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# Why Bill C-377 will make unions and Canada better

**By John Mortimer, Special to National Post – October 22, 2011**

Professors Sean Tucker and Andrew Stevens try to link the unprecedented tax privileges and spending abilities of unions with government money for businesses (“The cost of transparency,” Oct. 17). I’ll get to a partial list of problems with their recent column, but first, consider why Bill C-377 will make unions and Canada better.

In Canada, our labour and tax laws allow unionized employees to be forced to pay union dues as a condition of their employment. Not every Canadian collective agreement forces unionized employees to actually join the union, but all unionized employees, members and non-members of the union must pay dues or be fired by the employer upon union demand.

In Canada, unions not only get forced, tax-deductible dues, they’re also tax exempt on any revenue, including investment income, employer payments and training centre profits.

Union leaders haven’t identified another country awarding such a combination of privilege and power with no transparency for taxpayers.

Unions can spend this tax-privileged money on anything, including items that go far beyond representing employees at work: e.g., political parties, front groups that run American-style attack ads, think tanks and advocacy groups that oppose the existence of companies employing dues paying Canadians.

This creates a problem.

Suppose unionized employees, regardless of whether or not they’re actual union members, object to their union funding violent student groups in Quebec, or a political party advocating separatism. Major government and private sector unions proudly did just that this past year.

But labour organization financial statements don’t have to be made public. C-377 will change this. In time, transparency will enable taxpayers to effectively evaluate the billions of dollars collected and spent annually by unions, and whether hundreds of millions in foregone annual tax revenues are appropriate. Union leaders will be far more accountable. Such daylight will end certain financial transactions.

Back to some of the professors’ assertions. They argue that because selected businesses sometimes receive government money (as do selected unions) and because tax changes favour this or that business, government may one day require similar disclosure from businesses.

The difference is that unlike unionized employees forced to pay dues to earn a living, no one must invest in a particular business or be its customer.

The authors parrot the union and left-wing media mythology about the now-closed EMD locomotive plant in London, Ont., getting federal support from the Harper government. They provide no proof for their claim that the EMD plant “received a portion of a $5-million benefit.”

The facts: The 2008 federal budget changed the Capital Cost Allowance (CCA) rate for locomotive owners, not manufacturers like EMD, in order to “better reflect the useful life of these assets” and “encourage rail operators to acquire a newer, more fuel-efficient fleet.” An increased depreciation rate was not a $5-million cheque from Ottawa to EMD, as one might infer from the professors’ column; it was tax never collected from owners who claimed the higher CCA.

The professors also write that union dues are deductible from “personal income.” A review of the Income Tax Act of Canada suggests the phrase “personal income” doesn’t exist in the Act. The correct term is “taxable income.”

Lastly, the professors criticize our Nanos-LabourWatch poll, but ignore a union-funded March 2012 Leger poll on transparency that reflected the same inescapable reality of where unionized Canadians stand (let alone all Canadians): in favour of greater transparency.

Union tax privileges and powers are unique. Labour organizations and taxpayers will be better off when operating in the light of financial disclosure.