

THE HOSPITAL **Guardian**

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Together again!

After a 14 year absence, HEU is back in the CLC

"In humble dedication to all those who toil to live."

THE HOSPITAL Guardian

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What's in it for me?

I'm sure this question ran through the minds of many HEU members late last year when the union announced that an understanding had been reached that would open the door for HEU's re-entry to the house of labor, the Canadian Labor Congress.

This question can be answered by understanding the power of the CLC.

The CLC has a membership of more than 2 million women and men.

This membership, through delegates to biennial conventions, has adopted policies and programs designed to advance the economic, social and trade union interests of all working people.

This membership has learned that one union acting on its own cannot force municipal, provincial and federal governments to create the jobs that are needed for a healthy economy with acceptable standards of living and social services.

This membership has learned that one union acting on its own cannot convince either governments or employers to accept free collective bargaining — free from government intervention.

And this membership has learned that even with all the energies and all the resources of all trade unions in this country, the road to recognition, appreciation and achievement will not be without its setbacks, difficulties and,

COMMENT

CLC affiliation: What's in it for HEU members?

indeed, successes.

HEU's reaffiliation to the CLC can mean that HEU members will no longer be on their own and they can play a direct role with other trade unionists in the struggles to make our society fair and just.

For example, through the CLC, HEU members will be able to strengthen their trade union abilities by being part of the most important union education program in the country. The five stage program begins with weekend seminars in various communities around the province followed by the intermediate level week-long courses scheduled for later in the year. The CLC winter school at Harrison Hot Springs is considered to be the most advanced level of the CLC education program in B.C. and as such, a fundamental part of trade union education in the province.

The fourth stage of the CLC education program is its correspondence course. This course is specially geared to trade unionists who have been out of school for some time.

Finally, there is the eight-week residential program at the University of Ottawa. This program is designed to help trade unionists build upon their existing skills and knowledge.

From HEU's beginning in 1944, HEU members were direct participants in the Canadian trade union movement and especially at CLC labor councils around the province. For a period of 14 years, from 1970 to 1984, HEU was an independent union outside the house of labor. During these years, HEU was on its own in terms of education, organizing, research and collective bargaining. Although HEU actively grew from 8,500 members to 25,500 members, at the same

time, the strength of the government-employer alliance has grown just as steadily. The federal wage control program of 1976 to 1978 and the permanent wage control program of the provincial government that is now entering its fourth year are just two examples of this anti-worker alliance.

It goes without saying that things have changed since 1970. Back then, many may have thought that being an independent union in British Columbia would not interfere with continued success at the bargaining table and the legislature.

Today, there are few who think that such is the case.

Public sector unions now are in the process of developing a province-wide collective bargaining structure that will see more coordination and cooperation than ever before among public sector unions in upcoming rounds of negotiations.

This new collective bargaining structure would not be possible without the special unity within the Canadian Labor Congress and its affiliates including the B.C. Federation of Labor and the labor councils around the province.

If working people are to have any chance of stopping the relentless government-employer erosions of their job security, standard of living and social services, they must combine their strengths and act with more solidarity than ever before.

What's in the CLC affiliation?

For the members of HEU, it means being an instrumental part of the challenge and opportunity that is the workers' movement in Canada — it means being a decisive member of the purpose and the power that is the Canadian Labor Congress.

HEU invited back



Members of HEU's provincial executive seated at the B.C. Fed convention for the first time in 14 years.

After a 14 year absence, the Hospital Employees' Union is re-entering Canada's main house of labor.

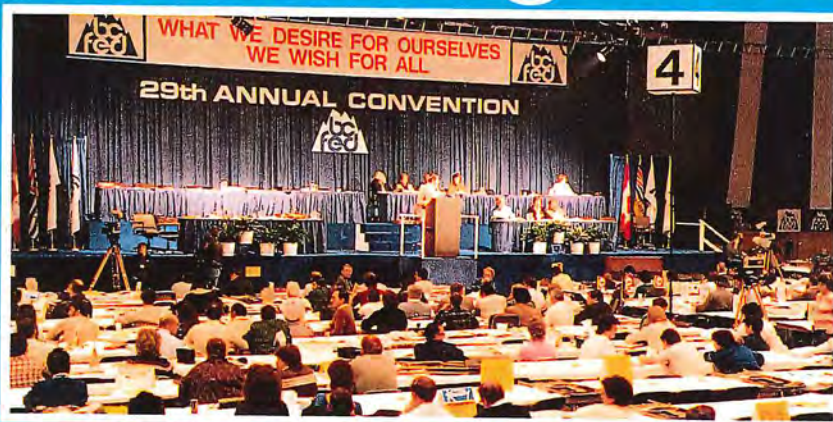
The four-year trial affiliation allows HEU to join the Canadian Labor Congress, the B.C. Federation of Labor and local labor councils across the province.

But what exactly will all this mean for HEU members? Why has the union been outside the CLC structure for so long? And what finally happened to permit HEU to rejoin?

IS IT TRUE THAT HEU WAS AFFILIATED TO THE CLC BEFORE?

Yes. HEU, which was founded in

B.C. Fed delegates welcome HEU



It could only be described as electric.

There was thunderous applause, cheers and standing ovations.

That was how 1,400 delegates to November's B.C. Federation of Labor convention greeted the news of the HEU's reaffiliation to the house of labor.

The announcement was made by Jack Gerow, HEU's secretary-business manager, and Jeff Rose, CUPE's national president, from one of the microphones on the convention floor.

Clearly, delegates welcomed the

break through with open arms.

HEU's 20-member provincial executive, watching the events from the visitors gallery, received a standing ovation from the convention. Following a short recess, the provincial executive was invited by convention motion to take their rightful place on the floor of the convention.

It was then official. For the first time in 14 years, HEU was a participant in the B.C. Federation of Labor.

Convention delegates and prominent union leaders lined up to con-

gratulate and welcome HEU back into the Fed.

In spite of its absence as an official member of the CLC, HEU has always adhered to Federation policy and has tried to maintain close working relationships with other trade unions.

Perhaps because of this, most unions have been anxious to reaffiliate HEU to the CLC structure.

And against a backdrop of impending battles between some in the Federation leadership, delegates clearly wanted some new signs of unity in the labor movement. HEU's entrance into the Fed was the signal many had been waiting for.

Of course, HEU's 20-member delegation present at the November convention will grow significantly to accommodate HEU's total delegate entitlement for the next convention. The 25,000 members of the HEU make it one of the largest unions in the province and as such, a powerful new influence at upcoming conventions.

into house of labor

1944, was a direct affiliate to the CLC up until 1963. In that year, HEU joined with other public sector workers across Canada to form the Canadian Union of Public Employees. After that time, HEU's affiliation to the CLC and other labor bodies was through CUPE.

WHEN DID HEU LOSE ITS AFFILIATION TO THE CLC, B.C. FED AND LABOR COUNCILS?

CUPE over disagreements on provincial autonomy and the amount of per capita payments. This, in turn, caused the union to lose its CLC affiliation.



HEU provincial executive member Nancy Macdonald exchanges the union pin with a Fed delegate.

WHY DIDN'T HEU THEN IMMEDIATELY REAFFILIATE TO THE MAIN HOUSE OF LABOR ON ITS OWN, AS A DIRECT AFFILIATE?

Because CLC policy opposes the reaffiliation of breakaway unions. Instead, the labor congress encourages non-affiliates (such as HEU) to affiliate first with existing CLC affiliates, thereby gaining automatic entrance into the congress structure. HEU, on the other hand, has always maintained that it was an independent union, with a direct affiliation, long before it



CUPE's Jeff Rose (left) and HEU's Jack Gerow announce the affiliation agreement at a press conference.



One of the major battles at the last B.C. Fed convention was the contest for the presidency. Above, candidates Art Kube, left, Joy Langan and Frank Kennedy, accept their nominations.

ever joined CUPE in 1963 and should therefore be accorded the same status again.

HOW WAS THIS IMPASSE BETWEEN HEU AND THE CLC BROKEN?

In November, HEU gained the support of CUPE in its bid to join the CLC. The break through came when CUPE agreed that HEU's application for direct affiliation to the CLC be approved for a four-year trial period, ending Oct. 31, 1988.

WHAT WILL HAPPEN DURING THOSE FOUR YEARS?

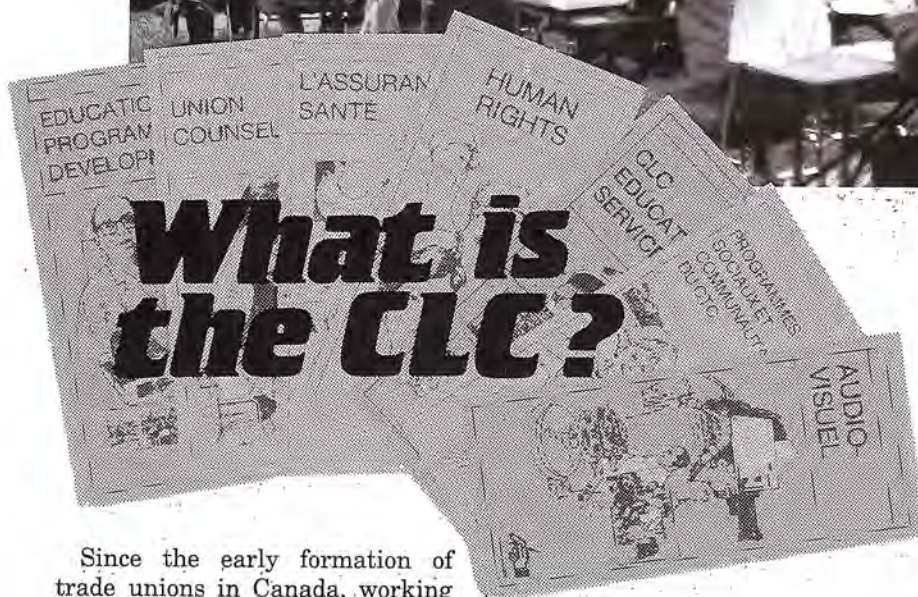
First, HEU will be a full, participating member of the 2.3 million member Canadian Labor Congress, the 220,000 member B.C. Fed, and local labor councils. This means HEU members will elect delegates to all of these bodies who will have a full vote on the policies and programs adopted. During the four years, HEU and CUPE will attempt to settle all outstanding affiliation matters before Oct. 31, 1988.

WHAT IF THESE DISCUSSIONS WITH CUPE ARE NOT SUCCESSFUL?

Then HEU will withdraw from the CLC before the end of 1988.

WHO WILL MAKE THE FINAL DECISIONS ON HEU'S AFFILIATION?

HEU members will make the final decisions during the trial period. Members have two biennial conventions (1986 and 1988) to debate and vote on this matter.



Since the early formation of trade unions in Canada, working people have recognized the need to join together to improve their working and living conditions.

Unions emerged out of the understanding that individually, workers were powerless to change

the conditions under which they were forced to work and to live.

Eventually, though, it became apparent that unions could not gain all their objectives over the

bargaining table.

So, trade unions formed central organizations to advance changes in areas such as labor laws, health care, safety, old age pension, education and social legislation.

In general the structure of these central labor bodies in Canada follows that of government. The major national organization in Canada is the Canadian Labor Congress which has a membership of about 2 million women and men.

The CLC, as it is popularly known, might be best described as labor's "federal government" because it devotes a major part of its efforts to matters of national importance.

In each of the country's ten provinces and two territories there is a Federation of Labor, chartered by the CLC. A union must be a member of the CLC in order to be a member of a provincial federation. Issues or events that fall within provincial jurisdiction become the responsibility of these federations.

In the same way, there are about 120 Labor Councils in communities across Canada. These councils devote much of their attention to regional concerns. As with the Federations, a union must first be a member of the CLC to participate in labor councils.

THE CLC

The CLC is, in a sense, a "union of unions." It is primarily a service organization and is composed of approximately 100 national and international unions.

Every second year the CLC holds a national convention where some 2,500 delegates attend to discuss resolutions that determine the policy to be followed by the CLC. Every local union is entitled to submit resolutions for consideration by the convention.

Members of the CLC have access to a wide variety of services. The congress has a sizeable research department staffed by economists who provide assistance to affiliated unions. This department keeps a running record of collective bargaining trends to help CLC unions in their bargaining strategy.

The CLC also conducts a cross-country education program that puts special courses within the reach of members of all CLC unions. Each year, 50,000 Canadian trade unionists take part.

Other CLC departments keep track of legislation; watch the political scene; give public relations assistance; maintain contact with workers in other countries, and knit together the CLC at national, provincial and community levels.

Perhaps most importantly, members of the CLC can count on each other's support in a time of need.

The strength of one union becomes the strength of many when workers join together in common cause.

THE B. C. FEDERATION OF LABOR

The B.C. Federation of Labor is the central body for almost a quarter of a million British Columbians who belong to unions.

Some 500 British Columbia unions belong to the federation and send delegates to its annual conventions. These conventions set down the policy and direction for the Federation during the following years.

Every second year, delegates elect 12 Executive Officers, of which the President and Secretary-Treasurer are full-time. These officers are directly responsible to, and under the instruction of the convention.

Affiliates who become involved in a collective bargaining dispute can call on Federation staff for assistance in co-ordinating support from other trade unions.

Like the CLC, the federation also provides assistance to affiliates in the areas of research, occupational health and safety and public relations.

LABOR COUNCILS

The role of British Columbia's 20 labor councils is to strengthen the position of the labor movement in specific local areas.

For instance, the Prince George Labor Council has been particularly active in mobilizing community support for the striking Canadian Tire workers.

The Vancouver and District Labor Council, the largest in the province, was instrumental in the formation of Operation Solidarity, a movement that brought unprecedented unity and action to workers everywhere.

Local labor councils are considered especially important in the way they bring together trade unionists living in the same community.

20 per cent of unemployed due to government cuts

The number of public sector workers in British Columbia was cut by 22,331 during the past year, according to figures released in July by the office of the Compensation Stabilization Commissioner.

The number of public sector workers has dropped to 128,410 this year compared to 150,741 last year.

This decrease in the number of jobs represents more than 10 per cent of the 215,000 people out of work in B.C., according to the official unemployment statistics.

If the economic multiplier effect produces at least one job in the economy generally for each job in the public sector, then about 20 per cent of the unemployment in B.C. can be directly attributed to provincial government cuts in programs and jobs.

That 20 per cent is approximately the amount that unemployment in B.C. is above the national average.

— Pacific Group

Special Enterprise Zones

A Sacred plan for "low-tech" labor ghettos in B.C.

By Dianna Rienstra

The fix is in, many would say.

And this time, it's between the Social Credit government and a small corporate elite that want to roll back the wages and working conditions of thousands of British Columbians and reap great profits at the same time.

The fix involves yet another government plan that is cloaked as an attempt to help save B.C.'s foundering economy.

And this time, the blueprint is in the form of legislation to permit the establishment of special enterprise zones (SEZs).

Premier Bennett and cabinet alike are trying hard to make the proposal look attractive to a voting public faced with the grim reality of unemployment and food banks, but most economists agree that SEZs are not the way to economic prosperity and health. We don't need labor ghettos in B.C., they say, we need to create jobs, not tax havens for business.

The SEZs would most likely be located along the coast of the province. They are designed to give industry cheap energy, low-rent land and buildings, tax breaks and

tariff exemptions. Businesses that locate in these zones will be exempt from some labor laws, benefit from reduced workers' compensation premiums and pay minimum wages.

The government's plan to operate SEZs is a last-ditch solution — a band-aid solution to give the illusion of providing temporary economic relief. The concept is prescribed by short-sighted economists to cure a rather large political headache called unemployment.

Economists at the University of B.C.'s Economic Policy Institute do not agree that manufacturing is the key to economic recovery. Unemployment due to the recession is a short-run problem, notes a position paper, and incentives for international capital to locate in B.C. a long-run solution at best.

B.C.'s growth policy should be aimed at increasing the return on the jobs that we do. Instead of concentrating on attracting foreign investors that pocket a large percentage of the profits earned here, we should be concentrating on wages and quality of life for B.C. workers. Instead of using them for low-wage, low-skill assembly work, we should be training them to assume roles that will eventually involve high-tech industries developed locally.

Premier Bill Bennett first announced his government's interest in SEZs last February in the throne speech. Apparently cabinet has been "pursuing the prospect" of establishing one or more of these duty free zones in B.C. since 1980.

At the October 1984 Social Credit convention in Penticton, both the premier and Industry Minister Don Phillips announced the impending legislation, right after the Ironworkers, Local 712 members voted down a sweetheart collective agreement with Amca International that would have provided substandard wages at an oil



module fabrication plant planned for Nanaimo's Duke Point Industrial Park.

Ironically, Duke Point is now one of the prime areas being considered by the Socreds for a SEZ.

TROUBLE FOR WORKERS

Labor Minister Bob McClelland has promised that these zones won't evolve into "labor ghettos or cheap labor havens," but history has proven otherwise. SEZs spell trouble for B.C. workers.

In the Vancouver Sun, Aug. 31, 1984, Phillips suggested that "union-free economic zones are needed in B.C." This suggestion could be implemented through the establishment of SEZs. NDP leader Bob Skelly is wary however.

"If the government is not going to create labor ghettos, it is only because the Socreds are already on their way to turning the whole province into a labor ghetto," he said.

Ben Swankey, a well-known labor historian and journalist says that SEZs threaten what B.C. workers have been fighting for since the 1860s when the first labor union was started in Victoria.

"I don't want to see everything we have earned taken away from us in one fell swoop," says Swankey. "This legislation will put us back to the third world. I am absolutely confident that this will lead to corruption and bribery in our government. The cabinet will decide who gets what and for how much."

Swankey points out that B.C.'s minimum wage is \$3.65, the lowest in Canada.

"With wages like that we may as well subsidize people instead of companies. Our economy will never recover if the workers have no money to spend," he says. "No one should be expected to work for less than a living wage."

Although the government has said it could implement these zones with or without federal participation, B.C. and Ottawa have already signed an economic development agreement to look at two of

the Social Credit government's pet projects — special enterprise zones and the establishment of Vancouver as an international banking centre.

The establishment of SEZs would require sweeping changes to legislation and regulations at all levels of government, starting with municipal zoning laws to provincial and federal labor laws.

The first proposed zone would be established at Roberts Bank in Delta. Phillips optimistically lists the industries in his "confidential" submission to cabinet as including world-scale automotive parts production, electronics, energy-intensive products and materials, fine papers and pharmaceuticals. Support services would include warehousing, finance and insurance and trade-related services such as customs brokerage and freight forwarding.

Observers note that the minister is indulging in wishful thinking. SEZs are likely to attract anything but high-tech manufacturers. "Low-tech" will most likely be the order of the day, with workers on an assembly line turning out everything from widgets to Christmas tree ornaments.

The main role for these zones is manufacturing for export using B.C.'s ready-and-willing labor force. In exchange for employing British Columbians, the government will create a sweetheart deal for foreign and domestic companies.

SEZs are not a new idea. As North Island NDP MLA Colin Gabelman, labor critic, points out: "It is an idea borrowed from the conservative, monetarist regimes of Margaret Thatcher and Ronald Reagan. These governments in turn borrowed the idea from quasi-totalitarian regimes in the third world."

FIRST SEZs IN ASIA

The first SEZs in Asia were created in Taiwan in 1965. They now exist in all the Asian market economy countries. Even China has jumped on the bandwagon; the post-Mao leadership created four zones several years ago and is

planning 18 more in the near future.

The zones in Pacific Rim countries are usually surrounded by barbed-wire and concrete and are policed by special forces. Land, buildings and power are provided by the host country, along with incentives in the form of tax holidays, subsidized credit, bargain exchange rates and much more.

A WORKERS' GHETTO

In Asia there are additional attractions. The zones are exempt from labor codes and standards, health and safety regulations, minimum wage laws and environmental controls.

These countries have a large population of unemployed people who are desperate for work. Jobs at 40-cents an hour sound attractive, regardless of working conditions. But this cannot be true in countries like Canada and the U.S. — working in tax havens can only be a step backward to jobs which are more dangerous and offer a lower standard of living.

One of the incentives for industry to locate in a SEZ is low wages, guaranteed by the absence of minimum wage laws and tight restrictions on union activity. Phillips has already stated the "need" for "union-free" economic zones.

This is the case in the Philippines where workers earn a mere pittance.

HEALTH & SAFETY AT RISK

Not only will the establishment of SEZs create a low-wage economy, workers will be putting themselves at risk in return for the employment they so desperately need.

In the Malaysian electronics industry, it has been estimated that the working life of employees is just four years — either they are physically exhausted or their eyesight has deteriorated to the point where they can no longer work at all.

Closer to home, the same scenario is being acted out in the U.S. free trade zones. According to the Occupational Safety and Health Administration, "(elec-

tronic workers) are continually exposed to carcinogenic substances such as acids, solvents and gases. Frequent complaints are acid burns, skin rashes, nausea, dizziness, lung trouble, swollen eyes, urinary tract and other problems."

Electronics has been placed on the administration's list of high health risk industries, using the greatest amount of hazardous substances.

It is this very electronics industry that the Social Credit government hopes to attract to British Columbia's special zones.

Even proponents of SEZs, such as the right-wing Fraser Institute, reluctantly admit there are high social and economic costs to be borne by the public. It's a trade-off where the people lose.

A BAND-AID SOLUTION

The question that must be asked is whether the government is trying to create an illusion to appease an angry voting public. If Bennett's government is really trying to create jobs, why balk at all of the traditional approaches? Observers agree — the answer does not lie in creating a false stimulus to the economy, this time in the form of manufacturing.

In his submission to cabinet, Phillips says the province cannot attract investment without concessions "given present-day cost and regulatory considerations."

But just how far is the government willing to go to get around this cost and the labor laws protecting B.C. workers?

According to the B.C. Federation of Labor, an organization representing 220,000 workers through 500 trade unions, SEZs are not a solution to our employment problem. Spokesman Tom Fawkes believes the government is trying to cover up the fact that its restraint program is a failure. Promises that our economy will improve if British Columbians just "tighten our belts" never materialized.

"In his submission to cabinet, Phillips admits that the government's program for economic

recovery is not working," says Fawkes. "They are the ones that are responsible for the cost and regulatory conditions. Their plan to establish (SEZs) is typical of the premier's inability to look beyond the initial buck. They will not do us any good at all."

Gabelman agrees: "Like other Sacred pipe-dreams, enterprise zones do nothing to address the real problems working people face in every community because of the government's mismanagement of the economy."

Economists argue that setting up mini Hong Kongs in B.C. will lower our standards of living. SEZs will simply lower wages, put B.C. workers into low-skill jobs paid for with government subsidies.

WHO WILL BENEFIT?

Observers say no one will benefit from the establishment of these labor ghettos except the companies locating in them. There is nothing returned to the economy except a work force with no money to spend.

"It's just a free ride for the companies who choose to locate here," says Fawkes — "They give nothing and get everything."

These zones will create jobs that will eventually be lost in other parts of the province or country. In the long run, they will create havoc in the existing economy. Workers in democratic countries can't compete with workers in the third world being paid less daily than we pay for a hamburger. The companies located in developed countries end up competing against companies within the same country.

Although the intent is to ship all goods produced in SEZs out of the country, Fawkes says there is nothing to guarantee that goods produced in these zones wouldn't come back into Canada after being shipped offshore.

"How can we trace everything? I could manufacture artificial lung machines here with components made in Taiwan. I could export the finished product duty-free, ship it

to Seattle, repackage it and ship it back to Canada. With cheap wages and materials and minimal duty, I'd be laughing."

After a superficial stimulation to the economy, the manufacturer is the one who wins in the long run. While enjoying a free ride in the SEZs, these manufacturers render the established ones uncompetitive and those jobs are lost.

DEJA VU

In the U.S., thousands of unemployed people eagerly abandoned the once lucrative high-wage regions of the Northeast. Lured by the prospect of finding jobs, workers moved to the low-wage economic zones (similar to SEZs) in the Southwest. This seventies phenomenon led to an increase in poverty and a decrease in real wages.

In Britain, commercial areas located near the 12 SEZs have become industrial wastelands as firms boundary hop and locate in the lucrative zones.

The U.S. and Britain are two industrialized countries that have tried adopting SEZs. It did not work.

In Canada, history has proven that money does not cure all economic ills.

A POLICY REVERSAL

We have already tried throwing tax dollars at our unemployment problems and it didn't work. The Liberal government tried to bolster investment in the sixties when they created DREE — the Department of Regional and Economic Expansion. Regions of high unemployment were targeted by this agency and money was given away to anyone who wanted to try and set up a new business or industry. DREE died a quiet death and no one mourned.

Bennett loathed the concept of DREE, but today, 20 years later, he is attempting to do the same thing. Instead of handing out money to eager entrepreneurs, he simply won't collect it. It will cost the same in the long run, but it is

politically more expedient to cite a revenue loss instead of a capital expense — especially from a government that is preaching restraint and cutting back on social programs.

WHAT CAN BE DONE?

Swankey is hoping the business community will rally behind those who vehemently oppose the establishment of SEZs. Skelly and his colleagues are still considering joining the trade union movement in actively opposing the introduction of SEZs and, in Ottawa, Vancouver Kingsway MP Ian Waddell has already voiced strong opinions against them.

He has said that SEZs would in effect be "Little enclaves of the third world" — a step backwards for all British Columbians. Waddell also said after reading a study of the zones published by the Fraser Institute that the zones set up in the U.S. and abroad are "anti-worker and anti-union."

Fawkes agrees and says that the best way to prevent the establishment of SEZs is to defeat the government proposing them: "That is the ultimate solution, but we don't have an opportunity to do that yet. We can't let them get away with this one."

There is an alternative. Fawkes points out that corporations like a stable political climate in the country they are investing in.

"In third world countries the government is usually solidly in control and in a position to crush any opposition to it. If there is protest, they won't want to be part of B.C. We have already proven to the government that we can rally the working population," says Fawkes. "We showed them that with Operation Solidarity, didn't we?"

If B.C. is going to compete with SEZs in Asian countries in order to garner a few low-paying jobs, social and economic concessions will have to be made. The voters have to ask themselves whether this is the kind of economic development they want in British Columbia.

Free trade zones a failure in U.S.



The notion of special enterprise zones may be new to us, but they're old news in the U.S. The Americans have already embraced this third world solution — they looked at free trade zones (the U.S. term) as a means of getting the country back on the long road to economic recovery. The short cut simply did not work.

There are 104 free trade zones in the U.S., but just 70 of these are operational. In fact, only 30 per cent of the space in these zones is being used at all. The warehouses once expected to be full of duty-free goods waiting for export stand empty — a hollow testimonial to a dream that has resulted, so far, in disappointment.

The free trade zones in the U.S. are not fortresses surrounded by barbed wire and guarded by special police. They take the form of huge warehouses, usually located near a major port and managed by the local federal Port Authority.

In Portland, Oregon, the Port Authority has been managing the free trade zone for three years now. Industries located within the zone only to find themselves involved in general warehousing activities. No major volumes developed, and as a direct result, no jobs.

We should take a close look at the U.S. experience. Portland, like Vancouver, is a city that boasts half the state's population. It is the gateway to industrial production in the state, and like Vancouver, is suffering the devastating effects of slumping markets in a resource-based economy.

The empty warehouses are more than a bleak indication of a stagnant economy — they are proof that free trade zones, or special enterprise zones, are not a feasible way to get our economy back on track.



The federal government's plan to deregulate air services will be a costly one for the Canadian public. What consumers may initially gain in attractive, cheap air fares, they could lose in the long run.

The trade-off will be lower safety standards; reduced, expensive service to smaller communities; more unemployment; higher taxes and eventually, higher air fares.

Deregulation means that airlines do not have to obtain government permission before lowering or raising fares, offering discounted fares, flying new routes and abandoning existing ones.

The Canadian Transport Commission (CTC) determines the type and frequency of air service, approves or denies applications to start or abandon routes and decides whether fares should be raised or lowered.

Under the present system, for example, an airline could not start a twice-daily service between Vancouver and Penticton without permission from the CTC. Residents of small centres such as Hallbeach are served twice weekly by Nordair. They enjoy dependable service because the company cannot abandon that route without permission.

According to the Vancouver Joint Council of Airport Unions, these restrictions on fare and route competition have contributed to the financial stability and relatively peaceful labor relations in the airline industry. Passengers have benefited from the safe, efficient service provided by a stable and experienced work force.

The former Liberal Minister of Transport, Lloyd Axworthy, was in favor of allowing air carriers to set their own fares without government interference. Deregulation

Airline deregulation Let the passenger beware!

would increase the competition amongst the airlines, he said, allowing consumers to take advantage of the lowest fares possible.

According to Larry LeBlanc, president of the Canadian Air Line and Flight Attendants Association (CALFAA), the conservative government is also in favor of deregulating the industry. LeBlanc, along with other representatives of the Vancouver Joint Council of Airport Unions, representing eight unions and more than 6,000 employees in and around Vancouver International Airport, went to Ottawa last fall and met with Transport Minister Don Mazankowski.

"He listened to us, but he was not at all sympathetic about our concerns," says LeBlanc. "There is no question that the government will implement deregulation as soon as possible."

In 1978, the Deregulation Act was passed in the U.S., allowing carriers to start or abandon routes at will and charge whatever fare they desire. The result, says LeBlanc, is total chaos.

In a bulletin to 6,000 CALFAA members across the country, he cited the U.S. experience: "During the past five years, cutthroat competition has resulted in the bankruptcy of a dozen airlines and heavy financial losses to many oth-

ers, reduced and erratic service to American communities, massive layoffs and union concessions in wages and working conditions."

Says LeBlanc: "We haven't learned our lesson from the U.S. yet. The end result will be a relaxation of safety procedures and fewer inspectors. It is crucial the public understands this."

Safety is his major concern. He points to a recent disaster in Reno, Nevada. On Monday, Jan. 21, 1985, 68 people were killed when Galaxy Flight 203, enroute to Minnesota, crashed into an RV sales lot shortly after takeoff.

Although the cause of the crash has not yet been determined, two propellor blades were found one kilometre from the wreck and there is a possibility of engine failure.

The pilot told the control tower he wanted to land because the plane, a Lockheed Electra Turboprop, was vibrating so violently. It was too late. Only three people survived.

In April, 1983, American Airlines stopped using mechanics to make regular pre-takeoff inspections of an aircraft. Flight crews do that job now and mechanics inspect only when a problem shows up. The unions have protested that the new policy has endangered



safety, saying that only mechanics have the skill and the time to inspect properly.

According to U.S. Flight Safety Foundation President John H. Enders, deregulation has led to a deterioration of services.

"Deregulation of U.S. air carriers has fostered economic conditions that have, in many cases, necessitated reductions in medical, meteorological, engineering and safety staffs, while at the same time, governments, in their own cutbacks, have reduced the number of safety inspectors," Enders wrote in 1983.

LeBlanc notes that the number of American operations inspectors declined from 407 in 1980 to 300 in 1984 and the number of airworthiness inspectors went from 233 to 200 in the same period.

"Do you think Brian Mulroney will hire more inspectors and enforcement personnel in Canada?" he asks. "He is trying to reduce the civil service. The question is, what incentives will air carriers be given to improve safety standards beyond the minimum required by law?"

In fact, the minimum required by law falls short, according to a 1979 federal Commission of Inquiry into Aviation Safety. Representatives from the aviation community who appeared before the Dubin Commission advocated upgraded regulations and stricter enforcement procedures.

Mr. Justice Charles Dubin had

this to say about Canada's aviation safety record in his final report: "The present legislation is completely inadequate and many of the safety standards are presently of doubtful legal validity ... enforcement should play an important role in an accident prevention program. It is presently not doing so ... and that is one of the reasons why the Canadian aviation safety record is not as good as it should be."

Two years after Dubin's report was published, three major incidents occurred which increased public alarm over aviation safety.

May 12, 1983 — An Air Canada DC9 landed in a blizzard at Regina and slid off the runway.

June 2, 1983 — An Air Canada DC9 made an emergency landing at Cincinnati after a fire erupted in a lavatory. Twenty-three people died.

July 23, 1983 — An Air Canada B-767 enroute from Montreal to Edmonton ran out of fuel and glided to an emergency landing at Gimli, Manitoba.

If, as Justice Dubin pointed out, the aviation community did not take safety standards seriously in the regulated environment of 1980, what will happen under deregulation in 1985?

The Vancouver Joint Council answered this question in their March 1984 brief to the CTC. Council members believe air carriers will simply slash costs wherever possible in order to provide the cheapest fares in a deregulated climate of all-out competition. Certain operating expenses such as fuel, landing fees, parts and supplies are not controlled by the companies. However, safety is a controlled cost and this is one of the areas which may be compromised in a competitive environment.

LeBlanc says Canadian consumers could end up paying higher taxes because of the loss of jobs caused by deregulation. In the U.S., total airline employment has dropped by 37,000 people since 1980.

Maintaining vital air links to Canada's north is costly. Who will pay for this service when the larger companies pull out of these least profitable routes? In the U.S., 351 of 668 communities have suffered reduced air services and 106 of these communities in 31 states have lost service entirely.

Initially, Canadians may enjoy cheap air fares but eventually, consumers may end up paying higher rates in outlying areas where new operators will enjoy a captive market. On heavily travelled routes, rising operating costs and reduced demand will force major carriers to raise fares in order to survive.

Should Canadian consumers be forced to accept deteriorating flying conditions in exchange for cheap air fares to a few selected locations?

LeBlanc says no.

"We have to educate the public and get them to lobby their politicians to speak out against deregulation. It's not only my members (flight attendants) who will be flying under these conditions, it's the entire public. It's serious business."

FRONTLINES

Tell Eaton's to cut it out!

The B.C. Federation of Labor has thrown its full support behind a call by the two-million member Canadian Labor Congress for all trade unionists to stop shopping at Eaton's.

The national boycott of all Eaton's stores has been launched in support of a strike by 1,500 Eaton's employees in six Southern Ontario stores.

The union members, mostly women, have been on strike for a first collective agreement since Nov. 30, 1984.

Jack Gerow, HEU secretary-business manager, said he hopes HEU members will respect the boycott and stop shopping at Eaton's.

CLC President Dennis McDermott said that since joining the Retail, Wholesale, Department Store Union last spring, the employees have had more than 25 meetings with the T. Eaton company, but did not receive a formal offer from the company until they went into conciliation.

"Even then," McDermott said, "the company

refused to confirm existing working conditions in writing such as bereavement leave, statutory holidays, pension plans, vacations and others. It still refuses to include wages and classifications into the agreement."

To support the strikes, the CLC is calling on Canadians to stop shopping at Eaton's; to cut up their credit cards, and to write Eaton's to tell them why they are supporting the boycott.

Art Kube, president of the B.C. Fed, said a boycott would be effective if the store suffers a 10 per cent loss in sales.

"This is the difference between a profit and a loss," Kube said.

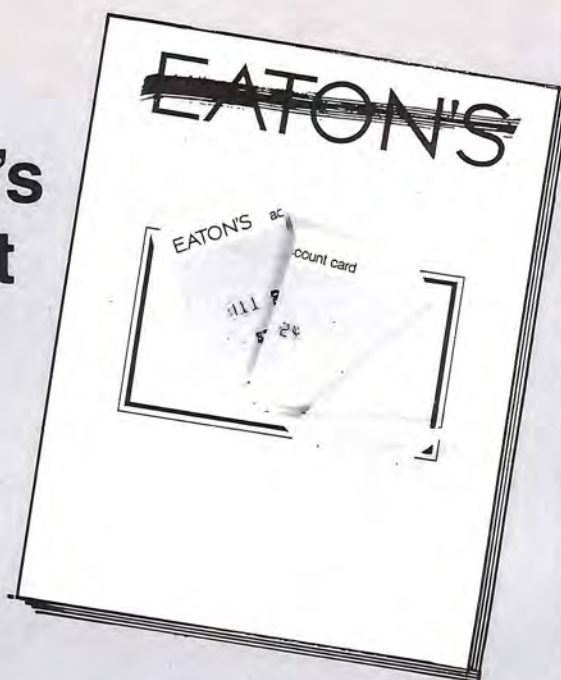
To help raise consumer awareness of the boycott, information demonstrations have been held throughout British Colum-

bia at Eaton's stores in interior B.C., Vancouver Island and in the Lower Mainland.

The CLC has mounted the nation-wide campaign because it considers the merchandising giant has a long anti-union record dating back to its successful efforts to break a union organizing drive in the early 1950s.

McDermott has pledged that the entire labor movement in Canada will back up the strikers.

"We are determined to prove to the T. Eaton Company that the fight is not between a corporate giant and a few hundred of its employees in Ontario ... Eaton's has, in effect taken on the entire labor movement and must now deal with its employees in a fair and decent manner or face the consequences of its actions."



Extended Health Plan deadline

The deadline for filing claims with CU&C Health Services Society for 1984 Extended Health Care Plan expenses is June 30, 1985. Claims for 1984 expenses received after that date will not be accepted.

The CU&C Extended Health Care Plan, to which many HEU members and their dependents belong, covers a portion of the costs of prescription drugs, eyeglasses, hearing aids and ambulance trips.

Special Note: If prescription drug receipts exceed \$175 for the year, you must claim first with the government Pharmacare plan by March 31, 1985 and then submit all receipts to CU&C by June 30, 1985. The extended health plan will then reimburse you for 80 per cent of the portion not already covered by Pharmacare.

Extended Health Care Plan claims must be submitted on a special Extended Health Care claim form and sent directly to CU&C Health Services Society. These are available from the personnel office at your health care facility.

FRONTLINES

CUTBACK

A new round of health care cutbacks is being imposed on British Columbia hospitals and indications are the situation will become even more critical after the new health budget is announced in March, 1985.

Sources inside the Ministry of Health have indicated the 1985-86 budget will be frozen with some programs experiencing cuts of two or three per cent.

In fact, the health minister himself has publicly

confirmed those intentions.

Speaking to a meeting of British Columbia Health Association trustees, Jim Nielsen said his government's economic restraint will continue. "The last two years were just practice," he said.

Already, thousands of health care workers have been laid off or had their hours reduced as hospitals around the province scramble to make up shortfalls in 1984 funding levels from the provincial government.

Farmworkers seek help

Beleagued farmworkers are reaching out to all trade unionists for financial assistance to carry out the struggle for better health, safety and working conditions on B.C. farms.

The Canadian Farmworkers' Union has established a fund known as the Farmworkers Sustainers Club to help support the union's financial needs.

The CFU says it must seek outside help because it will be a number of years before membership dues can sustain the organization.

Funds from the Sus-

tainers Club will be used to hire and train farmworkers as union organizers.

Club members receive copies of the union publication, *The Farmworker*, a membership pin, reduced admission to CFU public events, and a yearly party for club members.

The CFU is asking people to consider making a monthly contribution of \$10 or more for 12 months. Post dated cheques should be payable to: The Farmworkers Justice Fund, CFU, 4730 Imperial Street, Burnaby, B.C. V5J 1C2.

Jack Gerow, HEU secretary-business manager, says a budget freeze does not mean things will stay the same, it means they'll get worse.

"For the sick and injured in the province, it means longer waiting lists and more suffering. For the health care worker it means unemployment or heavier workloads," says Gerow.

Particularly hard hit has been Vancouver General Hospital where up to 250 jobs have already been eliminated. Areas that have suffered severe cutbacks include Long Term Care, Women's Counselling, Infection Control, Adolescent Psychiatry, and the Tuberculosis and Emergency departments.

In December, the hospital closed 160 beds in an attempt to cope with a \$1.4 million deficit. At the date of publication, these beds still remain closed.

At Prince George, 1,900 people are waiting for beds and still there are 80 beds at the hospital that remain closed

due to insufficient funds. There have been recurring reports of emergency patients laying on trolleys in the out-patient ward as the hospital scrambles to find room.

Administrators at Shaughnessy Hospital in Vancouver closed five of seven operating rooms for four weeks in December. Nearly 100 beds were put out of service and four wards were closed.

And at Royal Columbian Hospital in New Westminster two neurosurgeons quit to protest the shortage of funds and equipment at the hospital following the death of a stroke victim.

Kamloops Hospital has reported a waiting list of 1,000 while Kelowna General Hospital has cut 30 full-time jobs, including the hospital chaplain.

Without question, health care facilities everywhere are feeling the squeeze. At one hospital, union members have joined together to form a local Action Committee. HEU, BCNU and HSA members at Vancouver General hope the committee can help make both employees and the general public aware of how serious the cutbacks have been.

The Hospital Employees' Union plans to pressure the government to restore health care funding to adequate levels and rehire laid off health care workers.

A program of action is currently in the development stage.

New WCB policy hurts those already hurting the most



There was little surprise when news leaked in January that the Workers' Compensation Board had placed a gag order on their employees.

WCB managers, headed by Chairman Walter Flesher, warned staff to refer all inquiries from the provincial Ombudsman's Office to department directors.

Never mind that such a move was a reversal of past policy and possibly a violation of the Ombudsman Act. When you're cutting costs wherever possible, you don't want the public's watchdog snooping around on behalf of dissatisfied injured workers.

And there have been more and more disgruntled workers since

Flesher assumed power at the WCB in December, 1983. That's why the B.C. Federation of Labor has called for a public inquiry into the board.

Says Fed Secretary-Treasurer Cliff Andstein: "(Labor Minister) Bob McClelland is doing the bidding of employers in WCB matters. Instead of pointing out to employers that if they work to reduce the number of accidents their assessments would go down, he lets them off the hook."

It has become accepted that Flesher was a political appointee, charged by the Socreds with the task of cutting the WCB's services and costs in order to reduce employer assessments. That belief has been borne out with every month.

In February, WCB documents were leaked to The Vancouver Sun showing that the board's expenditures on vocational rehabilitation

had been slashed by \$752,431 — a 14 per cent cut — since Flesher's appointment. So steep was the drop that the WCB's monthly average expenditures on rehabilitation declined by 57 per cent between December 1983, when Flesher was appointed, and 12 months later.

Before Flesher's arrival at the board, rehab costs had been rising as they have continued to rise for most other WCBs across Canada.

The same newly-appointed managers who are cutting assistance for injured workers looking for new jobs, are also continuing to refuse to implement safety regulations on farms despite a Victoria inquest jury's call for the enforcement of WCB regulations on farms.

The jury was investigating the death of Dina Pedro, a girl who drowned after falling into an



uncovered and unattended tank containing pesticide on a farm in Saanich where her father worked.

Farms have to be registered with the WCB but are not compelled to follow its safety regulations. The WCB is drafting guidelines for farmers to follow but those won't be ready until July and won't carry the legal weight of regulations.

The labor movement fears that the Socreds and Flesher intend to take the "deregulation" model they've adopted with agriculture and extend it to other industries.

Flesher has said that the WCB is studying the possibility of self-regulatory guidelines in enforcement of occupational health and safety rules.

Not surprisingly, the key prevention services department of the WCB is being run by the former manager of employee relations for the Business Council of B.C., Bill Greer.

It appears, as lawyer Calvin Sandborn has pointed out, that big business is trying to refight a battle that B.C. workers won over half a century ago. The issue was whether work accidents and dis-

ease are part of the cost of production or not.

"A product's price must pay for rent, machinery, raw materials, and so on. If the price must pay for the repair of machinery, shouldn't it also pay for the repair of workers?"

It's unclear how Flesher would answer that question?

Especially considering how he recently froze employer assessments for the second year in a row, a move estimated to save industry \$32 million in payments.

Flesher said the freeze will not affect services but the recent revelations about rehabilitation funding makes that claim dubious.

Not to mention how the freeze follows cuts of about 190 employees, or 12.5 per cent of the WCB's staff, and the closure of four area offices.

The board also drastically cut its engineering services branch and its hearing branch. And in mid-1984, the WCB ruled that five types of benefits, including subsistence allowance, will no longer be adjusted to match increases in the cost of living.

The WCB's unionized employees

won a small victory in late 1984 when an arbitrator ruled that the board violated its collective agreement when it closed the hearing branch. Union spokesman say the award should make the WCB think twice about shutting down other departments. While the Socreds are moving to curb the board's generosity, it's also making it more difficult for injured workers to appeal WCB decisions.

A cabinet order-in-council passed in December removes the right of injured workers to a hearing when they are appealing at the WCB Boards of Review.

The changes mean workers will have to submit in writing their reasons for appealing the decision before they have been fully informed of the medical basis for the board's rejection of their claim.

Union officials predict this cumbersome practice will only increase the estimated backlog of 4,500 appeals and will be especially harsh on unorganized workers who can't rely on union staff for support.

It's just another example of Socred policies hurting those who are already hurting the most.

FRONTLINES

Hazards of VDTs



V.D.T's STRESSFUL? NONSENSE!
ASK BILL HERE... BILL...UH BILL...
BILL!!

Ottawa — The use of lead aprons is inappropriate and possibly hazardous to the health and safety of operators of VDTs, says the Canadian Centre for Occupational Health and Safety.

The centre says lead aprons protect only against x-rays, and not

against the very low frequency non-ionizing radiation that is the major concern with VDTs.

The lead apron serves no useful purpose, says the centre, and, in fact, the wearing of the heavy apron could cause postural problems and place extra weight on the fetus.

Free riders club

I am opposed to all unions, therefore I am opposed to all benefits unions have won through the years, paid vacations, paid holidays, sick leave, seniority rights, wage increases, pension and insurance plans, safety laws, workers' compensation laws, Canada pension, time-and-a-half for overtime for hours in

excess of eight in one day and 40 in any one week, unemployment benefits and job security.

I refuse to accept any benefits that were won by the unions and hereby authorize and direct the company to withhold the amount of the union-won benefits from my pay cheque each week and donate it to charity.

sign here

BOYCOTT'S BOYCOTT'S

Union members around the province are being asked by the B.C. Federation of Labor to boycott the following products and companies until labor disputes at these firms are settled. In all cases, the Federation has called a boycott at the request of the unions who represent workers at these companies in the hopes of pressuring management to settle long outstanding disputes.

• **Eaton's** (all locations)

• **Canada Trust** (all locations) This is new on the boycott list. The CLC is calling on Canadians to withdraw all money and refuse to do business with Canada Trust until it settles a dispute with its employees who are trying to win a first collective agreement in Cambridge, Ontario.

• **Canadian Tire** (all locations)

• **Kern Chevrolet Oldsmobile & Jiffy Markets** (all locations)

• **U.S. lettuce** (Red Coach, Donny, Big Fred, SAS, Big A, Bobby & Andrews brands)

• **Procter & Gamble** soap products (Liquid detergents: Ivory, Joy and Dawn. Powder detergents: Tide, Cheer, Oxydol and Bold. Bar soaps: Zest, Camay and Ivory)

• **Louisiana Pacific Corporation, Forest Products** (Construction material, Waferwood Construction Panels, Pabco Xonolite insulation, Weatherseal windows and doors)

• **Sandman Inns**
• **Chilean Products**
• **South African Products**

HOT EDICTS — The Federation is asking that no supplies and services of any kind be delivered or extended to these firms until disputes are settled.

• **Slade & Stewart Ltd.**

• **Okanagan H.R.I. Supply Ltd.**

• **Canadian Tire** — Prince George location

• **Stevenson Construction** — Pennyfarthing site

• **Purolator Courier**
• **Johnson Industries Ltd. — Richmond**

• **Kern Chevrolet-Oldsmobile**

MILESTONES

After 25 years of service, Noella Roy of Dawson Creek & District Hospital, plans to retire from her position in the laundry department.

Alexander McCooeye, former unit president, shop steward and vice-president, retired from his position of maintenance man at Wrinch Memorial Hospital on December 31, 1984 following 10 years service.

Brother McCooeye recently enjoyed a trip to Spain with his wife.

Violet Wallace, a supervisor in the laundry department of Kamloop's Mount Paul Private Hospital, retired on August 30, 1984.

Sister Wallace plans to

stay at home and enjoy life.

Following a party put on by her co-workers, Eva Bozak, a licensed practical nurse at Willowhaven Private Hospital, retired in September, 1984.

During her 12 years of service, Sister Bozak held the position of chairperson from 1978 to 1983 and vice-chairperson until September, 1984.

Sister Bozak's retirement goal is to have a greenhouse.

HEU members at Burns Lake Hospital would like to extend their thanks and best wishes to two nurse aides; Margaret Martens, who retired on Nov. 1, 1984

and Margaretha Claassens, who retired in October, 1984.

Sister Martens plans to enjoy her free time and do some gardening while Sister Claassens plans to travel and to "take life easy."

Frances VanderVaart, a central supply aide at Bulkley Valley District Hospital, is retiring in late March. Sister VanderVaart has worked at the hospital since 1970.

Her immediate plans are to take a seven-week trip to Holland and Indonesia. Upon her return, Sister VanderVaart plans to catch up on all the activities she has wanted to do for years.

John Brouwer, a laundry worker at Smither's Bulkley Valley District

Hospital is retiring at the end of March. Brother Brouwer has worked at the hospital since 1967.

Following his retirement, Brother Brouwer plans to move to Australia with his wife to join his son, two daughters and three grandchildren.

Eva Lyn, an HEU member in the administration department of Richmond General Hospital, is looking forward to visiting family members living in the United States following her retirement.

Pamela McCaffery is also retiring from her position in the general office at Richmond General Hospital. Her retirement plans include a trip to Hawaii and then — "who knows."

LETTERS

An open letter to Health Minister Jim Nielsen

On May 26, 1984, I was admitted to the Royal Columbian Hospital with a heart attack.

To say the least, it was a rude awakening to the "New Reality" of hospitalization in British Columbia.

I could go on with a lengthy letter describing the run-down building and fixtures and the mini-

mal "emergency care" offered.

I could also go on to say that in my estimation the only reason that this institution is functioning at the emergency level of care is entirely due to the quality and dedication of the staff that are left to man the beds your government has not shut down.

How can your government and your ministry morally justify something like Expo 86 ahead of the best of health care for its citizens.

My brush with the system has offended me and certainly opened my eyes politically.

Neville Beddome
White Rock, B.C.

A Special Thanks

The members of the Burnaby unit would like to extend a special thanks to the outgoing provincial executive.

Our warmest wishes go out to Gordon MacPherson, Maurice Smith and Gordie Meagher, whose services in the past years have been greatly appreciated.

Also, our best wishes to the incoming members of the new provincial executive. Good luck in the next two years.
Robbin McCurrach
Secretary-Treasurer
Burnaby Unit

LETTERS

An Open Letter to all HEU members in newly certified units

Our unit has been certified since September 1983 and has, as of August 1984, finally reached our first collective agreement.

We have struggled, as you are now, to achieve a contract, and let us assure you that the fight

for a collective say at your workplace is well worth it. All too often it is the unit executive and the union supporters that take the blame for undue delays in negotiations, unfair contract offers by employers and general

unrest and frustration by your co-workers.

We would like to extend our thanks and appreciation to you and your members, for as you struggle and eventually succeed, the health care workers throughout the

province succeed.

Contract or not, you are truly our brothers and sisters of the Hospital Employees' Union. On behalf of the membership at the Parksville Unit, we wish you well.

Steven Gilmour
Parksville Unit

Units donate to Op Sol

On behalf of the HEU provincial executive, a special thanks is extended to the St. Paul's unit for its \$975 donation and to the Vancouver General unit for its \$1,818 donation as their per capita payments to Operation Solidarity.

It is indeed encouraging when large units like St. Paul's and Vancouver General support the con-

vention's decision to continue our involvement with Operation Solidarity to the extent of paying the one dollar per member per year that is required of affiliated unions.

Again, thank you, not only for your donations but also for your expression of support.

Mary LaPlante
Financial Secretary



HEU's Royal Columbian Hospital unit recently unfurled its new banner. Pictured below, from left to right, are Annette Wilkins, Assistant Secretary Treasurer, Clint Hage, Trustee and Gordon Tilley, Trustee.

FRONTLINES

Canadian auto workers to split from international

TORONTO — In a move that may help set a new course for the Canadian trade union movement and have far reaching implications for international unions, the Canadian section of the United Auto Workers has voted to leave the international UAW and establish an independent Canadian organization.

The history-making decision was taken by the UAW's Canadian Council at a meeting here Dec. 15, 1984. The move will not be opposed by

the union's international executive.

Canadian UAW Director Bob White says a specific timetable has yet to be worked out for implementing the split and that it will take a few months. The decision to leave came after the international rejected four propositions presented by the Canadian members. They called for complete control over Canadian bargaining, control over Canadian staff members, freedom to merge with other

unions in Canada, and direct access to and control over UAW strike funds.

"I woke up Tuesday morning (December 11, after the international had refused to accept the Canadian propositions) to a new day for our union and feeling good about the exciting time ahead to move forward with a new organization," White said.

International President Owen Bieber said he hoped friendly relations would continue between

the two unions, a sentiment shared by White. The UAW international board said in a statement: "We are a democratic union, and if the members of the UAW in Canada are convinced that their future is best served by separation, they may elect to withdraw."

The split will end a 49-year connection between Canadian auto workers and the international UAW. About 10 per cent of the UAW's 1.3 million members are Canadians.

The big myth about the deficit

Canada's corporate elite doesn't pay its fair share of taxes

By Ben Swankey

Before the September, 1984 federal election, Brian Mulroney agreed with most Canadians that jobs was the number-one issue facing Canada. He promised that within months of taking office, thousands of new jobs would be created by his government.

But after the Tories took office, they quickly changed their tune. Suddenly, the budget deficit became the number-one problem. It must be reduced, they said, before Canada can take the road to economic recovery. It was an example already set by Premier Bennett, who *after* he was elected, declared that government must be drastically downsized and a severe restraint program introduced.





In taking this line, the federal government echoes the views of the corporate sector as voiced by The Royal Bank (assets \$88.5 billion and profits last year of \$450 million); The Business Council on National Issues (the blue ribbon corporate group of 150 major corporations with assets of \$650 billion); the Canadian Manufacturers Association; the National Citizens Coalition, and the Fraser Institute. All of them have been pressuring the government to consider the deficit as Canada's key problem and to reduce it by cutting social programs such as unemployment insurance, old age pensions, medicare, family allowances and public education.

Why this sudden concern about the federal deficit? Why are social programs being singled out for attack? If the deficit needs cutting, is that the only way to do it?

How serious is the federal deficit?

Federal Finance Minister Wilson says that this year the deficit will be about \$34.5 billion and that this year's budget will be about \$100 billion. That means that for every dollar spent, almost 35 cents will be borrowed.⁽¹⁾

Every country in the western

world operates on a deficit. Some are smaller than Canada's, others are bigger. But they all manage to live with it.

How serious is the national debt?

The national debt (the total of unpaid borrowings by the government) has been growing over the years. In 1960, it was \$12 billion, in 1970 \$16.9 billion, in 1980 \$68.6 billion and in 1983 \$122 billion (estimate).⁽²⁾

Interest payments on the national debt rose from 11.7 per cent of federal revenues in 1975 to 24.8 per cent in 1983.⁽³⁾

Should the deficit and the national debt be reduced?

Of course that would be desirable. But that is not Canada's number-one problem, nor is it essential to economic recovery. Furthermore, there are effective ways of reducing both without any cuts to social programs.

Why is the deficit so high?

There are several contributing factors:

1. High interest rates paid on money borrowed by the government, ranging in the last few years from 10 to 19 per cent.

2. The severe economic recessions we have had in the past few years which caused some government revenues to fall and some government expenditures (for example unemployment insurance) to increase.

3. Big corporations have been able to avoid paying their fair share of income taxes. Here are some examples:

- special concessions available to corporations and the wealthy (in income tax circles they are called "tax expenditures.") The government loses more than \$30 billion each year because of these exemptions⁽⁴⁾
- huge subsidies and direct grants to corporations which this year will amount to \$7.4 billion⁽⁵⁾; the corporations get back from the government in the form of such subsidies as much as they pay in income tax⁽⁶⁾
- big corporations do not pay their income tax when due; they are permitted to defer as much as 25 per cent of their tax to some future unspecified time. In 1980, these deferred taxes amounted to \$24.4 billion; today they would be enough (about \$40 billion) to pay off all of this year's deficit with some still to spare

Shell Oil, in 1982, had earnings of \$302 million. Taxes due were \$152 million. But, they were never paid. Instead Shell Oil was allowed to defer a total of \$199 million, which gave it a tax credit of \$46 million for future years.

Imperial Oil, in 1982, paid \$62 million in taxes and deferred \$322 million, bringing its total deferred taxes to \$1.29 billion.

MacMillan Bloedel deferred \$62 million in taxes in 1982 and now owes a total of \$227 million in deferred taxes.⁽⁷⁾

The CPR's deferred income taxes by 1982 amounted to \$1.047 billion.⁽⁷⁾

Canadian banks, whose profits in 1982 came to \$1.630 billion,

paid taxes at a rate of only 6.4 per cent.⁽⁸⁾

Deferred taxes are a free gift to the corporate sector at the expense of the federal treasury and working Canadians.

Why is the corporate sector demanding that the deficit be reduced at the expense of social programs?

For several reasons, all of them connected with profits:

- about 40 per cent of the federal budget is spent on social programs. That's about \$40 billion that now goes to people. The corporate sector would like to see this huge amount of money diverted to them, in tax cuts, in grants and subsidies, or projects profitable to them. That's what Premier Bennett is doing — cutting social programs to make money available for Northeast Coal, Expo 86, the stadium, and so on. That's the kind of thing they want the federal Tories to do.
- corporations have to contribute to some social programs such as pensions and unemployment insurance. If these could be cut or abolished, it would mean a saving for them.
- if social programs were cut, or better yet, eliminated, the corporations could demand still lower taxes.
- if social programs were put on a means test and made available only to the very poor and destitute, living standards would go down. This would create a favorable climate for imposing wage cuts and taking away the benefits we currently have.

How could the deficit and national debt be reduced and still maintain social programs at their present level?

The basic cause of the deficit (the corporations not paying their fair share of taxes) also suggests the

solution. End the special exemptions for corporations and the wealthy. End the grants and subsidies to them. Make them pay up all their taxes instead of deferring them indefinitely. In other words, make them pay taxes like the rest of us.

As a matter of fact, if they did pay their fair share of taxes, not only could the deficit be reduced, the high taxes today imposed on the wages and salaries of working people could also be reduced.

What is the Mulroney government going to do about cutting the deficit — is it going to cut social programs?

The federal government has already cut back on some social programs such as unemployment insurance.

On August 16, during the federal election campaign, Brian Mulroney declared that universality is "a sacred trust, not to be tampered with." However, after he was

elected, he stated that he was "open to dialogue" on the issue.⁽⁹⁾ Finance Minister Wilson went even further stating that "upper and middle income social programs cannot be afforded today." (Canada's middle income is estimated at about \$34,500.) He also proposed "to encourage Canadians to prepare for their own retirement."⁽¹⁰⁾ It began to look as if the government would abolish universality and cut deeply into social programs.

Then, suddenly, on January 18 of this year, the prime minister and other cabinet ministers announced that universality would stay and that any cuts made in social programs would not be used to reduce the deficit.

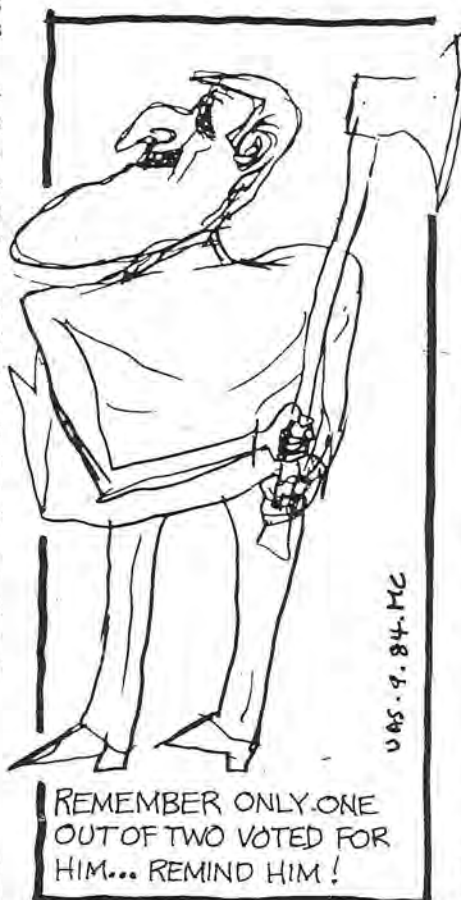
Apparently there had been, according to the press, a bitter battle in the cabinet over the advisability of cutting social programs at this time and over the tactics to be used. It would seem that government public opinion polls must have revealed that to drastically cut social programs at this time and abolish universality would be political dynamite.

There is no evidence however to indicate that the government has had a change of heart about its objective, that is, to reduce the deficit at the expense of social programs. But there does appear to have been a reconsideration of tactics, about how to accomplish it.

Notes:

1. A New Direction for Canada, Economic statement of Finance Minister Wilson to House of Commons, November 8, 1984, page 6.
2. Ibid., page 97.
3. Royal Bank brief to the MacDonald Commission on the Economy, page 23.
4. Letter to Mulroney by Social Policy Reform Group, Globe & Mail, January 17, 1985.
5. Globe & Mail, November 7, 1984, article by Linda McQuaig.
6. Government Unlimited by John Calvert, page 103.
7. Globe & Mail, November 30, 1984, article by Linda McQuaig.
8. Government Unlimited, page 91.
9. Globe and Mail, November 23, 1984.
10. New Direction for Canada, page 73.

(Ben Swankey is a well known author and labor historian living in British Columbia.)



SPEAKING OUT



Now that the smoke has cleared

By Doug Ward
Labor Reporter
Vancouver Sun Newspaper

British Columbia Premier Bill Bennett should not take too much comfort from the bloodletting that went on at the November annual convention of the B.C. Federation of Labor.

Yes, the International Woodworkers of America is wondering whether to remain in the Fed after their leader — Big Jack Munro — was turfed out of the Fed's first vice-presidency.

Yes, incumbent President Art Kube only hung on to his seat by a narrow margin over left-wing challenger Frank Kennedy.

But, despite all that, the Federation emerged with a leadership united around the kind of broad-based activism embodied last year by Operation Solidarity. After the knives were sheathed, two winners stood out: the massive B.C. Government Employees' Union and the Federation's left-wing; two groups who are strong supporters of Solidarity.

BCGEU delegates successfully backed Kube for the presidency and Cliff Andstein, one of their own, for secretary-treasurer, the

Fed's number-two job. The BCGEU spearheaded the charge against Munro, throwing its 300-plus votes against the burly labor leader.

And the Federation's left-wing increased its influence too although its candidate, Longshoreman Kennedy, trailed Kube on the second ballot. Kennedy supporters are now heavily represented on the Federation's executive council.

The big losers are clearly Munro and the IWA, the province's largest private sector union. Munro lost for three reasons:

One, he was never among Solidarity's biggest fans. Two, he and his union refused to give up their traditional hold on the first vice-presidency, and three, Munro angered many unionists in recent years with his public attacks on other unions, particularly his criticism of secondary pickets launched by locked-out pulp workers last winter.

Despite the bad blood, Munro and the IWA will eventually resume an active role in the Fed, once the rhetoric and the egos of all parties are set aside.

What's clear is that the Federation will adopt a more high-profile role than it has exercised since the demise of Operation Solidarity just over a year ago.

No one is predicting a return to the volatile days of Solidarity, but the strategies set back then will come to the fore. Unions, especially in the public sector, will co-ordinate activities and demand a greater say in social-policy issues. The traditional business unionism approach — where unions stick to bread-and-butter matters at the bargaining table and leave the political questions to the New Democratic Party — is considered less appropriate, especially to unions consistently facing concession demands.

It is not likely the Federation will tread lightly and wait for their political arm, the NDP, to win the next provincial election.

A safe prediction coming from the convention is that if the Socreds continue to be Canada's most conservative government, the Federation will maintain its reputation as the country's most aggressive labor central.