

CEC Bulletin

(April, 2007)

LIRAG Canada: Spotlight Interview with Ken Georgetti

The following bulletin includes an interview with Ken Georgetti, President of the Canadian Labour Congress ("CLC"), regarding his views on various economic indicators and challenges to the union movement in Canada. As Chairperson of the *Global Unions Committee on Workers' Capital*, Mr. Georgetti is increasingly involved in the international labour arena.

While this interview deals with domestic labour issues, Mr. Georgetti's recent activities (including the fact that interview was conducted in Brussels) demonstrate the CLC's growing emphasis on developments in the international labour arena – an increasingly important domain in which the CEC has been actively involved for many years, in the continuing service of Canada's business community.

Spotlight Interview with Ken Georgetti, President of the Canadian Labour Congress and Chairperson of the Global Unions Committee on Workers' Capital

CLC Canada: Tackling Inequality

Brussels, 12 March 2007: As in many countries, the Canadian trade union movement is putting the spotlight on the growing gap between rich and poor, including the fact that many workers simply don't earn enough for a decent life. Ken Georgetti, President of the Canadian Labour Congress, explains.

Stagnating wages, especially for the lowest paid, are now a global problem. The CLC's annual report card for 2006 is titled "Is your work working for you". What does this report card show?

KG: It shows that wages are indeed stagnating and the quality of jobs is deteriorating. From 2005 to 2006, the number of workers on poverty wages increased by 1.5 % with around 12% of workers earning at or below the poverty line. Canada has an economy that the business side is saying is a booming economy. We have also been experiencing "jobless growth" and an increase in precarious employment. People who are losing their jobs in the manufacturing sector can expect a minimum of a 17% drop in their wages as they find new jobs, if they find them. People who are in the workforce are earning less,

and people coming into the workforce are coming into precarious jobs that don't pay enough. A lot of part-time, temporary and very low paid jobs compared to previous generations of workers.

What is the CLC actually calling for concerning the minimum wage?

KG: We are calling for a Federal minimum wage of C\$10 (Euros 6.5) per hour, in the economic sectors regulated by the federal governments (for example: banking, telecommunications, airlines.) Currently, there is no federally-set minimum wage - the rates are set by the individual provinces. We are also campaigning in each provinces to get it set at C\$10 per hour. There are big disparities between provinces, with a difference of \$3.50 from the lowest to the highest. No province has a C\$10 per hour minimum wage, which is the minimum a single person, working full time for a whole year, needs to be avoid poverty as it is defined by official statistics.

Is the gender wage gap in Canada closing?

KG: We were making some progress on the gender wage gap, but we lost it all largely due to the skyrocketing salaries at the top end of the scale which are mostly men. Women's wages are basically stagnant at 83% of men's overall. Neither the Federal or Provincial governments are doing anything about that. We are pushing for federal pay equity formulations, but this very right-wing government is extremely reluctant to do anything about it.

How are young workers faring in Canada - can they get decent jobs, and are they joining unions?

KG: Their earnings a lower than a generation ago. They mainly find themselves stuck in precarious work, work that is not full-time, not fulfilling. With Canada's programs to increase tuition fees, they are coming out of universities and colleges with crippling debt, so with low wages they are a long way from retiring that debt, and getting into buying houses and other goods that would actually help our economy. Young people are not being organized into unions at the same rate as older workers. The smaller workplaces that they work in are very difficult to organize, so it is difficult for them to get better wages. They also tend to feel that the union movement is "my father's and mother's, not mine". One means to approach this is work we are doing in a couple of jurisdictions where we have NDP governments to pilot a sectoral bargaining model, where once a certain number of collective agreements are established in a sector, new workers coming into the sector would automatically be covered. There is a huge union advantage across the workforce in Canada. Union members earn on average about C\$5 per hour more than non-members, and 85% of unionized workers are covered by benefit and pension plans, whereas for non-union workers, about 45% have benefit plans and about 18% have pensions.

Why aren't people beating down the doors of unions to join then?

KG: Well, in a way, they are. A third of non-union workers would join unions if they had a chance and they weren't afraid of reprisals from their employer. In Canada, the only Constitutional right that people will only exercise in secret is signing a union card! There is a very real fear of losing your job if you join a union. One clear example is that we organized three Wal Mart stores, and when we went to start bargaining, the company just closed down the stores, so this intimidates all Wal Mart employees. And it takes months and months to get through the tribunal system or the courts, and the employers exploit that. We need a "card check" system with just a simple majority of workers having a union card required to get certification - even in Manitoba, an NDP Province, unions need to get 65% membership sign-up before they can get certification.

We have also been working to get a Bill passed in parliament to ban employers bringing in replacement workers during strikes. We have been hopeful of getting this through, but now it looks like there may be another election, so we don't know if it will get through after all.

Taxation is also a key issue. What does the CLC want to change about the tax system in your country?

KG: It's ironic that the highest rate of taxation on earnings is on "sweat" - those who work for wages are taxed on all of it, but if you trade stocks, one-half is taxed, and if you get dividends, only a third. We think we need tax fairness - income is income and people should be taxed on the basis of their income, in a consistent and fair way. But it's not easy to get this message across to the public. Our major newspapers in Canada are all owned by the same person, and they won't cover this issue. Although the French-speaking media in Quebec is a bit better.

You are Chairperson of the ITUC Workers' Capital Committee. What role can union-linked pension funds play in promoting fairness and equity?

KG: Pension funds play a significant role in the world's stock exchanges. We think there need to be rules about disclosure of how pension managers are voting - we have a campaign in North America with the US union movement to change corporate law so that shareholders can actually nominate directors for the Boards of Directors, and we need to hold the Boards much more accountable in the way they compensate their executives, pay dividends to shareholders and how they treat the environment and their employees. We need a more activist approach not just to the benefits, but also to the way money is managed. Creating these big pools of capital and then making them available to people who work against our interests, such as private equity funds, is contrary to my way of thinking.

The ITUC was created a few months ago. How can the ITUC be more effective in working with its national affiliates on issues such as tackling inequality, or dealing with capital markets?

KG: The main thing is to decide on campaigns and actions and to stick to them, stay the course for the longer term. In Canada, a measure of success would be to have one workplace issue become a vote-determining issue in an election. Organising and collective bargaining are the core. Let's remember, we have the largest democratic network in the world, with reach, depth and breadth, and we need to utilise that capacity a lot more.

Interview by Tim Noonan

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The Canadian Employers Council (CEC) prepares and distributes the CEC Bulletin for its members' individual use only. This message is composed in MS Outlook and contains hyperlinks that require an HTML-enabled email program. For inquiries or comments, please contact Steve Bedard of TELUS, Chair of the CEC, at steve.bedard@telus.com or Brian Burkett of Heenan Blaikie, Counsel to the CEC, at bburkett@heenan.ca.
