

**Under Attack:**  
**In Defence of the**  
**Public Sector**



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The Great Recession – the product of government incompetence and corporate greed – should have lit a fire under workers everywhere. It hasn't. Politicians should be on the defensive. They aren't. We are. Employers should be making concessions. They don't. We do. Their lawyers should be grovelling. Instead, our leaders are cowering. Their silk ties should feel tighter. Instead, our boots feel heavier. Their nights should be sleepless. Instead, our dreams are crushed.

We should be winning this struggle. We aren't. They are. How did this happen? How did government and business come out of the financial crisis *they* created...stronger? More importantly, why are we so weak?

All is not lost. While the working-class as a whole is weak, there remains a pillar of strength: public sector unions. And yet, public sector workers and the services we provide are under attack from government, business, the news-media, and – although it is hard to admit – from other workers. Everywhere we go, all over the world, public sector workers are accused of greed, inefficiency, and incompetence. How did this happen? What can we do to change it?

The reasons aren't simple. The solutions won't be easy. If you can stomach it: read on.

### What is being said about public sector workers?

By targeting public sector workers, business and government are using economic arguments – namely, balancing budgets – to justify what is actually a *political* project to undermine the last bastions of working-class resistance. Using a classic divide-and-conquer strategy, elites claim that the most significant wedge dividing society isn't that between workers and capitalists, but *within* the working-class.

Conservative rags like *The Wall Street Journal* declare that the new class war is between private sector workers and public sector workers: “These days the two types of worker inhabit two very different worlds. In the private sector, union workers increasingly pay for more of their own health care, and they have defined contribution pension plans [...] In this they have something fundamental in common even with the fat cats on Wall Street: Both need their companies to succeed” (McGurn, 2011).

Imagine that! Private sector workers have more in common with the tycoons than with public sector workers. The logical cartwheels continue: “By contrast, government unions use their political clout to elect those who set their pay: the politicians. In exchange, these unions are rewarded with contracts whose pension and health-care provisions now threaten many municipalities and states with bankruptcy.”

As sure as carbon emissions, the stench has wandered north. According to the *National Post*, in Canada the recession has revealed a new class of haves and have-nots: “The have-nots are workers in the private sector who have no protection against pay cuts, lost jobs and disappearing pensions. The haves are those who work in the public sector, and are insulated by government from any danger” (Editors, 2009).

Shame on the new public sector oligarchy, insulated from the great leveller, the ultimate proving field, the free market! Thus, the *National Post* is left with little choice but to lament, “Is it really the responsibility of those Canadian taxpayers who face the risks of the private sector to ensure the ironclad safety of those who don’t? A family scraping to cover the mortgage can be forgiven for wondering why it should be responsible for making up the pension losses of government-protected employees.”

As implausible as all this sounds, conservatives insist that their views are bolstered by hard facts, such as those in “Wage Watch: A Comparison of Public and Private Sector Wages,” a report by the Canadian Federation of Independent Business (CFIB, 2008). According to the CFIB, public sector workers are paid 8-17% more than similarly employed workers in the private sector. Factoring benefits and shorter workweeks, compensation for public sector workers balloons to 30%, meaning that the overall wage bill is \$19-billion more than if public sector workers were paid as much as private sector workers.

According to the CFIB, these excessive government wages and benefits “inflate overall government spending at the expense of taxpayers” and “have significant negative impacts on local economies as well as on Canada’s economy as a whole.” They recommend bringing public sector wages and benefits down to private sector levels and implementing no-strike legislation because strikes are a “major inconvenience” and “contribute greatly to higher wage levels.” Sorry, we missed something...isn’t that the point of strikes?

In sum, conservative mouth-pieces have two main talking-points. First, when compared to the private sector, public sector wages and benefits are extravagant. Second, public sector wages and benefits are the cause of government deficits. Lest we cast this away as the musings of isolated fanatics, these recommendations are gaining traction amongst political elites in Canada and around the world.

### What does this mean for government policy?

All the mainstream political parties at the federal, provincial, and municipal levels are buying into this rhetoric.

Harper's federal budget extols "the elimination of the accrual of severance benefits for resignation and retirement" that "brings public service compensation more in line with the private sector" and affirms that the government "intends to pursue this approach in its negotiations with other bargaining agents" (Federal Budget, 2011).

At the provincial level, the platform of potential Ontario MPP-elect and Tea Party wannabe Tim Hudak claims that because public sector wages, benefits, and pensions are part of the same government spending that has "produced record deficits" and will "double the debt," we must "bring public sector paycheques in line with private sector standards" (Hudak, 2011).

In case we thought Dalton McShifty provides a viable alternative, his budget has a similar agenda. Intending to reform the public sector through public-private partnerships, the Liberals want to 'blend social and economic values' when, for example, the "current model for ServiceOntario as a government model of service delivery will be tested against the private sector" (Ontario Budget, 2011).

So far, the platform of Andrea Horwath (2011) is so vague that attempting to pin anything to the Ontario NDP is like trying to nail Jell-O to a tree. They will cap the six-figure salaries of public sector CEOs, but do not address the stagnant wages of public sector workers. They will peg Ontario Works (OW) to inflation, but do not address that OW is nearly impossible to live on and would have to be increased 55% just to be at pre-Mike Harris levels (OCAP, 2011). They will end 'no-strings-attached corporate tax giveaways' but will keep corporate taxes well below U.S. levels. Bland...isn't it? It is hardly a radical challenge to corporate power.

Even Mike Schreiner’s Green Party of Ontario has taken the bait (Schreiner, 2011). The Greens want to work with public sector employees to “restrain” the growth of wages and salaries until after the budget is balanced in 2015. Furthermore, they want to delay tax cuts for large corporations. No word about eliminating tax cuts or (do we dare say it?) *raising* corporate taxes. It appears that the Greens are quite good at recycling, among other things, conservative talking-points.

At the city level, Mayor Rob Ford has declared that when it comes to privatization, ‘everything is on the table.’ Threatening to layoff 3,000 city employees after having already eliminated our new light-rail service, it is now obvious that when Ford said he would get rid of the gravy-train, ‘gravy’ meant ‘workers’ and ‘train’ meant ‘transit.’ And let’s not forget contracting out a portion of District 2 garbage collection, potentially leading to 300 layoffs in CUPE 416. Rob the Ripper cuts again!

As we can see, right-wing characterizations of public sector workers have been profoundly influential. But are they accurate? Not even close.



A typical characterization of so-called ‘greedy’ public sector workers - from “Public-sector workers: (Government) workers of the world unite!,” *The Economist*, January 8th, 2011.

## Are there divisions between public and private sector workers?

How flimsy are conservative facts? The CFIB report has been thoroughly criticized because it adjusts for only three variables: occupation, geography, and age. This is woefully inadequate. For example, because the CFIB study makes no adjustments for education or experience, an educated worker paid more than a less educated one is considered a wage premium. A study by the National Union of Public and General Employees (NUPGE) demonstrates that, when adjusting for a host of variables that include education, occupation, and experience, women in the public sector make between 10% and 17.1% more than their counterparts in the private sector (NUPGE, 2009). This crucial point is completely excluded by the CFIB study.

In fact, divergences between wages in the public and private sectors are largely due to, on the one hand, pay and employment equity legislation in the public sector and, on the other hand, discrimination against women and racialized workers due to market-driven pay structures in the private sector (Jackson, 2011b).

For example, while public sector women are paid more than women in similar positions in the private sector, this higher pay is offset by lower pay for mostly male workers in managerial positions. Because the government pays more for service jobs and less for managers than the private sector, the spread between top and bottom is much wider in the private sector (Jackson, 2011c).

Similarly, comparisons of the earning gaps between Canadian-born people of colour and White Canadians in the public and private sectors demonstrate that people of colour and Whites receive similar pay for similar jobs in the public sector, while in the private sector, non-White males earn much less than White males with similar jobs (Hou and Coulombe, 2010).

Ultimately, these divergences arose because unionization is more than four times higher in the public sector and larger and stronger unions are more able to enforce the law in the defence of their members. Because public sector unions often set the political tone for the rest of the working-class, business lobbyists are spreading misinformation about them to bolster support for cuts to public spending. If public sector unions are weak, private employers can further decrease private sector wages and benefits.

Despite this, it's worth asking if public sector workers have been getting rich settlements for the past few years.

Are public sector wages and benefits causing deficits?

Recent history in Ontario is revealing. In the recession of the early 1990s, the 'Social Contract Act' required public sector workers (excluding those earning under \$30,000/year) to limit wage increases to one and two percent and to take days off without pay. We were told that if public sector workers made sacrifices now, it would save jobs and the quality of services. Soon after, the Harris Tories were elected and from 1996-2001, over 20,000 full time jobs were removed from the OPSEU Ontario Public Service bargaining unit. We should keep this in mind every time they demand sacrifices.

Since the NDP intervened in bargaining in 1992, both public and private sector wage increases have been anything but extravagant. Over 18 years, after accounting for inflation, wage agreements averaged one-half of one percent in the private sector and one-tenth of one percent in the public sector (OPSEU, 2011; Ontario Ministry of Labour, 2011).

The fact of the matter is that deficits haven't been caused by out-of-control public spending. Before the recession, in every province, total government spending as a share of the provincial economy fell to a 30 year low (Sanger, 2011). While there has been an increase in recession-related spending, this temporary stimulus is largely due to EI benefits and stimulus packages to sustain private sector jobs. Although pension coverage is much higher in the public sector, it's funded by worker and employer contributions with shortfalls being covered by higher contributions or reduced benefits. Taxpayers are not beholden to these benefits. In fact, the federal government has collected public sector pension plan surpluses (Jackson, 2011a).

Deficits have been caused by, in the long term, declining revenues, and in the short term, the economic crisis (Sanger, 2011). In Ontario, the recession has been particularly hard-hitting to sectors like the financial and auto industries. These sectors are recovering thanks to government bailouts. Now someone has to pay the bill, hence the demonization of public sector workers.

Not only has public perception of public sector wage settlements been drastically inflated, so too has the deficit crisis. Although our economy is weak, our debt and deficit situation is better than most other countries. In

these conditions, federal and provincial budgets should prioritize creating jobs, not spending-cuts (Jackson, 2011d). Nevertheless, the Ontario government continues spending cuts and corporate tax cuts even though there is no evidence that cuts will generate employment or economic growth.

While this all seems quite irrational, it begins to make sense when we move from purely economic rationales to what is actually a comprehensive political project.

### Why are governments ramming through austerity agendas?

Although attacks on public services are often called ‘cutbacks’ the actual motivation is privatization. Corporations want to profit from public goods and accommodating governments are restructuring how services are organized and delivered so that they can be gradually transformed into a source of capital accumulation. Government deficits are being used to justify this trend.

An illustrative example is the Toronto Community Housing debacle. The TCHC provides affordable housing for 164,000 tenants, including seniors, people with disabilities, and families escaping violence. On February 28, 2011, auditor general Jeff Griffiths revealed that TCHC management spent money on boat cruises, manicures, Muskoka retreats, a \$40,000 Christmas party, and millions in contracts without proper bidding procedures (*The Star*, 2011). Mayor Ford licked his lips: he finally found his gravy-train.

Although the auditor’s reports put blame on TCHC managers, not the Board, Ford dismantled the Board and put the TCHC under the control of a single ‘interim manager’ unaccountable to tenants and staff. Tenants fought long and hard to have tenant representatives on the Board. They should have decided the fate of their representatives. Instead, Ford wrested control of a public service he openly intends to privatize.

Sure, managerial corruption is a sexy story, but the real story is the abject decline of public housing. There are \$300-600 million in outstanding repairs and a waiting list of 70,000 qualified people while more than 2,000 units sit vacant in a state of disrepair. This situation arose because legislation like the Social Reform Housing Act, passed in December 2000, chronically underfunds public housing by downloading responsibility to municipalities. The Ontario government recently introduced Bill 140, which would allow Ford to complete a mass sell-off of public housing. Among those who voted

to dismantle the TCHC Board are councillors Doug Ford and Michael Thompson who are also on the Board of Directors of Build Toronto, a real-estate development corporation (Lau and da Silva, 2011).

The more run-down TCHC communities become, the easier it is for the City to hand them over to condo developers. Although tenants displaced by condo developers are told they can return after the building phase, Reagent Park is already reducing the rent-geared-to-income portion of new development (Clarke, 2011). After consistently underfunding public services, conservative windbags attribute poor quality to the inefficiency of ‘big government,’ thereby justifying privatization in what amounts to a self-fulfilling prophecy.

This extends far beyond public housing. This is a general strategy. If we fail to act, this is the fate of all public services. When someone says, ‘Those services are shit! They *should* be privatized!’ we need to be the first to say, ‘Of course they’re shit! They’re massively underfunded and run with little accountability. But that doesn’t mean they should be privatized. Public services should be adequately funded and held accountable by those who use them!’ Defending public services doesn’t necessarily mean defending *the current condition* of public services, but it does mean fighting for better public services.

### How can we defend public sector unions, jobs, and services?

Although conservatives constantly praise the virtues of competition and efficiency, privatization often leads to paying more for dramatic declines in quality. Anyone who has ever dealt with one of the phone company monopolies knows that private businesses also produce Gordian Knots of red-tape. When the quality of our services is at stake, arguments for market-competition and profitable efficiency aren’t compelling. We’d rather ride a bicycle to Eden than drive a sports-car into a wall.

Although we often take them for granted, public services we deem crucial to our standard of living are the product of long and intense battles by previous generations. Privatization is the appropriation of past workers’ struggles. This is why defensive strategies are not enough. Only strategic offensives can match what we are up against. To prevent this alternative, governments have framed this struggle as a choice between the level of worker compensation and the quality of public services. We, on the other hand, need to frame this struggle as the choice between the improvement

of public sector jobs and services or their continued erosion, privatization, and, for those services that are not profitable, elimination.

But arguments are not enough. Public sector workers can only counter conservative myth-making machines by forming strategic relationships with those who depend on the services we provide. At the city level, recent door-to-door canvassing by CUPE Local 416 was a good step. But we need alternatives that aren't so dependent on that part of city council called the 'mushy middle,' a name denoting their pliant politics *and* a set of torsos unencumbered by anything resembling spines. If there is to be a concerted defence of public services, *we* must be its backbone.

Genuine alternatives require creativity. Striking postal workers delivered pension cheques without pay to demonstrate that retirees are not the enemy. When the government put a stop to this, thereby forcing pensioners to line up at warehouses, postal workers came to the warehouse not to picket, but to hand out water and lawn chairs (Hurley and Gindin, 2011). Nevertheless, the government and uncritical news-media were still able to swing public sentiment against the 'privileged' postal workers. Forging relationships between unions and communities must be long-term and go much deeper.

### What kind of unions do we need in the fight against austerity?

While the claims about public sector workers made by business and government have little factual basis, they do tap into feelings of resentment held by many workers. Although public sector workers everywhere are feeling the squeeze of austerity, private sector workers who are considerably less organized and unionized, face decreasing employment insurance and social assistance and an increase in precarious work. While a considerable portion of the public sector is precarious work with no security or benefits, many private sector workers without unions resent those public sector workers who have unions that fight for them. This is what right-wing pundits seize upon.

If public sector unions are being attacked by elites because they are the strongest section of the working-class, then it is time to start acting like it. Other workers will not be won over unless they see us leading the fight for better social services for all. Our organizing, bargaining, and campaigning must demonstrate that the entire working-class can look to our unions for support. We must shift our focus from traditional collective bargaining to the defence of responsive public services. We have not re-evaluated our

unions since the 1930s. Ultimately, we need a revolution inside our unions (Hurley and Gindin, 2011).

The most important transformation lies in the scope of union activity. Struggles limited to workplace grievances and collective bargaining cannot match a government that launches direct and simultaneous attacks against teacher seniority rights, the quality of health care, the right to strike, and on and on and on. Our struggles can only have widespread success if we act as a class. Public sector unions must take the lead in organizing the unorganized and reorganizing the organized.

Michael Hurley and Sam Gindin provide an example of the kind of labour renewal we need: “Consider, for example, Ontario’s homecare system. There are approximately 20,000 unorganized homecare workers in Ontario. After the Conservative government introduced compulsory tendering for homecare services in the 1990s, non-union multinational corporations with much lower labour costs largely displaced the not-for-profit unionized agencies. Unions that successfully organized homecare workers found that their new units were lost the next time the contract was tendered because of their higher costs and this generally discouraged unionization. The compensation of private homecare workers – \$12.50 an hour, no guaranteed hours of work, no pensions or benefits – is accelerating the movement of work away from the unionized hospital and long-term care sectors. It’s an example of an organizing dilemma that likely can only be solved through cooperative organizing by multiple unions with a sector-wide focus. The point would be to pool our resources, organize all of the unorganized agencies at once, bargain as a council of trade unions, bring the state rather than the individual corporations to the bargaining table, and use militant action to move these workers to compensation comparable with the public sector. But that kind of strategy is conditional on first going a much further way toward changing our unions.”

Transforming unions, however, is not enough. The questions that confront us now are much more profound.

### What kind of society do we want to fight for?

There are serious electoral divisions fracturing the labour movement. While many of us can’t understand why anyone but the wealthy would vote Conservative, we quibble over whether the Liberals or NDP will betray us

more. The issue is not whether elections matter. They do. But we must be frank about the limits of the mainstream political parties.

No party, including the NDP, is committed to challenging corporate power. No party is arguing that in a society that is much wealthier than it was a generation ago, workers should be raising rather than lowering their expectations. No party is developing the working-class into a powerful social force. There is a political mood in this country, a mood that is vehemently anti-worker. So far, the only question is who will administer it.

Even if we build new solidarities among workers, we also need to develop our own vision, independent of *all* the mainstream political parties. We need to get comfortable with the idea that politics is not just a rarefied activity performed by politicians. Politics is also something we can and must do. If they do politics in the chambers, we'll do politics in the union halls. If they do politics in the media, we'll do politics in the open air. If they do politics in back rooms, we'll do politics in the streets. In other words, we must *get political* in new and creative ways.

We need to aggressively expose real privilege in our society – the grotesque and growing income inequalities, the decline of public services, tax cuts for the rich amidst wage cuts for workers. Most of all, we need to expose the ways in which economic elites limit what elected governments can do.

This means confronting the extent to which the lack of democracy at the economic level undermines formal democracy at the political level. This means confronting the plausibility of equality, security, democracy, and ecological sanity *in this society*. This means confronting the inherent barriers of capitalism. This means expanding democracy into the economy. This means the ownership and control of workplaces by workers who collectively and democratically determine what is produced and how. This means socialism.

The more reactionary they become, the more moderate is the radical position. We need to approach our issues as *class* issues. We need to build the working-class as a social force. We need to imagine a society beyond capitalism. These are the goals of the Greater Toronto Workers' Assembly. Join us. We are you.

If you'd like more information about the Greater Toronto Workers' Assembly, visit our website at [workersassembly.ca](http://workersassembly.ca). If you'd like to join us in the defence of public sector unions, jobs, and services, visit [workersassembly.ca/join](http://workersassembly.ca/join) or write us at [workingclassfightback@gmail.com](mailto:workingclassfightback@gmail.com).

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