

# TEAM TIMES

TEAM ♦ IFPTE ♦ Local 161 ♦ Spring/Summer 2011

## Foreign Investment and Ownership Coming soon to a Telecom very near You?

The Harper government, an advocate of unregulated markets, makes no secret of its desire to eliminate the Telecommunications Act requirements for Canadian ownership of national telecommunications companies. MTS Allstream could be the first target.

Last year the government, then in a minority position, proposed three options for change: the first would enable greater foreign investment and control, the second would allow a foreign investor to buy and control smaller telecoms with less than 10% market share (MTS Allstream fits that description), and the third would remove all restrictions on foreign ownership.

This year, Mr. Harper got his wish for a parliamentary majority, enabling the government to act unilaterally. On May 3<sup>rd</sup> in an article titled “Tory majority opens door to sale of MTS Allstream”, Globe and Mail reporter Boyd Erma wrote “The Conservative majority may give telecommunications bankers a lot of work, as the government’s plans to open up telecom ownership can move ahead and clear the way for some big deals such as a sale of MTS Allstream.”

Industry minister, Christian Paradis, who was appointed to the portfolio in May, has not made a public statement on what the new ownership rules will be, but has said the

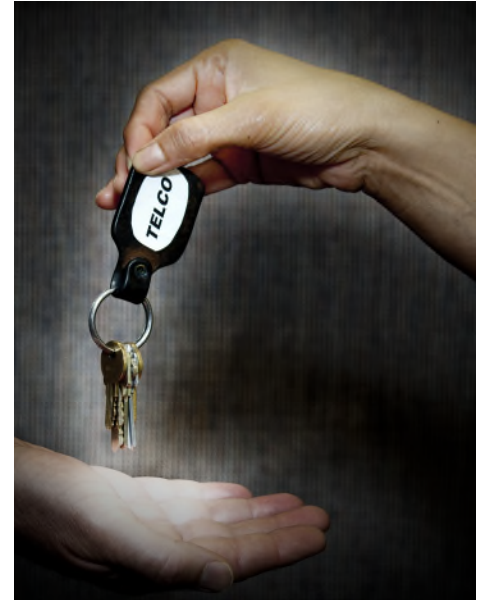
changes will be announced prior to the next wireless spectrum auction, to be held in 2012. Potentially, foreign owners will be able to participate in the auction without restrictions, creating new companies or buying up existing ones like MTS Allstream.

In the last auction, Egyptian telecommunications giant Orascom backed Canadian bidders to form Wind Mobile, in a questionable licensing initiative specially approved by the government despite the CRTC’s initial decision to disallow the license. The government’s decision was subsequently overturned by the federal courts, who ruled that Wind had violated the foreign investment provisions of the Telecommunications Act, and that the government did not have the authority to overrule the Act. Wind is currently appealing that decision. The government presumably does not want this scenario to be repeated.

Orascom, incidentally, has since been swallowed by the Russian conglomerate Vimpel, a reminder of the rapacious nature of foreign ownership.

Loosening the investment rules would be welcomed by MTS senior management, which has consistently advocated easing foreign investment rules. Speaking to the National Post

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*For sale to highest bidder?*

*Photo: Cindy Harasymiw*

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# Feeling the Blues with Blue Cross

## \$400K Surplus Disappears

By Amanda Kiss

You may recall that in 2005 the Blue Cross health plan was running a significant deficit. Fast forward and the situation is reversed. With new premium increases, dispensing fees no longer covered, a reduction in the number of claims, and a successful re-opener, members have been paying more than they receive in claims benefits, resulting in a surplus in the Blue Cross account.

In the most recent annual report from the Benefits Consultant, published in February 2011, the Blue Cross plan had a cumulative surplus of approximately \$400,000. Previous reports to the Joint Benefit Committee stated that a surplus would be carried forward and earn

interest into the next year. The February report makes the same statement but adds, "Due to the current underwriting arrangements, Manitoba Blue Cross has ownership of the surplus."

TEAM, along with Joint Benefit Committee members from IBEW and CEP met with MTS and the consultant in June, wanting to discuss how the surplus might be used to improve member benefits.

After repeated questioning by TEAM, it was revealed that the \$400,000 surplus no longer existed, and that it had been donated to charity! No further explanation other than MTS saying that it is a non-refund plan, and as stated in the report, as the owner of the surplus, Blue Cross had the right to do as it wished with the surplus.

The original agreement between MTS and Blue Cross was concluded many years ago, the original parties are long departed, and even though over 90% of the contributions to the plan are made by the employees, the details of the agreement have not been made available to them.

The next month, in July, it was announced that the Blue Cross plan premiums would be reduced by 5%; there was no suggestion of improving benefits or returning overpayments from previous years. TEAM does not know what communication between MTS and Blue Cross preceded the announcement.

Members of TEAM, IBEW and CEP have not been included in any direct discussions with Blue Cross regarding the premiums the members have paid into the plan. Furthermore, until the Joint Benefit Committee members review the

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**Happy Hot Dog Day!**  
 Almost 300 TEAM members met on June 28th to enjoy a lunchtime barbecue at the ballpark. Guests included representatives from IFPTE Locals 160 (Ontario) Society of Energy Professionals, and Local 162, Winnipeg Association of Public Service Officers.

# President's Report

by Misty Hughes Newman



As the August nights grow longer and the summer cools down, my thoughts turn to ... making the summer last longer!

I'm reminded, though, that we must prepare for another hot season – negotiations.

Six months from now we'll see the financial benefit of the last round of negotiations, namely a 2% increase in salary, an increase in VPP payout (up to an additional 1%), and a \$500 lump sum payout.\* Our next opportunity to negotiate such improvements is February 2013, and although we have a year and a half to go, TEAM staff is already collecting and collating the data necessary to support our call for improvements.

Your responses to our recent survey provide us with valuable direction for future negotiations. Although we await the full analysis, some results are clear already. Salary is your number one priority, followed closely by improving work-life balance and improving the benefits

package. The result of the work-life balance question in particular mirrors the many comments we have been receiving from you about excessive workload. The chart below summarizes the priorities that you have identified.

Your feedback about the survey is truly appreciated, and will be considered carefully in all our decisions going forward. Despite being run in the vacation season, well over 50% of members responded to the survey; a statistically significant sample. The survey summary report is available on our TEAM website and we look forward to further commu-

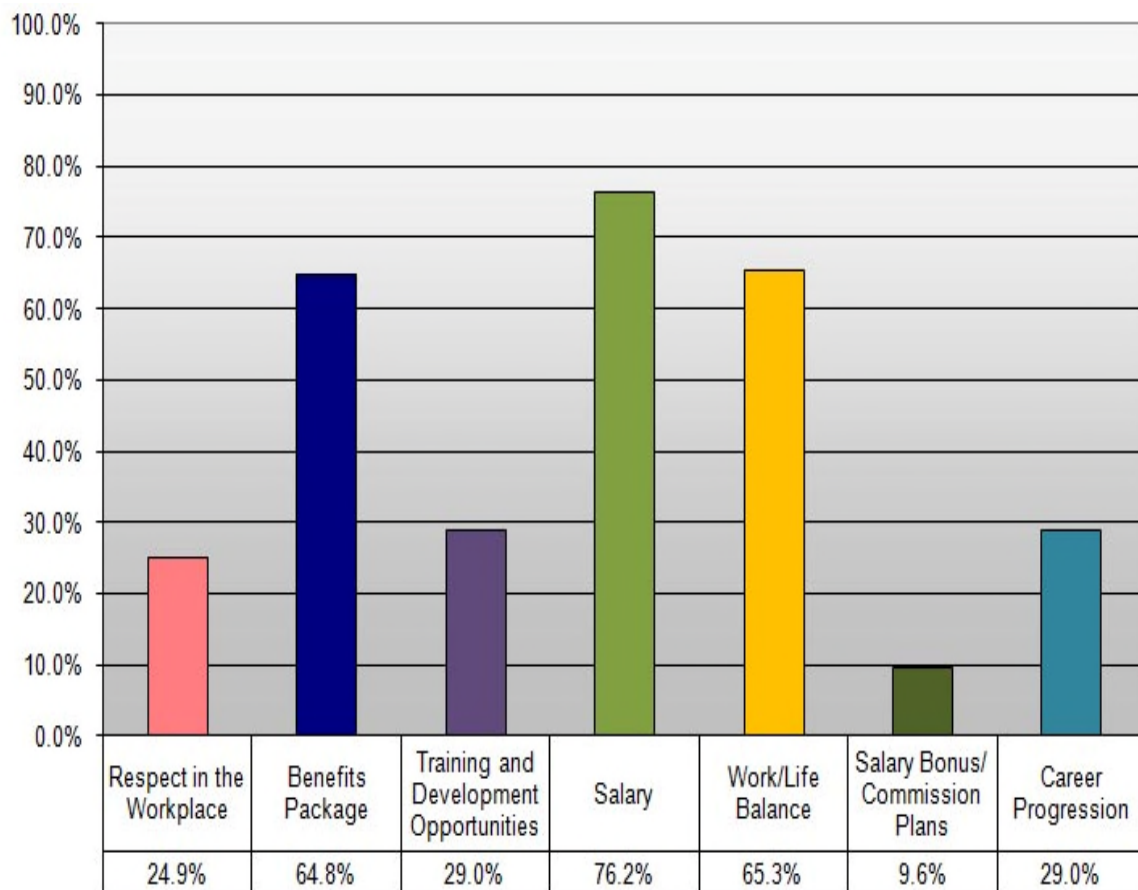
nications with you as we develop our strategy and action plan in the coming months.

In preparation for our next round of negotiations I'll be calling on you later in the Fall to share your knowledge about other companies and workplaces, perhaps where your friends or family members work. It's critical for our negotiating team to know where we are, in step or ahead, and where we're falling short.

For now, though, let's enjoy the remaining days of the summer!

*\*Employees on the Grad pay schedules do not receive VPP! The negotiated \$25,000 increase in employer contribution to the Blue Cross plan has already been applied.*

*Member priorities—issues identified for TEAM action*



## Foreign Investment Cont'd

in May, MTS President Pierre Blouin said "We've made our position clear to the government, in terms of our support for them to pursue liberalizing foreign investment restrictions."

Addressing MTS investors on May 4<sup>th</sup>, both Blouin and MTS Chairman Peter Leith said they wanted the government to move quickly to relax foreign ownership rules. Although Blouin has not explicitly said he wants to sell the company, he has stated repeatedly that the company would benefit from an influx of foreign investment. He also thinks that foreign ownership of telecoms is normal. During the May 4th investors' meeting Blouin commented "Canada, I think, is one of

the very few countries in the world that doesn't have an international player in its market."

Were MTS Allstream to be sold, there could be severe adverse consequences to MTS and Allstream employees. Following takeovers or mergers, new owners often cut costs by rationalizing operations, reducing staff, and eliminating duplicate offices. Allstream employees, who have suffered numerous layoffs during the past decade, understand this well. A foreign owner might have even less compunction than a domestic one to preserve jobs or location of operations or head office.

Acting on behalf of TEAM members, IFPTE President Greg Junemann, wrote to Industry Minister

Paradis from Washington on May 31, expressing the IFPTE's opposition to unrestricted foreign telecommunications ownership, and recommending retention of the present ownership regulation as the best option for TEAM members and Canadian consumers. Junemann challenges the claim that lifting foreign ownership rules will lower prices for consumers:

*There has been little to no evidence provided to support this assertion. Further, the allegation that Canadian consumers suffer from a lack of competition is simply not true. Canada already has more competition in the telecommunications industry than any other country except the United States. There are 11 Canadian companies taking advantage of*

## Fact Check: 'International Players' in Other Countries

Mr. Blouin is correct in his comment of May 4<sup>th</sup> that other countries have "international players" (i.e. foreign owners) providing telecommunications services. Many European countries, for example, allow foreign ownership of telecoms so companies like France Telecom and Deutsche Telecom can operate across borders within the densely populated European community.

But it would be wrong to conclude that restriction of foreign ownership and control is a dusty idea of the past. Many countries that broadly support deregulation nevertheless put limits on foreign ownership to protect national interest – for sovereignty, security, culture, job protection and other reasons.

Notably our closest neighbour, and erstwhile defender of open markets, the United States of America, limits foreign ownership of Telecoms to 25%. Its regulatory body, the Federal Communications Commission has the discretionary power to allow a greater share on a case by case basis, but tends to be very restrictive about foreign control of telecom licences. Elsewhere around the world, governments similarly impose restrictions of various kinds. In Australia the government caps foreign ownership of its privatized telecom, Telstra, at 35%. In Japan, foreign ownership of NTT is limited to one-third. In Switzerland the federal government is required to maintain majority shares of Swisscom. In the UK the CEO of British Telecom must be British. The People's Republic of China retains majority share control of China Telecom.

This is not an exhaustive list, but it shows that many countries do limit foreign ownership and control of telecommunications. Mr. Blouin is correct that other countries have international players, but it's equally important to note how those countries referee the game.

available spectrum, so there is no need to open it up to foreign interests.

Paradis responded to Junemann on June 29<sup>th</sup>, stating only that the government is "considering options for liberalization of foreign investment restrictions" and that the decision about these options would be "part of an integrated approach to the upcoming spectrum auctions".



What policy will Mr. Paradis choose for foreign ownership of Canadian telecoms? Is MTS Allstream up for sale? Is there a foreign investor in the wings waiting to buy the company? Would a new owner keep the present employees and maintain head office and other operations in Manitoba and across Canada?

Employees in MTS Manitoba and Allstream across Canada deserve clear answers to these job-affecting questions ❖

## The Manitoba Connection

Although regulation of telecom companies is a federal responsibility, there is also provincial legislation which affects MTS. In 1996 the government privatised the Manitoba Telephone System, then a Crown Corporation, under new legislation, "The Manitoba Telephone System and Consequential Amendments Act." This Act includes the following provisions regarding MTS:

- 12 (1) The registered and head office of the corporation shall be in the province.
- 13(4) A majority of the directors of the corporation shall be ordinarily resident in the province.
- 17(1) The number of voting shares of the corporation that may be beneficially owned by non-residents of Canada other than by way of security only shall not exceed in the aggregate twenty-five percent of the total number of issued and outstanding voting shares of the corporation.

If the federal rules do change and the MTS Board of Directors decide to sell the company to a foreign buyer that wishes to move the head office out of Manitoba, then this legislation and the Articles of Incorporation would need to be amended.

Would the Manitoba government support or oppose such an amendment? Not knowing which party might form a future government, we put the question to Manitoba's political party leaders, Greg Selinger (NDP), Hugh McFadyen (PC) and Jon Gerrard (Liberal). We asked each to go on record stating whether they would support or oppose the MTS Board of Directors if it were to ask for amendments to the Manitoba Telephone System and Consequential Amendments Act.

Selinger replied on June 30<sup>th</sup>, saying "*the decision to privatize MTS by the Conservative Government in the 1990s was a major mistake; the negative repercussions are still being felt by Manitobans*". Regarding the future, Selinger said "*Because of its importance to the province, our party stands in opposition to any attempts to further diminish MTS's presence in Manitoba. We oppose any changes that would further undermine the company's potential contributions to our province and citizens, such as moving the head office. Foreign ownership of MTS would weaken the company's services in Manitoba, and would not be in the best interests of Manitoba families and businesses.*"

After a reminder, McFadyen responded on July 14<sup>th</sup>, saying "*I cannot comment on the hypothetical situation you describe in your letter*". He went on to say he would "*not support any proposal to amend provincial legislation that pertains to MTS, including location of the company's head office and membership of the Board of Directors for the company.*"

Liberal leader Jon Gerrard did not respond.

The original letter to the Party Leaders and their responses are posted on the TEAM website: <http://teamunion.mb.ca>.

# Yes Minister

On May 11<sup>th</sup>, Prime Minister Harper appointed Christian Paradis, age 37, as Minister of Industry, the portfolio that includes telecommunications. Although Paradis has not yet stated what his specific policies will be, his record provides some troubling hints about what may lie ahead. For a man who has held elected office for only five years, Mr. Paradis has left a considerable trail of debris in his wake.



First, prior to becoming an M.P., Paradis was a corporate lawyer who represented the Chamber of Commerce of Thetford Mines, the asbestos mining town in Quebec. To support

the mining operations there, he has consistently fought to prevent chrysotile asbestos from being listed as a hazardous substance in federal and international safety regulations.

The Sherbrooke Tribune quoted him as saying "We have shown our support for the position of safe use of chrysotile by opposing twice the inclusion of chrysotile under the Rotterdam Convention." In response, a coalition of over 200 doctors and organizations including the Canadian Cancer Society and the Canadian Medical Association has written a letter criticizing the government (and by implication, Paradis) for its failure to identify chrysotile asbestos, a known carcinogen, as a hazardous substance. The letter notes the government is "not acting

as a responsible global citizen, thus harming Canada's international reputation."

Secondly, as the former Minister for Public Works, Paradis was responsible for renovations to the West Wing of the House of Commons. At that time questions were raised about the award of that tender, which went to contractor Paul Sauvé.

Sauvé says that prior to the award of contract he paid \$140,000 to Gilles Varin, a businessman with connections to the Conservative party, and was subsequently asked to host a fundraiser for the party. During the fundraiser, Paradis' coat was allegedly stolen. After the fundraiser, Sauvé said a member of Paradis' staff suggested to Sauvé that he buy a replacement coat, available at Holt Renfrew for \$5,400. Paradis denies the existence of any kickback scheme and has dismissed Sauvé's story about the coat

In Nov. 2010, members of the Liberal and NDP parties called for Paradis' resignation as Minister for Public Works over the kickback allegations. The then-Public Works Critic Geoff Regan of the Liberals said "Serious questions have been raised about alleged kickbacks to Conservatives from West Block contract payments". NDP member Pat Martin said "It stinks to high heaven". (*Ed Note—Regan and Martin have verified to TEAM that the context of their comments is accurate*).

Thirdly, in October last year, the Toronto Star reported that Paradis'

staff had interfered with information to be released in four Freedom of Information requests, including requests for Paradis' asbestos policy memos. Paradis aide Sebastien Togneri resigned after questioning by the Commons Ethics Committee, admitting that he had directed civil servants to vet the information they were supposed to be sending, in contravention of Freedom of Information regulations. Two other staff members were also involved. A subsequent request by the Commons Ethics committee to ask further questions was ignored. Saying "I have nothing to hide" during a CBC interview, Paradis denied any knowledge of what his staff was doing.

Minister Paradis is the man who will be deciding the investment and ownership rules affecting the fate of MTS Allstream. TEAM will be following his career and decisions closely. ❖

## Feeling unwell?

If you take two hours or less out of your work day because you feel unwell, you don't have to make the time up, use any of your sick time, or use part of a PLD or vacation day.

Article 13.09.1 of the Collective Agreement (page 41) reads as follows:

*"0 to 2 hours – no sick absence charged."*

Article 13.09.2 covers cases where the two-hour rule is abused.

Also, see Company Policy 209.07 regarding health care appointments of less than two hours, where no deduction for an absence is required.

# Reality Check on Pensions

By Stephen Gillies

Many TEAM, CEP and IBEW members near retirement have a reasonable expectation of financial security, thanks to their MTS defined benefit (DB) pension plan. That pension, combined with personal savings, the Canada Pension Plan (CPP) and Canadian Old Age Security (OAS) can offer a healthy retirement income.

For TEAM, CEP and IBEW members hired after January 1<sup>st</sup> 2010, though, the pension outlook is more troubling. The new stingier MTS defined contribution (DC) pension plan, combined with economic forces outside the company, are undermining future pension benefits.

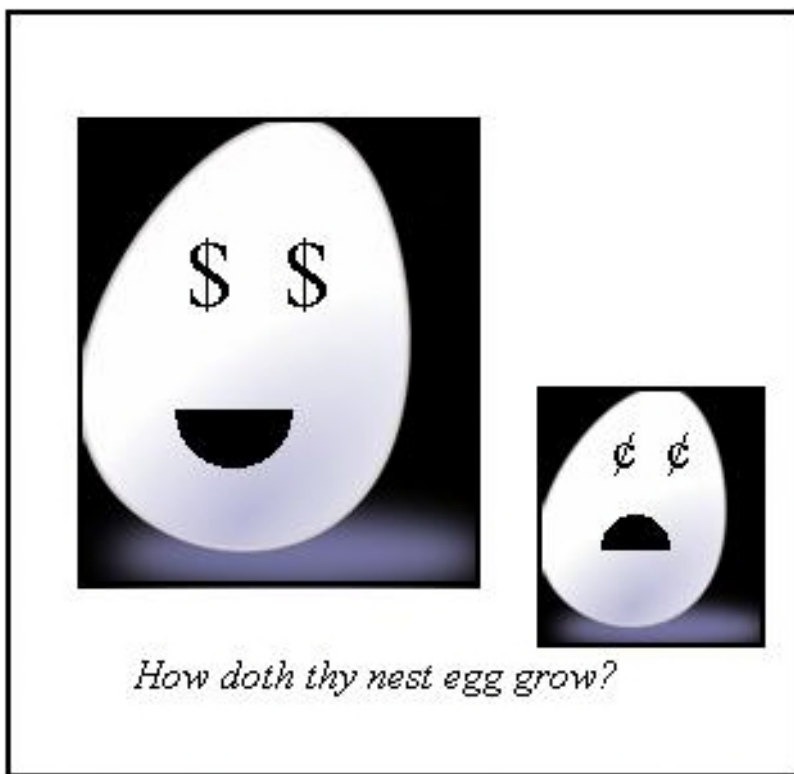
Since privatization in 1996 the Company has acted to cut its pension costs in at least four ways:

- Using employees' \$43 million initial contribution surplus to reduce MTS' ongoing contributions, without providing any additional benefits. (Lawsuit ongoing)
- Using the initial surplus to trigger a 5¼ year contribution holiday for MTS
- Excluding new employees from the DB plan
- Introducing a DC plan for new employees, with a minimal company contribution

The last point deserves special consideration. The new MTS DC pension plan, mandatory for new employees, enables the company to drastically cut its contribution to the pension fund. This is particularly true in the early years of employment when the company limits its matching contribution up to a maximum of 2%.

nuity at retirement, the result would be a severely reduced pension benefit. New employees will almost certainly collect a smaller pension than that enjoyed by current retirees with comparable income and years of service.

Outside MTS, other forces are destroying potential retirement benefits for all Canadians. The fragile low-wage economy of the past two or more decades has made it very difficult to repay debt or save. One-third of working Canadians ages 25-64 have no retirement savings at all. On top of that, those who have been disciplined in saving have seen the value of their nest eggs whither with the various market collapses of the past two decades. The meagre returns for RRSPs and other investments are further diminished by fees, which are typically about 2% annually, payable regardless of rate of return. The "Freedom 55" scenario advertised not long ago has proved to be a distant dream for most Canadians.



History has shown that this amount is woefully inadequate to fund a reasonable pension. A net contribution rate of 8% or more for an entire career is needed, and even more in weak financial markets like the present.

The new DC plan also removes adjustments for inflation. While it is possible for a DC plan holder to purchase an inflation protected an-

For current MTS retirees, the saving grace is the MTS Defined Benefit pension plan, along with the CPP and Old Age benefit which pay predefined, inflation adjusted amounts.

The outlook for future retirees on the DC plan is darker. Unless the DC pension plan is renegotiated or

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otherwise amended, they will likely have a more difficult time in retirement than their predecessors.

### **New TEAM Members Speak**

To find out how new members feel about their pension plan, TEAM recently interviewed a number of members hired since January 1, 2010, when the new plan went into effect. We explained the purpose of the interview – to hear their pension concerns. We asked them their ages, their pension benefits in previous jobs, their understanding of their current benefits, their opinions about contribution rates, retirement plans, and feelings about the MTS DC plan overall.

The youngest members tended to be least concerned about pensions.

### **Blue Cross Blues cont'd**

original agreement, their rights to be consulted and to participate in financial decisions about the plan are unclear.

A further problem is that MTS may have a conflict of interest; in addition to buying health insurance from Blue Cross, Blue Cross is a major customer of MTS.

TEAM's committee members are not prepared to walk away from a \$400,000 surplus. Our committee members are looking for ways to deal with the perceived conflict of interest that MTS has with Blue Cross and to working with CEP and IBEW to move forward with the following action plan:

One member in her twenties said that in her previous job no pension plan was offered and by comparison, "any plan looked good" when she came to MTS. She also said that it felt "weird to be putting stuff away for 35 years" and that saving for retirement was not something she had thought about previously.

Another member, in his twenties commented that when he applied for the job, "pension wasn't necessarily in the forefront of my mind". He said that his previous position did offer a pension plan, but he was not able to participate because of its vesting period. He said he didn't know the details either of it or the MTS plan. After an explanation of the MTS plan he said "it makes me a bit nervous that there is no cost of living adjustment". He also said he would like the company to match

contributions at a higher rate – "another per cent or two would be nice". He said he would be evaluating his future at MTS in the coming year, and that if he did decide to move on, pension would be an important factor in choosing his next employer.

A third member, in her twenties, said she also was pleasantly surprised to learn there was a pension plan at MTS, as there was no pension plan in her previous job. She said, however that nobody explained the pension plan to her very well when she was hired, and she is worried about the future generally. She worries that she and other members of her generation will be unreasonably burdened with supporting retirees from the baby boom generation, causing the pension system to collapse. Asked if she would be willing to pay a higher percentage of her income toward an improved pension, matched by the company, she said "no". For her, paying even two per cent toward retirement is a difficult payment as she has a student loan and a mortgage.

#### **Action Plan**

- Formally request the plan text from MTS regarding ownership and control of surpluses.
- Put the position of TEAM, IBEW and CEP in writing and challenge Blue Cross to put its position in writing.
- Investigate negotiating with the Blue Cross Board directly to recover the surplus.
- Investigate changing to a self-insured plan with Blue Cross, with provision to recover the surplus.
- As a final alternative, find another insurer who will better protect the interest of TEAM, IBEW and CEP members



Among the older new hires – and MTS to its credit does hire many older workers – all said they were concerned about pension.





A member in his thirties said "pension is important", and that he was not properly informed about the MTS pension at the time of his job offer. "I have a bone to pick with how they scale it ... I didn't realize that the ceiling for employer contributions was 2%." The HR person left him with the impression that higher contribution rates were possible from day one. In considering the MTS job offer he said, "the pension plan swayed me". He was disappointed when he learned the truth, after accepting the job offer. He says MTS should recognise that pension is critical to employee loyalty, and should offer a 5% matching plan from the outset of employment. He is evaluating his future with the company, and feels that MTS is losing its former status as an employer of choice. "Young people aren't going to waste any time telling you what's wrong ... they're going to be gone to another job".

Another member, in his forties, commented that he had previously worked in California, where wages were much higher, but benefits poorer. It was a fast paced culture where "you didn't think about tomorrow". Suddenly in 2009 the bottom fell out of the Silicon Valley economy and he found himself searching for another job along with thousands of other highly qualified people. In hindsight, he says he realized "pension is very important" and is concerned about lost time and his ability to build up a sufficient pension before he retires, especially considering the two per cent cap on company contributions. He would appreciate the opportunity to contribute much more, with the company matching the contribution.

Another new member in his forties

said he worked at a much smaller local company before, and there was no pension plan there. Regarding the MTS pension, he says he is "happy there is something", but is quite disappointed in the 2% company contribution rate. Because of his age, he doubts he will be with the company long enough to ever get much benefit from the higher contribution rates which will be offered to longer term employees. He feels that a 5% employee/5% employer rate is needed now to ensure a reasonable pension.

TEAM members, along with their IBEW and CEP colleagues, have never before been put in such a difficult position with regard to pensions. The DB and DC plans divide the older and newer members. The future promises a growing division of interest, as newer members become increasingly frustrated with their meagre DC plan.

TEAM, IBEW and CEP opposed the creation of a two-tier pension system, and will continue to fight for its elimination, but the growing disparity between pension "haves" and "have nots" is the reality we face today. ❖

*Note—Because of a greater than expected response, we regret we did not have time to interview all members who expressed interest in sharing their stories. TEAM invites further comment from all members. Send your emails to the TEAM Communications Committee, care of: [stephen.gillies@teamunion.mb.ca](mailto:stephen.gillies@teamunion.mb.ca).*

## Expanding the CPP

The original idea of the Canada Pension Plan (CPP), conceived during the 1960s, was to provide a solid three-way pension base for all Canadians. The first leg would be combined employer pensions and personal savings, the second the Canadian Old-Age benefit, and the third a mandatory new defined-benefit plan, the CPP.

Since that time, the Old-Age benefit and the CPP have proved to be stable and reliable sources of retirement income. Employer pensions

*Cont'd p.15*



*In March the CLC hosted a Winnipeg forum on CPP expansion, attended by TEAM and many other Manitoba unions. Paul Moist (above) national president of CUPE spoke forcefully in favour of CPP reform.*

# Why Americans Need Unions Now More than Ever



By Robert Creamer

*Robert Creamer is a Chicago commentator and political consultant. This article was originally published in February 2011 by the Huffington Post and is reprinted by TEAM with permission of the author.*

*Creamer's discussion focuses on recent labour history in the United States, but is relevant to Canadian labour as well, given the social and economic ties that link our cultures. The union movement in Canada faces many of the same challenges as that in the USA.*

*Creamer makes a plea for renewed growth of unions and better understanding of their value. He analyzes the rise and decline of the middle class in the USA and shows how the present attack on collective bargaining rights, evident in Wisconsin and other States, is contributing to the decline.*



How often do you hear someone say, "Oh, at one time unions were a good thing, but not anymore"?

The premise of this argument is that once upon a time there were robber barons stalking the land, and it was a fine thing that workers organized into unions to prevent them from hiring children and paying employ-

ees a pittance as they labored in sweatshops working fifteen-hour days.

Now, goes the narrative, in the age of high-tech industrial campuses and "information" workers, unions are "obsolete."

Next time you hear that argument from an otherwise rational person, give them a good shake and insist that they wake up from their dream world.

The central problem facing the American economy -- and our society -- is the collapse of the American middle class. The incomes of the middle class Americans, and those who aspire to be middle class -- 90% of Americans -- have been stagnant for almost three decades. This trend, which was briefly interrupted during the Clinton Administration, is the chief defining characteristic of our recent economic history.

This stagnation of middle class incomes has not happened because our economy has failed to grow over this period. In fact, real (adjusted for inflation) per capita gross domestic product (GDP) increased more than 80% over the period between 1975 and 2005. In the last ten years, before the Great Recession, it increased at an average rate of 1.8% per year. That means that if the benefits of economic growth were equally spread throughout our society, everyone should have been almost 20% better off (with compounding) in 2008 than they were in

1998.

But they weren't better off. In fact, median family income actually dropped in the years before the recession. It went from \$52,301 (in 2009 dollars) in 2000 to \$50,112 in 2008. And, of course it continued to drop as the recession set in.

How is that possible?

Was it -- as the Right likes to believe -- because of the growth of the Federal Government? Nope. In fact, the percentage of GDP going to federal spending actually dropped during the last four years of the Clinton Administration. When Bush took office it began to increase again as the Republicans increased spending on wars. Over the last 28 years, federal spending has averaged about 20.9% of the GDP and varied within a range of only about 5%, with the high being in 1983 (in the middle of the Reagan years) and the low in 2000 before Bush took office. It has never even come close to the 43.6% of GDP that it consumed during World War II in 1943 and 1944, or the 41.9% it consumed in 1945. The percent of GDP that goes to Federal spending went up in 2009 and 2010 -- but that was mainly because the economy shrunk on the one hand, and a major, temporary stimulus bill was need on the other to prevent another Great Depression.

Was it because taxes have skyrocketed? No again. In fact, according to the Census Bureau, the median household tax burden actually dropped from 24.9% in 2000 to 22.4% in 2009.

Was it that labor became less productive? No. In fact, there has been a major gap between the increase in

the productivity of our workforce and the increase in their wages.

Even when wages were improving at the end of the Clinton years, productivity went up 2.5% per year and median hourly wages went up only 1.5%.

From 2000 to 2004 worker productivity exploded by an annual rate of 3.8% but hourly wages went up only 1% and median family income actually dropped .9%.

The bottom line is that people who work for a living (most of us) are getting a smaller and smaller share of the nation's economic pie.

In August of 2006, the *New York Times* reported that Federal Reserve study showed that, "Wages and salaries now make up the lowest share of the nation's gross national product since the government began recording data in 1947; while corporate profits have climbed to their highest shares since the 1960."

So the answer to the question is simple. Virtually all of the increase in our gross domestic product over the ten years before the Great Recession went to the wealthiest 2% of the population.

These changes in income distribution are not the result of "natural laws." They are the result of systems set up by human beings that differentially benefit different groups in the society.

Economist Paul Krugman has summarized the history of income distri-

bution in America.

At the beginning of the Great Depression, income inequality, and inequality in the control of wealth, was very high. Then came the great compression between 1929 and 1947. Real wages for workers in manufacturing rose 67% while real income for the richest 1% of Americans fell 17%. This period marked

**"The single largest contributor to this stagnation of middle class incomes has been the corporate attack on organized labor."**

the birth of the American middle class. Two major forces drove these trends -- unionization of major manufacturing sectors, and the public policies of the New Deal.

Then came the postwar boom, 1947 to 1973. Real wages rose 81% and the income of the richest 1% rose 38%. Growth was widely shared, but income inequality continued to drop.

From 1973 to 1980, everyone lost ground. Real wages fell 3% and income for the richest 1% fell 4%. The oil shocks, and the dramatic slowdown in economic growth in developing nations, took their toll on America and the world economy.

Then came what Krugman calls "the New Gilded Age." Beginning in 1980, there were big gains at the very top. The tax policies of the Reagan administration magnified income redistribution. Between 1980 and 2004, real wages in manufacturing fell 1%, while real income of the richest one percent rose 135%.

The single largest contributor to this stagnation of middle class incomes has been the corporate attack on organized labor. The percentage of private sector workers in unions has shrunk from 35 percent to 7%. The exception has been the public sector, where 35% of teachers, firemen and public service workers now have access to collective bargaining.

The last thirty years shows conclusively that the "competitive market" --

absent collective bargaining -- simply does not assure that everyday employees share in the fruits of increased productivity or economic growth. Left to their own devices, CEOs will pad their own massive incomes and seek higher returns for the stockholders that hire them. That is especially true in an economic world that is globalized -- where CEOs can often hire labor at pennies on the dollar of what they would have to pay in the U.S. -- if it were not for union contracts.

Collective bargaining is the only way to level the playing field -- to assure that increases in American productivity are widely shared throughout the economy.

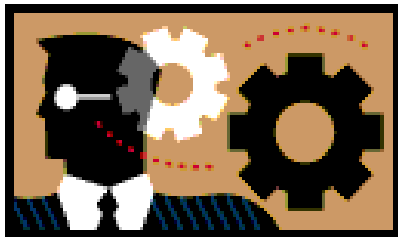
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*Americans need unions, cont'd*

And when they are not shared, that is not only bad for the everyday family. It is horrible for the economy. Economies are in balance if productivity gains result in commensurately higher salaries for employees that allow them to buy the larger number of products and services that the productivity increases allow corporations to manufacture and sell. If they don't have increased buying power -- if all of the income growth goes to the top 2% -- then a demand deficit will inevitably develop that will lead to a recession -- or depression. That gap in buying power can be filled for a while -- as

### ***Thought for the Day***

*"Labor is prior to, and independent of, capital.*



*Capital is only the fruit of labor, and could never have existed if labor had not first existed. Labor is superior to capital, and deserves much the higher consideration."*

*Abraham Lincoln—State of the Union Address, December 3, 1861*

it was in the early 2000's -- with greater consumer debt. But after while the bubble bursts and the house of cards comes tumbling down.

We saw that movie -- we know the ending. And it was mainly a result of the disparity of increased worker productivity and increased worker income. It was the direct consequence of the corporate attack on the right to join a union.

American workers -- and the American economy -- need unions now more than ever. They are the only means by which we can guarantee widely-shared economic growth. And as it turns out, sustained, long-term economic growth *requires widely-shared economic growth*. Unions are the only way to prevent the collapse of the American middle class.

That's why the fight in Wisconsin is so fundamental. Governor Scott Walker and his corporate supporters want to destroy labor unions -- to eliminate the right to choose a union. They want a low wage economy. They want the freedom to pay people as little as possible at their companies -- and in the government.

They believe if they can break public employee unions, that they can ultimately eliminate organized labor as a meaningful force in the American economy -- and in American politics.

Walker's actions are a case study in right wing philosophy. He cut state taxes on corporations and then demanded that middle class state workers take cuts in wages and benefits in order to pay for the corporate tax cuts.

Luckily regular voters have begun to smell the coffee. Nationally a new poll shows that 61% of voters reject the kind of proposals that Walker is trying to cram down the throats of the people of Wisconsin.

In Wisconsin itself a new poll by Greenberg, Quinlan, Rosner Research found that a majority of Wisconsin voters disapprove of Walker's job performance and give him a negative favorability of 39 percent favorable and 49 percent unfavorable. In contrast 62 percent of voters offer a favorable view of public employees and only 11 percent unfavorable. And 53 percent rate labor unions favorably with only 31 percent unfavorable.

Over half of the voters oppose the agenda offered by Walker and Republicans in the legislature. Only 43 percent favor it. There is a major intensity gap as well, with 39 percent strongly opposing their proposals and only 28 percent strongly supporting them.

In the end, the Republican attack on the right to choose a union completely ignores what is good for everyday Americans -- and for the American economy. It is only concerned with what is good for the narrow economic and political interests of a tiny fraction of our population. That's why they must be defeated. That's why the battle of Wisconsin is really a battle for the survival of the American middle class.

*Robert Creamer is a long-time political organizer and strategist, and author of the book: Stand Up Straight: How Progressives Can Win, available on [Amazon.com](http://Amazon.com).*

# *Your Privacy Rights* In the Information Age



*Photo: Cindy Harasymiw*

*By Roland Pokorny*

In the last decade, new technologies in the workplace have dramatically changed the way we work. To improve productivity, employers often provide employees with computers, email, Internet, VPN, telephones, cell phones, VoIP services, ID tokens and other new age gadgets.

These tools enable employees not only to work more efficiently, but to be available 24/7, blurring the line between work and private life. While employers may raise no objection about an employee using personal time to do company business, the converse is not true – em-

ployers expect employees not to use company resources or time for personal purposes.

That objection is partly based on fear. There are real risks to the employer should an employee misuse the technology – for example by divulging confidential information to unauthorized persons or by infecting a company network with malware.

Not surprisingly, some employers are monitoring employee activities in new and intrusive ways. Everyday, employees leave a digital trail, which can include building entry and exit records, video surveillance

records and a cornucopia of email, telephone and computer usage logs. Modern technology makes the technical job of snooping simple.

The respective rights of employers and employees regarding these records is not always clear. What records may or may not be collected? Is notice required, and when is surreptitious recording acceptable?

If notice, what sort of notice? What is the person being recorded entitled to know? New technology has raised questions about privacy rights which have yet to be definitively

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addressed by the courts.

In 1990, Canadian Supreme Court Justice Gerard, LaForest, in the Duarte case involving drug dealing, found that surreptitious video recording by law enforcement officers constituted unreasonable search. Parliament later amended the law to make it easier for police to obtain warrants in such cases, but a principle of privacy was confirmed. LaForest wrote that "the person whose words were recorded spoke in circumstances in which it was reasonable for that person to expect that his or her words would only be heard by the person he or she was addressing". By this finding, surreptitious recordings of employees is forbidden, at least in Canada.

Under the Canadian Criminal Code, it is a crime to intercept private telecommunications, including those of employees to other employees. Section 184 reads "Everyone who, by means of any electromagnetic, acoustic, mechanical or other device, wilfully intercepts a private communication is guilty of an indictable offence and liable to imprisonment for a term not exceeding five years." An employer who intercepts or monitors private employee email or telephone calls without a warrant is clearly breaking the law.

The question of privacy rights is less clear where the employer gives employees notice of intention to monitor, and employees consent to be monitored. Is the consent freely given? Does the consent apply to every possible communication? Are reminders of the intent to monitor required, and if so where and how frequently?

For example, can your employer

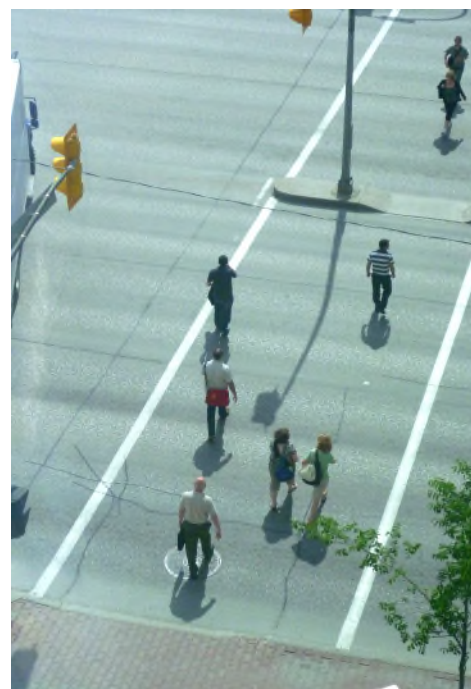
read your personal mail sent to your office address – even if it is marked "personal and confidential – addressee only?" Can your employer videotape you in the office? Audiotape you? What about in the restrooms, lounges, parking lots, or in your car?

It's easy to say that employees who have consented to be monitored can have no expectation of privacy, particularly if corporate policies and notices have been posted. But do employees who agree to be monitored actually agree to every possible type of monitoring? If the means and results of data collection are seldom or never revealed, can an employee be blamed for having an expectation of privacy or for assuming that monitoring does not actually take place?

These privacy rights questions become especially troublesome in the expanded office and beyond. The electronic workplace is no longer just a cubicle or an office.

With "presence" technology the workplace now encompasses the water cooler, the hallways, or anywhere on company premises. The workplace can be wherever the employee can be reached by cell phone, iphone, or blackberry, be it the coffee shop, the hotel room, the back of the taxi, or the home office.

The records subject to recording can potentially be not just memos and documents, but articles read online or chats with friends. Using social media such as Facebook, people are increasingly tending, whether knowingly or not, to share details of their personal lives. Travelling employees may use the office laptop to have a videoconference with their families,



*With presence technology the workplace follows you.*

or to catch up with colleagues, to plan a high school reunion, or even complain about problems at work with coworkers. All these activities can be recorded.

What are the limits of employer authority regarding electronic surveillance? CUPE researcher Linda Craig, author of "At work and under surveillance" has the following conclusion:

*The courts recognize the employer's right to control the execution of the work. However, it is important to clarify that there are limits to employer surveillance. For example, the courts reject the idea that a camera can be constantly aimed at one or several people. For the specific surveillance of a person to be acceptable, the employer must have serious grounds. ... The courts have not said much on the legitimacy of surveillance of Internet use (e-mail or browsing). However, in the light of the jurisprudence, we have*

observed that they tend to apply similar criteria. It is necessary to have solid grounds to perform specific surveillance. Called upon to judge an employee accused, for example, of inappropriate use of technological material, the Court will consider several mitigating factors, such as a clean disciplinary record or the absence of a company policy, or aggravating factors, such as a high degree of autonomy.

As a final comment, American attorney Mark D. Rasch who specializes in privacy and regulatory compliance cases in the U.S.A. says:

*In effect, the court held that the actual policy of not monitoring content created, in the users, an expectation of privacy, which the court found to be reasonable. In other cases, courts have held that, despite a 'business use only' policy, employees might be known to keep personal files on a business computer (just as they might keep personal records in an office desk, or a personal purse on a company provided desk drawer.) Thus, people may have reasonable expectations of privacy in the context of the workplace.*

As employees and members of TEAM, we understand that workplace surveillance may be justified in certain circumstances, but we should expect a degree of privacy nevertheless. No employer, including MTS has unlimited rights to monitor employees. With the proliferation of new media and ways of working, every employer including MTS must recognise the need of employees for reasonable privacy, and must not abuse its powers of recording and surveillance.



### **CPP Expansion Cont'd**

and personal savings have been failures, comparatively. Fewer than 40% of working Canadians have workplace pensions. One-third of Canadians aged 18-64 have NO retirement savings. Those who do, have seen their savings eroded through poor returns and recurring fees.

In response, the Canadian Labour Congress, the NDP, the Liberal Party, pension experts and citizen groups propose expanding the scale of the CPP. CPP contribution rates would be raised gradually until the retirement benefit is doubled. The improved CPP benefits would be paid in proportion to the amount of time participants have paid at the new rate. The CPP now requires mandatory contribution of about 5% from employees and employers, to a salary limit of \$48,300, paying up to \$960 a month. An expanded plan would raise the benefit to about \$1900 a month. The expanded CPP would continue to be a self-funded mandatory defined benefit plan that is indexed for inflation, and administered with very low costs.

After indicating initial support for CPP expansion before the election, the government now advocates a private "Pooled Registered Retirement Savings Plan" instead. The pool would be run by banks, with voluntary contributions and no defined benefit. The CLC argues that only a mandatory plan can succeed as evidenced by the one-third of working Canadians ages 25-64 who have no retirement savings at all, despite the existence of voluntary savings programs like RRSPs.

TEAM supports current CPP expansion lobbying efforts and will keep members informed. ❖

## **Is Big Brother Watching**



## **You?**

The answer is: maybe.

TEAM is occasionally called upon to represent members being disciplined or terminated as a result of the company monitoring their internet usage, email, and building access.

In one extreme and troubling case of "big brother" behaviour, MTS investigated and determined an employee's location by triangulating the employee's **personal cell phone** position using MTS cell towers. The company then went on to examine the call records made from the employee's **personal cell phone**, without a warrant.

Following TEAM's formal complaint, the company admitted its mistake, but we must question why it happened in the first place, and why it could not happen again.

- TEAM

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## TEAM TIMES

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