose (financial) market imperatives.”² The fundamental goals of neoliberalism are to boost capital’s profits and shift the balance of power in society in capital’s favour.

Not surprisingly, neoliberalism has inflicted tremendous harm on people and the environment. If we look across Canada and around the world, we can see that social democratic parties in government as well as traditional liberal and conservative parties have been implementing neoliberalism, including public sector “reform.”

Public sector “reform” is not simply a policy choice, but is in fact part of a deeper process: the restructuring of capitalism itself. Public sector “reform” redefines the

relationship between the state and global capitalism. This has an important implication for Canadian public sector workers. Because the many difficulties they and their unions are experiencing don’t just stem from a bad public policy approach but from capitalist restructuring, these difficulties can be expected to continue in some form or another regardless of which of the political parties is in office.

Although some have argued that neoliberal public sector “reform” aims to dismantle the state, it is more accurate to see what is taking place as the building of a different kind of state: a lean state. This means a state which organizes schooling, welfare, health care, immigration, policing and other state activities in ways that assist the spread of new ways of organizing work (sometimes referred to as lean production) and train people — including public sector employees — to be “flexible” workers and citizens with lower expectations of government. The lean state encourages people to forget about finding well-paid permanent jobs with benefits. Instead, we are supposed to adapt to “the new reality” of precarious work. We are also supposed to accept fewer public services, more user fees, and less access to EI and social assistance.

If we look at the three most recent high-profile public sector labour disputes in Canada, we find that central issues in all of them are linked to the building of a lean state:

The Hospital Employees’ Union strike (2004)³

In 2002, the BC Liberal government of Gordon Campbell passed Bill 29. This law enabled the privatization, elimination or transfer of health services. It also stripped the strong no-contracting out language, successor rights (which transfer workers’ collective agreements to their new employers when privatization or contracting-out happens) and other rights out of the contract that covers BC health support workers. From 2002 to 2004, approximately 8000 HEU members’ jobs were contracted-out to three major multinational service corporations, Sodhexo, Aramark and Compass. The contracting-out fell particularly hard on women workers of colour. Regaining protection against contracting-out was a central goal of HEU’s 2004 strike.

The CBC Lockout (2005)

CBC management demanded that it be allowed to hire an unlimited number of contract staff, threatening the future of permanent positions at the public broadcaster. It also wanted to tie seniority to particular shows; this would have meant that laid-off workers would not have been able to use their seniority to transfer into jobs elsewhere within CBC.

The BC Teachers' Strike (2005)

In 2001 the BC government declared teaching an "essential service" (removing workers' right to strike). In 2002 it removed the right of teachers to collectively bargain class size and composition (as it also did to college teachers). These teachers' union rights were seen as barriers to the development of a lean state model of public education. Restoring collective bargaining rights and contract language regulating the size and composition of classes – key aspects of the conditions in which teachers work and students learn – were two goals of the teachers' strike (the other was a fair wage increase).

As these examples show, the neoliberal "reform" of the public sector to build a lean state leads directly to attacks on public sector workers and their unions.

Two Strikes and a Lockout

It is also worth looking at what we can learn from how these three disputes unfolded.

HEU received strong support from working people across BC when it went on strike. As expected, the provincial government quickly passed back-to-work legislation. What was unexpected was how harsh the legislation was: Bill 37 didn't send the unresolved issues to arbitration, but imposed a contract that cut wages 11% retroactively, increased the length of the work week with no increase in pay (amounting to another 4% pay cut) and provided no protection against contracting-out. HEU decided to defy the legislation and continue the strike. Support for HEU soon led to other unionized workers demanding action, and for one day some 18 000 members of the Canadian Union of Public Employees (CUPE, with which HEU is affiliated) walked off the job in solidarity, along with smaller numbers of other public and private sector workers. Labour and community activists prepared to escalate solidarity actions, while top leaders of the BC Federation of Labour (BCFL) put pressure on HEU to end the strike. A week after the strike began, a deal was reached that slightly softened the blow of Bill 37: wage cuts would not be retroactive, job losses as a direct result of contracting out were limited to the equivalent of 600 full-time positions over two years, and \$25 million in severance funds would be provided. HEU's Provincial Executive voted to end the strike; HEU members were not allowed to vote on the deal.

After CBC management locked out its workers, the Canadian Media Guild (CMG) was able to maintain members' morale and unity through an eight-week dispute. Management probably hoped to benefit from the divisions between the traditionally more pro-union technical staff (who had until recently been members of the Communication, Energy and Paperworkers union, prior to a merger with the journalists' CMG) and

the rather less militant journalists, but instead unity between journalists and technical staff grew during the course of the lockout. Journalists engaged in a major public relations effort and continued to produce stories by publishing on websites, broadcasting on campus-community radio stations and podcasting. The CMG put pressure on Liberal M.P.s to end the lockout. When management finally relented, the union was stronger than it had been before the lockout. It had staved-off the employer's key demands and won rights for converting contract and casual positions to permanent jobs (after four years and 18 months respectively). The union also conceded that the CBC could increase the number of contract positions from 5% to 9.5% of the permanent workforce.

The members of the BC Teachers' Federation (BCTF) voted by over 90% to strike, knowing full well that such a strike would be illegal. On October 5, 2005, the BC government introduced Bill 12, which extended the teachers' expired contract until the end of June 2006 and imposed a wage freeze. This triggered an all-out strike that lasted from October 7-23. Throughout, BCTF members showed great unity and determination. The government's attempt to whip up anti-strike sentiment by denouncing the teachers' defiance of the law and the orders of the BC labour board failed, as polls showed close to 60% support for the teachers. A court ruling that banned the BCTF from paying strike pay or communicating about the strike with its members failed to break teachers' resolve. From the beginning, CUPE school board workers respected BCTF picket lines. Solidarity walkouts and a demonstration of close to 20 000 in Victoria on October 17 were followed by rotating days of strikes and protests in different regions of the province, with CUPE playing the leading role. But the BCFL leadership abandoned its support for strikes and protests planned for the Lower Mainland on October 21, putting pressure on the BCTF to accept a mediator's report and end the strike; CUPE-BC went ahead on its own. Boxed in by the absence of escalating solidarity action, teachers voted to accept a deal in which the government left Bill 12 in place, committed some additional funds for teachers' pay, benefits and classroom conditions (less than the amount saved by not paying teachers during the strike), and said it would consult with teachers and deal with classroom issues through the School Act (while refusing to promise in writing to legislate class size and composition limits by the end of June 2006).

Four conclusions can be drawn from an analysis of these disputes, two of them hopeful for public sector unions and two sobering:

1. Public sector workers are quite capable of determined collective action given a just cause and adequate organization and leadership.
2. Public sector unions can rally wide support for

struggles that link the defence of workers' jobs with preserving public services, even in the case of strikes that defy the law. Moreover, sympathy strikes (banned by Canada's restrictive labour laws since the 1940s) are possible.

3. Winning high-stakes strikes that pit public sector unions against neoliberal governments takes even more power than was mobilized in the HEU and BCTF strikes.

4. The top of the union officialdom will not organize the kind of escalating solidarity action required to win such high-stakes strikes; doing so will require independent initiatives by activists.

What Direction for Public Sector Unions?

In today's difficult circumstances, some public sector union leaders are tempted to accept "reform" in the hope of avoiding confrontation and saving jobs. However, there is no reason to believe that compliant unions will be spared. Unions that accept public sector "reform" make themselves irrelevant to workers whose jobs are becoming more difficult and stressful, not to mention those whose jobs are contracted-out or simply eliminated. Such unions will have great difficulty motivating member involvement, and will lose members to work reorganization, privatization and contracting-out.

We can expect that work reorganization and concessions on wages, benefits and working conditions will lead to public sector workers becoming more fearful, insecure and distrustful of management. How workers with these sentiments will react is not predetermined. They may respond in individualistic ways, keeping their heads down in the hope that this will save their jobs. Or they may look to their unions and become more involved.

Unions are most likely to be able to connect with concerned workers and channel their concerns into union support and activity when workers see unions as organizations that could actually make positive change in the workplace and as their organizations.

For unions to be able to make a real difference in the workplace raises two tough challenges: How can unions build their capacities to impede or challenge what management is up to in the office, hospital or school?

How can they win – and maintain – protection from privatization in their collective agreements? For unions to rise to these challenges, they need to increase their power in the workplace and at the bargaining table.⁴

Workers are most likely to see unions as their own organizations when unions really are democratically-controlled by active memberships. There is a direct connection between this kind of democratic and activist unionism and building union power. Union power flows from active, committed members. Member-run unions are most likely to use their power, and workers need to control their own unions to ensure that unions act in their interests.⁵

With this in mind, the most effective orientation for public sector unions is to reject neoliberal public sector "reform," work hard to develop the power to resist it, and propose an alternative vision for the public sector. The experience of unions in Canada, Western Europe and Latin America shows that militant, member-controlled democratic unions that build broad mobilizations in alliance with other unions and community groups are most likely to be able to resist neoliberal restructuring. For this reason, public sector unions would be wise to consciously seek to renew themselves in ways that foster this kind of social movement unionism.

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1. I use "public sector" in its broadest sense: government itself, crown corporations, and government-funded institutions including hospitals, school boards, universities and social service agencies.
2. Alfred Saad-Filho and Deborah Johnston, "Introduction," *Neoliberalism: A Critical Reader* (London and Ann Arbor, Pluto, 2005), 3.
3. My research report "An Analysis of the Hospital Employees' Strike of 2004" is available on request.
4. See Jane Slaughter, ed., *The Troublemakers' Handbook 2: How to Fight Back Where You Work and Win!* (Detroit: Labor Notes, 2005).
5. See Mike Parker and Martha Gruelle, *Democracy is Power: Rebuilding Unions from the Bottom Up* (Detroit: Labor Notes, 1999).

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