Quebec’s municipalities slash workers’ pensions, again

By Richard Dufour
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Montreal, Quebec City and most other major Quebec municipalities have implemented a further round of cuts to municipal workers’ pensions, eliminating regular cost-of-living increases as of January 1. Public transit workers, firefighters, and white- and blue-collar city workers are affected by the new pension cuts, whose impact will rapidly escalate. It is estimated that over the next 15 years retired municipal workers will see the purchasing power of their pensions diminish by between one-third and a half.

This devastating measure stems from the municipal pension “reform” the provincial Liberal government of Philippe Couillard pushed through the National Assembly in December 2014. Law 3 shifted much of the burden for pension plan deficits onto workers and retirees; reopened collective agreements to slash pensions and dramatically hike workers’ pension contributions; and, by placing a “ceiling” on pension costs, gave municipalities the power to unilaterally impose further cuts.

The door for this far-reaching attack on workers’ living standards was opened by the unions, which smothered the powerful worker opposition to the pension cuts that developed across Quebec in the summer and fall of 2014.

The *Coalition syndicale pour une libre négotiation* (Trade Union Coalition for Free Bargaining) set up by the unions that purport to represent municipal workers—including the Canadian Union of Public Employees (CUPE), the Confederation of National Trade Unions’ public service employees federation, and the Quebec Federation of Labour-affiliated firefighters’ union—pleaded with the government to work with them in addressing pension-plan deficits “We are open to negotiation,” was the Coalition’s refrain until the very day Law 3 was adopted.

Coalition spokesperson Marc Ranger (who in 2016 became CUPE’s Quebec director) declared on numerous occasions that the unions were ready to preside over pension cuts, just not on the order demanded by the Quebec Liberal government, Montreal Mayor Denis Coderre, and his Quebec City counterpart, Régis Lebeaume. “We are ready to (have workers) put more money” into their pension plans, said Ranger, to “review certain benefits...and the criteria governing the age of retirement.”

This, along with the unions’ refusal to link opposition to the Liberals’ pension cuts to a broader struggle against its gutting of funding for health, education and other vital public services, encouraged the Couillard government in pursuing its hard line.

Since the adoption of Law 3, the unions have abandoned even their sham protest campaign. Instead, they made the entire focus of their “opposition” to Law 3 a court case, challenging its constitutionality. While the unions are claiming the courts can be counted on to uphold workers’ rights, they are in fact a pivotal part of the state machine that enforces the domination of big business. Time and again, the courts have sanctioned the criminalization of workers’ struggles and the imposition of concessionary contracts by government fiat.

Seeking to hide the objective causes of the assault on pensions, the unions attributed them to the “mismanagement of certain Quebec municipalities.” In fact, the intransigence of the Couillard government, including the arbitrary reopening of municipal collective agreements to slash pensions, is part and parcel of the efforts of the entire Quebec and Canadian ruling elite to make the working class pay for the greatest crisis of capitalism since the Great Depression.

Since the 2008 global financial crisis, big business and governments across Canada have mounted a major assault on workers’ pensions. One of the main targets of these efforts is the system of defined benefit pension plans, which provide some financial stability to workers after decades of service to their employers.

Last fall Unifor, Canada's largest private sector union, accepted contracts for the 23,000 production workers the Detroit Three automakers employ in Canada that eliminate the last vestiges of any defined benefit plan for future employees.

Within weeks of Unifor signaling its readiness to cede before the employer assault on defined benefit plans, the federal Liberal government of Justin Trudeau introduced legislation to facilitate the conversion of defined benefit pension plans to "targeted," that is, unsecured, plans. Targeted plans shift much of the burden of any pension shortfall onto the workers and tie their pension benefits to the vagaries of the financial markets.

While Bill C-27 applies directly only to those economic sectors under federal jurisdiction (including banks, airlines, Canada Post and other Crown corporations), its impact will be much greater since federal labor laws have long served as a model for all levels of government across Canada.

Targeted benefit plans were first imposed on public sector employees in New Brunswick in 2012, then under a Conservative government, after lengthy consultations involving CUPE and other unions.

Today, less than 40 per cent of Canadian workers are covered by an employer pension plan, while the government-administered Canada and Quebec Pension Plans replace only 25 per cent of preretirement income.

The Couillard government—which succeeded in raising the retirement age and early-retirement penalties for provincial public sector worker, including teachers and health care workers, last year—has announced public hearings on the future of the Quebec Pension Plan (QPP).

The consultation document it has prepared to guide the public debate over possible changes to the QPP makes clear that it and the province's employers intend to use it to press for further pension cuts.

The document is adamant that any revision of the QPP take into account "the capacity of enterprises to bear increased labor costs." It goes on to suggest possible regressive changes to "strengthen" the financial "sustainability" of the QPP. These include increasing the retirement age, limiting indexation for inflation, reducing the amount paid to a surviving spouse, and a "reduction in longevity gains." (Like capitalist governments around the world, the Couillard government is angry that people are living longer, thereby increasing pension costs).

The unions have responded to the Couillard government's regressive plans for the QPP by working to isolate Quebec workers from their class brothers and sisters in the rest of Canada, so as to block the development of a working-class counteroffensive against the cross-Canada employer-government assault on pensions and all the social rights that workers were able to wrest from big business through the militant social struggles of the last century.

Quebec Federation of Labour Secretary-General Serge Cadieux falsely contrasted the Couillard government's plans for the QPP to the changes the federal Liberal government made last fall to the Canada Pension Plan under its Bill C-26. Cadieux called the Trudeau government's "reform" of the CPP "an improvement" and promised to pressure Couillard so that any revisions to the QPP not leave the Quebec plan "inferior" to the CPP.

In reality, Bill C-26, which Canadian Labour Congress President Hassan Yussuff has hailed as an "example of the benefits that can emerge from collaboration between unions and governments," represents no "improvement" for working people.

Under the Liberals' changes to the CPP, the percentage of preretirement income that a worker will receive on his or her retirement will increase from 25 to 33 percent, but only forty years from now and only if they have paid into the CPP for at least 40 years. Workers' premiums, on the other hand, have already been raised and will be hiked further in coming years. A worker earning $55,000 a year will see their CPP premiums rise by an extra $43 per month (or $516 per year) by 2025, while a worker who is currently 50 and earning $50,000 a year will receive less than $500 more per year if he retires at age 65 in 2031.

The Trudeau government's CPP reform was founded on a legal obligation to be "self-financing." That is, any increase in benefits had to involve an increase in the premiums paid by workers, rather than raising taxes on big business and the rich, who for decades have been rewarded by governments of every political stripe with massive tax cuts.