

## Private member bill on union financial disclosure

By [Jim Stanford](#) - October 6, 2011

Conservative MP Russ Hiebert tabled his private member bill in the Commons this week, calling for changes to the Income Tax Act to require unions (which are income-tax-exempt under the Act ... duh! since they are, after all, *non-profit* organizations) to publicly disclose their financial statements.

Here are a few quick points that came to mind in thinking about this odd item. (See also the [CLC's news release](#) responding to the bill.)

Under Prime Minister Harper's top-down rule, private members' bills (at least from his side of the Commons) are clearly no longer what they were intended to be: an opportunity for parliamentarians to table hobby-horse issues of long-standing personal interest before the whole body. Now it is a tool for practicing "dog-whistle" politics: addressing hot-button issues that help to motivate the Conservatives' red-meat base, but in a way that allows Harper himself to maintain some distance and appear "statesmanlike." [A dog whistle, of course, is a way to get your dogs to come running, but without everyone else hearing you!] It's inconceivable that this bill does not reflect a decision by the PMO to elevate the attack on unions that is already a defining feature of this government. Same is true for the other hot-button issues also being pursued via Conservative private members' bills, including genuinely dangerous ideas like eliminating the laws against hate speech or dismantling the gun registry. If you Google "Russ Hiebert" and "union finances" or "union financial statements," you get precisely zero hits that predate this week ... suggesting that this is truly a topic that has only recently caught his personal interest.

The actual issue contemplated by the bill (requiring unions to publicize their financial statements) is an invented non-problem. The CAW, like other unions, discloses its audited financial statements regularly to its elected board of directors, to all union locals, and to delegates to its conventions. Annual audited statements must be filed with government labour boards, both provincially and federally. Individual members can request the statements from their local, from the national union, or (if they are "frightened" by the big bad union bosses) directly from the labour boards. The whole process of auditing and disclosure, and even the pay received by the union's president and staff, is specified right there online in the [CAW's constitution](#).

How ironic that the Conservative government should launch a phony crusade for financial disclosure by unions, at the moment in time when Conservative luminaries (like Tony Clement and Peter Mackay) are facing financial disclosure problems of their own. Mere coincidence, you say? I think not.

It is interesting to compare what unions disclose through their internal democratic processes, reinforced by the requirements of the labour boards, with what corporations must disclose. Publicly-traded companies, of course, are required to disclose financial statements (some of them audited, not all), executive compensation (top 5 execs), and other details to their own shareholders (and potential shareholders), by virtue of securities regulations (not tax law). Private companies, however, don't have to disclose a thing. This includes most Canadian subsidiaries of foreign firms -- which are some of the most important businesses operating in Canada. A ruthless multinational like U.S. Steel, for example, in the process of trying to starve out its workers in Hamilton, doesn't have to divulge one line of its Canadian financial statements to the Canadians who depend on its activity and presence. Why focus the demand for transparency against unions, who are clearly the David in these conflicts with uber-secrective Goliaths?

Mr. Hiebert's justification for using the Income Tax Act as his angle for attacking unions is because, he claimed in a media scrum yesterday, unions get "hundreds of millions of dollars of benefits" from the Canadian government, and hence owe taxpayers this kind of transparency. That's incredible nonsense. Unions receive almost no government subsidy or assistance whatsoever (maybe a few government-subsidized interns working in some union office somewhere? support for a few union-sponsored training programs?). Unions don't pay income tax, because they aren't profit-making entities (and are thus treated just like any other non-profit organizations). Union dues are tax-deductible for individual union members, on the reasonable assumption that you pay union dues in order to get higher wages; when you spend money to make money, you always get to deduct what you spent when you pay tax on what you make. (That's equally true for businesses, financial investors, and other tax entities.) Tax payments by union members are still higher, because their wages (even after union dues) are higher. There's no credible way in which Mr. Hiebert can reasonably claim that unions are significantly subsidized by Canadian governments or taxpayers.

The most ominous aspect of this charade was the very quick, orchestrated way in which Mr. Hiebert's initiative was ringingly endorsed by a whole community of anti-union and right-to-work lobby groups -- including Merit Canada (the union-free construction association), the Canadian Centre for Policy Studies (tiny anti-union think tank in Ottawa), and the Fraser Institute. They all highlighted this measure as being a first needed step toward bringing unions in line. And they all highlighted the problem of "forced dues collection" as being one of the many nefarious aspects of unions' tawdry existence. This is code language for an attack on the Rand formula model of union security which underpins the Canadian industrial relations system. I suspect that these lobbyists, working quietly with Conservatives, are planning a long-term assault on the right to collective bargaining in Canada -- a right which would be effectively abolished by the implementation of Mississippi-style right-to-work laws, as they propose. The majority Harper government has already indicated its contempt for the right to strike (which, lest we forget, is supposed to be a fundamental human right, according to the UN, the ILO, and other august bodies). I suspect that a frontal attack on the right to unionize period is their ultimate goal, and the theatrics around this bill are just an opening preview.

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