

## ***Pierre Trudeau, the Assault on Collective Bargaining, and Lowering Working-Class Expectations***

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AS PART OF THE 2019 CANADIAN ASSOCIATION for Work and Labour Studies (CAWLS) roundtable on back-to-work legislation and the right to strike, my contribution was a historical perspective on how Canadian governments have used various forms of legislation to restrict the right of workers and unions to operate freely. While my presentation touched on the broad trend of government intervention into the right to strike and bargain collectively, especially in the postwar context typified by what Leo Panitch and Don Swartz term “permanent exceptionalism,” the main focus was on how Pierre Trudeau, less through direct back-to-work legislation than via pre-emptive interference in collective bargaining, constrained the rights of workers in an effort to empower capital and lower the expectations of working people.<sup>1</sup> Of course, Trudeau's Liberal government (1968–84) was no stranger to the use of back-to-work legislation – one famous case led to the jailing of Canadian Union of Postal Workers (CUPW) president Jean-Claude Parrot<sup>2</sup> – but his main focus was on the use of legislation and political discourse to limit what workers could bargain for, thus weakening the rights of unions before a strike could even take place.

As Panitch and Swartz note in their groundbreaking research, Canadian governments especially starting in the 1970s used back-to-work legislation and other mechanisms to limit the basic freedoms of working people and the basic effectiveness of their labour unions. But as Panitch and Swartz note, the success of this project requires that the government fulfill three broad objectives. The first is to single out the rights of public-sector workers as distinct from those of other Canadians, such that attacks on their right to bargain is seen not as a broader infringement of rights but as a “signal” to the private sector. The second objective is to suggest that even as attacks on labour rights and freedoms intensify and become more frequent, each attack is an exception to the rule or an unusual emergency action; this is where the term “permanent exceptionalism” comes in. Finally, they suggest that any attacks on labour be rooted in an assertion that doing so is a necessary sacrifice that workers and unions must make to preserve liberal democratic capitalist society: “it places the onus on labour to maintain capitalism as a viable economic system by acquiescing to capital's demand for the restriction or suspension of labour's

1. See Leo Panitch & Donald Swartz, “Towards Permanent Exceptionalism: Coercion and Consent in Canadian Industrial Relations,” *Labour/Le Travail* 13 (Spring 1984): 133–157.

2. On this event, see Jean-Claude Parrot, *My Union, My Life: Jean-Claude Parrot and the Canadian Union of Postal Workers* (Halifax: Fernwood, 2005).

previously recognized rights and freedoms, as well as sacrificing its immediate material interests.”<sup>3</sup>

In general, I think this captures the effort and broad success of Trudeau’s attacks upon workers via both legislation and rhetoric. As this essay will show, Pierre Trudeau often singled out public-sector workers for attacks distinct from the rest of the economy. He would also suggest that many of his anti-labour policies, though abnormal, were essential given extraordinary times. Finally, he would constantly argue that Canadian workers were living too richly and that if Canada was to survive and prosper, workers and their unions had to demand less and have their rights restrained.

Trudeau accomplished this objective with three broad policy thrusts. The first was wage and price controls, first on a voluntary basis via the Prices and Incomes Commission (PIC) and then as enforced on all collective agreements via the Anti-Inflation Board (AIB) from 1975 to 1978. Second was a late 1970s effort, though ultimately never implemented, to impose strict bargaining formulas on federal public servants via an average comparability of total compensation (ACTC) scheme. The final effort, undertaken in the early 1980s, was the “six and five” anti-inflation program (6&5), which hard-capped federal public-sector wages well below cost-of-living increases. The objective of all these programs was clear: without actually banning strikes and bargaining – though the 6&5 did so in a partial sense – the Trudeau Liberals could nullify labour’s power, lower wages in the public and private sector, and help impose a vision that for Canada to prosper, workers must become poorer and capital richer.

All of this was rooted in a general context befalling much of the western world during the final years of capitalism’s golden age. Whereas Trudeau was an ally of labour and the left during the 1950s and 1960s, by the time he became prime minister capitalism was returning to crisis in a manner not seen in the postwar era.<sup>4</sup> No longer were organized workers and capital both able to reap annual increases, and governments were again feeling budgetary pinches. All this, combined with stronger economies in the developing world, the rise of modern outsourcing, and commodity price fluctuations attributable in part to groups like the Organization of the Petroleum Exporting Countries (OPEC), meant that Canada was beleaguered by the phenomenon of stagflation, which combined high unemployment with high inflation, a mixture theretofore thought impossible. This all helped to reignite intensified class conflict and to usher in a general crisis of Keynesianism.<sup>5</sup>

3. Panitch & Swartz, “Towards Permanent Exceptionalism,” 152.

4. See Christo Aivalis, *The Constant Liberal: Pierre Trudeau, Organized Labour, and the Canadian Social Democratic Left* (Vancouver: UBC Press, 2018), Chaps. 1–4.

5. Claus Offe, *Contradictions of the Welfare State* (Cambridge, Massachusetts: MIT Press, 1984); Jurgen Habermas, *Legitimation Crisis* (London: Heinemann, 1976); James O’Connor, *The Fiscal Crisis of the State* (New York: St. Martin’s Press, 1973); Bryan D. Palmer, *Working-Class*

It was in this context that Trudeau saw inflationary psychology as the overarching culprit. This was caused by major economic forces, including unions, trying to get ahead of inflation by pricing themselves ahead of the curve, which helped to perpetuate further inflation. If only society's major actors could agree to adjust their demands downward, inflation could be mitigated.<sup>6</sup> While on the face of it Trudeau aimed his criticisms at both capital and labour, his target was clearly the latter; he believed trade unions were becoming far too powerful in the 1970s and were making demands in excess of productivity and profitability, which only served to reduce Canada's economic competitiveness relative to other jurisdictions keeping wages down. As Trudeau would put it, "A ... source of inflationary pressure is declining productivity accompanied by rising income expectations. ... Reconciling the amount of new wealth we can create with Canadians' expectations of higher levels of real consumption and income, and with our investment needs, will be difficult."<sup>7</sup>

Unless Canada was willing to engage in a systematic redistribution of wealth, which Trudeau rejected, the only path forward was to ensure that wages did not exceed profit and productivity growth.<sup>8</sup> But it was about more than quantitative metrics; for Trudeau, this psychology was rooted in the interconnected postwar world, where mass media had made people more aware of their possibilities and more sensitive to their lives relative to others'. In Trudeau's words, "it's perhaps too much information of what the Jones' [*sic*] are doing and what we must do to live up to them. And this has caused these great inflationary pushes."<sup>9</sup> Much was at stake here, Trudeau argued; unless Canada could accomplish a "wrenching adjustment of our expectations – an adjustment of our national lifestyle to our means," the result would be not only further runaway inflation and economic difficulty but the corroding of liberal democratic society.<sup>10</sup> So, for the good of the Canadian people, Trudeau had to put his foot down against a government and society he saw as a handout machine, stating that "there is a limit and this has to be instilled in the psychology of the people."<sup>11</sup>

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*Experience: Rethinking the History of Canadian Labour, 1800–1991* (Toronto: McClelland & Stewart, 1992), 340–355.

6. For example, see "Transcript of the Interview of the Prime Minister to Margaret Leahy and Larry Day," 18 June 1982, Pierre Elliott Trudeau fonds (hereafter PET fonds), 013, vol. 17, Library and Archives Canada (LAC).

7. "Notes for an Address by the Prime Minister at the Financial Post Conference on Controls," 7 October 1976, PET fonds, 013, vol. 33, file 7, LAC.

8. For a summary of this argument, see Aivalis, *Constant Liberal*, Chap. 7.

9. "Transcript of Prime Minister's Interview with Peter Desbarats," 9 January 1972, PET fonds, 013, vol. 14, file 9, LAC.

10. "Text of the Prime Minister's Address," 13 October 1975, PET fonds, 013, vol. 33, file 4, LAC.

11. "The Prime Minister's Interview with Fraser Kelly and Peter Thomson," 18 April 1968, PET fonds, 013, vol. 12, file 21, LAC.

Reports from within the Trudeau government were often obsessed with expectations and, specifically, how lowering them was vital. There was constant musing about a “revolt of expectations” occurring because regular Canadians felt that the broad-based gains experienced since World War II would continue at a similar pace. Thus, the feeling from Trudeau insiders in the cabinet and civil service was that unless the masses of Canadians had their aspirations – along with what was minimally acceptable – lowered, they would continue to make unrealistic demands on both the state and society.<sup>12</sup>

Again, the language here implies that this need for psychological readjustment applied to all social classes, but at its core this was meant only for the broader working class and not the wealthy, because the latter’s greed spurred innovation and productivity while the former’s greed spurred inflation and fewer opportunities.<sup>13</sup> There are numerous speeches and reports from Trudeau and company arguing specifically that unions making demands above inflation were causing harm to the poor, were betraying the historic value of organized labour, and were pricing Canadian industry out of continental and global trade. Trudeau would make the stark claim that when a union saw gains above inflation, it was in effect “screwing” all those who could not achieve the same gains.<sup>14</sup> Trudeau suggested that many of labour’s historic demands had been achieved, and thus, union bosses were now doing little more than fighting for gains at the expense of taxpayers and those on fixed incomes.<sup>15</sup>

Perhaps most blatantly, in 1975 the Liberal labour minister Bryce Mackasey would pit unions against the citizenry itself:

No doubt each union sees itself as fighting against an employer. The plain truth is that they’re fighting against society. The union claim for higher wages is no longer a claim against an employer ... it’s a claim against the public for a higher place in the pecking order. The union member today is fighting the ordinary citizen, he’s fighting the nation to which he owes allegiance. It’s no longer a labour-management conflict ... it’s a labour-nation conflict with the public interest at stake.<sup>16</sup>

Conversely, when workers took less and expected less, it helped to sow the field in preparation for private-sector job creation: “Companies whose costs

12. J. M. Davey to Trudeau, 4 December 1969, PET fonds, 011, vol. 51, file 14, LAC; I. A. Stewart to Trudeau, 22 July 1975, PET fonds, 020, vol. 18, file 5, LAC; “Themes and Points on Anti-inflation,” PET fonds, 020, vol. 18, file 8, LAC; “Memorandum to Cabinet Re: Aspirations and Fulfillment,” 16 September 1970, PET fonds, 011, vol. 52, file 9, LAC.

13. David Lewis in retirement as NDP leader would specifically note this hypocrisy, as Trudeau lauded firms that were profitable but chastised workers making gains beyond inflation. “David Lewis Speech to Ontario Federation of Labour Political Education Conference,” 31 May 1979, David Lewis fonds, vol. 128, LAC.

14. Trudeau quoted in George Harris, “Pierre Loses His Cool,” *UE News*, 29 June 1970.

15. For a summary of these arguments, see Aivalis, *Constant Liberal*, 117–124.

16. For this speech, see PET fonds, 020, vol. 28, file 15, LAC.

are under control can produce and sell more products at more competitive prices. These are the conditions in which jobs are created.”<sup>17</sup>

With all of this in mind, Trudeau early in his tenure formed the PIC, which would bring unions and corporations together at a high level with the hopes that they could agree on terms that would bind both wages and prices at sub-inflation levels.<sup>18</sup> By facilitating discourse between the biggest economic players, it was hoped that, in both psychological and mathematical terms, inflation would be quelled.<sup>19</sup> But the simple reality, given the mechanics of collective bargaining and pricing, was that any price-/wage-reduction scheme would put labour on the back foot. There were numerous claims, including from then NDP leader Tommy Douglas and many of Canada’s biggest unions, that if labour was to agree to lock in wage caps, it would tie their hands for years at a time, whereas corporations might lower price increases for a time but would always have the ability to renege on their side of the bargain. Further to this, collective bargaining as a process was easier to publicize, and therefore attack, while pricing decisions may face scrutiny but were spread out over numerous items, all based on largely backroom decisions. Here, labour and the left did not take the bait; they knew the PIC was a velvet-gloved attempt to pin the inflationary blame and pain on them.<sup>20</sup> As United Steelworkers Canadian director William Mahoney put it, “we pointed out that if the Labor Movement were to accept the 6% guideline this could well result in being bound by contractual relations to this freeze on wages. In return we would have only a vague assurance that something might be done on prices. In our view this is a preposterous thing for the Commission to ask.”<sup>21</sup>

But in part because of labour’s unwillingness to buy into voluntary schemes that would disadvantage it, Trudeau broke a key 1974 election promise not to implement mandatory controls on all unionized workers regardless of jurisdiction in 1975.<sup>22</sup> Without getting bogged down in the specifics, these controls

17. “Transcript of the Prime Minister’s Speech,” 5 November 1982, PET fonds, 013, vol. 52, LAC; “The Success of Six and Five,” PET fonds, 019, Vol. 4, file 7, LAC.

18. See George Kardouche & Frank Caramazza, *Wage and Price Controls for Canada? A Commentary on the Final Report of the Prices and Incomes Commission* (Montreal: C. D. Howe Research Institute, 1973); F. R. Anton, “The Prices and Incomes Commission in Retrospect,” *Industrial Relations* 28, 3 (1973): 457–475.

19. “Transcript of the Prime Minister’s Remarks,” 2 November 1969, PET fonds, 013, vol. 12, file 37, LAC.

20. For some examples, see “Blame the Workers” and “Labour Says ‘No,’” *Canadian Transport*, 1 April 1970; “The Honourable T.C. Douglas Address,” 19 May 1970, T. C. Douglas fonds, vol. 148, LAC.

21. William Mahoney quoted in “6% Wage Guideline Proposal Is Preposterous” – CLC,” *Steel Labor Canada*, July 1970. See also “Obsessed with Clobbering Labor” in the same issue of *Steel Labor Canada*.

22. In that election, Progressive Conservative leader Robert Stanfield promised mandatory

were to be administered via the AIB with strict caps on wage increases and prices, though plenty of exceptions and caveats existed.<sup>23</sup> The result of all this from labour's perspective was clear: the AIB was a wholesale attack on collective bargaining, effectively capping wages in both the private and public sectors by government decree, whereas prices – technically controlled – would be much harder to track, as would the incomes of people like doctors and lawyers. Using similar arguments to those Trudeau had employed to attack Robert Stanfield in the 1974 election, most labour and NDP figures made it clear that controls were an attempt to rigidly tamp down wages while offering the illusion of fairness in also controlling prices.<sup>24</sup>

Although one might suggest the labour-left view of Trudeau's motives had the air of a conspiracy theory, the reality was that Trudeau and company really did know that controls would be balanced against workers and saw this as a good thing. Trudeau adviser Michael Pitfield noted that while wage controls were needed to control expectations, controls on prices were needed "for largely political reasons" (i.e. it would look blatantly anti-worker if partially phony price controls did not exist).<sup>25</sup> Further, Trudeau's own words during the 1974 election campaign made it clear that controls were a "Bay Street Tory" tactic to lower wages, because there was no effective way to control prices or professional compensation.<sup>26</sup> Additionally, key examples from the wage-control period showed how major corporations were able to skirt the law – such as Loblaw's changing the name of some stores to Ziggy's to obtain price-increase exemptions.<sup>27</sup> By the end of the AIB, wage-increase amounts

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wage and price controls. Trudeau attacked this from the left to win strategic labour support. See "Many Loopholes in Tory Freeze, Trudeau Says," *Globe and Mail*, 28 June 1974. See also "Speech Draft: Prime Minister in Budget Debate," PET fonds, 020, vol. 18, file 15, LAC.

23. For more on the AIB, see A. Maslove & G. Swimmer, *Wage Controls in Canada, 1975–78* (Montréal: Institute for Research on Public Policy, 1980); L. N. Christofides & D. A. Wilson, *Wage Controls in Canada (1975:3–1978:2): A Study of Their Impact on Negotiated Base Wage Rates* (Ottawa: Anti-Inflation Board, 1979); Peter Warrian & David Wolfe, *Trade Unions and Inflation* (Ottawa: Canadian Centre for Policy Alternatives, 1982); David Foot & Dale Poirier, "Public Decision Making in Canada: The Case of the Anti-Inflation Board," *International Economic Review* 21, 2 (June 1980): 489–504; David Wilton, "An Evaluation of Wage and Price Controls in Canada," *Canadian Public Policy* 10, 2 (June 1984): 167–176.

24. For labour-left critiques of the AIB as an attack on labour rights and basic fairness, see Aivalis, *Constant Liberal*, 125–131.

25. Pitfield to Trudeau, 7 October 1975, PET fonds, 020, vol. 18, file 5, LAC.

26. "Transcript of the Prime Minister's Interview with Richard Gwyn," 19 April 1974, PET fonds, 013, vol. 15, file 8, LAC; "Prime Minister's Remarks for Toronto Rally," 27 June 1974, PET fonds, 020, vol. 31, file 1, LAC.

27. See Ian Ross Robertson, "Ruling on Ziggy's Viewed as New Low for Inflation Board," *Globe and Mail*, 22 January 1976.

had fallen by nearly two-thirds, whereas prices remained unrestrained in any effective sense.<sup>28</sup>

But most crucial were the remarks of one of Trudeau's confidantes, Albert Breton. Breton, who was a University of Toronto economist and had worked with Trudeau before his entrance into politics, was not a member of the civil service and thus was seen as an academic voice that Trudeau could consult for an independent perspective. On controls, Breton throughout the broad run-up to the AIB would outline how labour was not at fault for inflation, that generally anti-labour governments implement controls, and that any reasonable union would resist controls given their imbalanced effects and intents. But as early as 1971, Breton was advising Trudeau that one of the major effects of controls – along with other tools that limit the ability of unions to bargain – was that they discouraged workers from joining and participating in unions, because the value a union provided was often rooted in what it could win for members.<sup>29</sup>

All of this taken together paints a clear picture. The Trudeau Liberals understood that controls were inequitable and would have no meaningful impact on inflation. The effects that controls *would* have were well understood: they would allow prices and professional salaries to rise as working-class compensation stagnated and would restrain unions not only from meaningfully collectively bargaining but from justifying their existence in bread-and-butter terms. More than anything, Trudeau well understood how that discourse could be used to convince workers they deserved less and demonized unions who used the collective bargaining process to win more. While the AIB never technically banned bargaining and striking, it was an overarching constraint on labour rights, enacted to shift wealth away from workers and toward corporations and the wealthy.

Although the period of controls would end in 1978, Trudeau remained unconvinced that the underlying expectations that drove wage inflation had been bested. It also reflected his government's belief that the bargaining process lacked elements of rationality and cooperation, and thus showcased formula bargaining as part of the government's *Agenda for Cooperation*, which was to set the terms for labour relations in a post-AIB world.<sup>30</sup> From his government's perspective, the federal government as employer had a role to play in setting the tone for labour relations nationwide, and so it explored the implementation of the ACTC formula, with the rationale that public-sector wages

28. "Discussion Paper on Anti-inflation Policy Options," 9 January 1981, CCF-NDP fonds, 1993-0407, vol. 50, LAC.

29. Breton to Trudeau, 11 October 1974, PET fonds, 011, vol. 4, file 27, LAC; Breton to Trudeau, 12 September 1971, PET fonds, 020, vol. 36, file 10, LAC; Breton to Trudeau, 5 September 1975, PET fonds, 020, vol. 18, file 5, LAC.

30. Canada, *Agenda for Cooperation: A Discussion Paper on Decontrol and Post-Control Issues* (Ottawa: Anti-Inflation Board, 1977), 29–33, 49–61.

should be driven by comparable classifications in the private sector. To do so, the government would quantify a specific job's compensation according to no fewer than thirteen factors, ranging from wages to benefits to vacations, and would cap how much that total number could grow in a given round of bargaining. No amount of bargaining, striking, or arbitration could supersede this formula. The government hoped this would discourage non-cooperative labour action, allow the private sector to lead in compensation growth, and endanger the principles of collective bargaining and striking, because those acts would still be legal and could still be undertaken to negotiate within the parameters of the ACTC. Put another way, if a unit was permitted a maximum five-point gain, it may not be able to increase that number but could bargain for how its ACTC score balanced various forms of compensation. Cynically, the Trudeau Liberals suggested that this represented free collective bargaining.<sup>31</sup>

Workers at the time, unsurprisingly, did not see this as meaningful bargaining. Rather, they saw it as nothing less than the death of collective bargaining, wherein bureaucrats and politicians design a formula and use that formula to dictate the ultimate terms and horizons of collective bargaining. Without actually banning bargaining or striking, the ACTC would achieve the same objectives: collective bargaining would exist, but never in a manner that allowed workers to exercise consequential power in relation to the employer.<sup>32</sup>

Ultimately, the ACTC would never be implemented, due in part to Trudeau's 1979 defeat to Joe Clark's Progressive Conservatives. Nonetheless, Trudeau would roar back to a majority government in 1980 and would soon curtail the rights of federal public servants specifically. This was done through the 6&5, which was sold as the latest effort to overcome Canada's continued challenges with inflation. The 6&5 was portrayed as a hybrid between the voluntary PIC and totalizing AIB; it would only bind federal public-sector workers, along with some federal government transfers. It would serve, however, as a signal to provincial and municipal governments, along with the private sector, that they too should restrain wages to a maximum of 6 per cent in 1982 and 5 per cent in 1983.

Much as he did with his anti-inflationary crusades of the 1960s and 1970s, Trudeau showcased the 6&5 as a tool to help Canadians realize that they were paid too generously and needed to restrain their wage demands. When Trudeau praised the 6&5, he did so in the context of a program that spurred

31. Canada, *Agenda for Cooperation*.

32. For some contemporary labour critiques of the ACTC and the Trudeau Liberals' wider *Agenda for Cooperation*, see *Agenda for Co-optation through Cooperation*, CUPE fonds, vol. 150, file 3, LAC; Gilbert Levine, "Public vs Private Sector Compensation," *Industrial Relations* 35, 1 (1980): 128–136; "Brief on Bill C-28, An Act to Amend the Public Service Staff Relations Act: Submitted by the Public Service Alliance of Canada," March 1978, CLC fonds, vol. 655, file 2, LAC; "Policy Position: Public Service Alliance of Canada, with Respect to Total Compensation," 28 June 1977, CLC fonds, vol. 655, file 3, LAC.



investor confidence and job creation.<sup>33</sup> With the 6&5, the mask was much less ornate than with the AIB. There was little pretense here of fairness between wages and prices: this was about forging a pan-sector employer alliance against “opulent” Canadian workers in “a spirit of cooperation for the national interest.” While not binding on the private sector, negotiators from businesses would directly praise Trudeau and his government’s leadership in curtailing its own employees’ wages; this was a tool that gave management greater confidence in resisting union demands. Trudeau welcomed such praise, saying that the 6&5 could only be said to be working if those not bound by it bought into the ideology of necessary restraint.<sup>34</sup>

The response of labour and the NDP to the 6&5, both as formal wage-control legislation and as an intellectual program, was generally negative. Technically, the 6&5 was not predicated on the banning of labour freedoms, but such legislation *effectively* temporarily banned the right to bargain collectively for all those federal public-sector workers with settlements above 6 per cent, whose contracts were rolled back, in some cases with gains being cut by more than 50 per cent. And by extending the length of existing deals, it effectively prevented those workers from striking, as they were technically under contract.<sup>35</sup> Of all these programs, the 6&5 was the one that most evidently assaulted bargaining and strike rights, but its overarching feature was to sell such proposals as voluntary examples to follow for most of the economy.

The imposition of the 6&5 via Bill C-124 was also criticized because it came only months after the ratification of the Charter, wherein, many argued, labour rights were implicitly protected from such a blatant attack by the state.<sup>36</sup> Beyond the specific bounds of the legislation, the 6&5 was seen as a clear effort to enact wage controls on all workers indirectly and justify a push

33. “Transcript of the Prime Minister’s Speech,” 5 November 1982; “The Success of the Six and Five,” n.d., PET funds, 019, vol. 4, file 7, LAC; “Text of the Prime Minister’s Radio and Television Statements,” 19–21 October 1982, PET funds, 013, vol. 52, LAC; “Transcript of the Prime Minister’s Interview with William Heine,” 14 October 1983, PET funds, 013, vol. 18, LAC.

34. “Success of the Six and Five,” n.d.

35. “Budget Analysis,” 2 July 1982, CUPE funds, vol. 213, file 11, LAC; “PSAC Submission to the House Committee on Bill C-124,” 1982, CUPE funds, vol. 213, file 16, LAC. For more information, see Leo Panitch & Donald Swartz, *From Consent to Coercion: The Assault on Trade Union Freedoms* (Toronto: University of Toronto Press, 2008), 29–34.

36. “PS Curbs Violate Rights Charter: NDP,” *Ottawa Citizen*, 7 July 1982; Civil Liberties Association, “Comments on Bill-C-124,” 22 July 1982, CUPE funds, vol. 213, file 14, LAC; “Statement by the Canadian Labour Congress to the Miscellaneous Estimates Committee of the House of Commons on Bill C-124,” 23 July 1982, CUPE funds, vol. 213, file 14, LAC; Aubrey E. Golden, “How Will the Courts Interpret the Charter of Rights?,” *Canadian Transport*, April 1982; “Now Almost Everyone’s Got Pay Controls,” *Canadian Transport*, November 1982. Most legal decisions in the 1980s held that the right to strike and bargain were not constitutionally protected. Things have changed, especially over the past decade. See Larry Savage & Charles Smith, *Unions in Court: Organized Labour and the Charter of Rights and Freedoms* (Vancouver: UBC Press, 2017).

toward greater inequality in the guise of social virtue. The Canadian Labour Congress, along with NDP leader Ed Broadbent, said the program was nothing more than the federal government making its own workers into scapegoats and then encouraging all employers nationwide to do the same, even though workers had been the principal victim of inflation-eroded gains since 1975. CUPW president Parrot would suggest that the 6&5 was nothing less than a coordinated employer offensive against the entire working class and an effort not to abolish unions but to render them an organizing tool of workers in the interests of those employers.<sup>37</sup>

But while these protests would not be heard by the courts or by the Trudeau Liberal majority, and while many again may have seen these claims as conspiratorial in nature, the truth was that the labour-left's suspicions were bang on: Trudeau's government clearly knew that wages were not causing inflation and that the 6&5 would be seen internally as an attack on unions and an effort to assist capital. This was all but confirmed by a secret document sent to Trudeau, which Broadbent leaked just over a year before the 6&5's implementation.<sup>38</sup> This January 1981 document makes it clear that the AIB controls were much more effective on wages than prices and that in the current context it was not reasonable to argue that wages were driving inflationary trends. But the worry here was less about the injustice and ineffectiveness of controls and more about how the previous round had made labour understandably reluctant to trust such schemes. More importantly, the document was right to note a fear that workers – with the truth that “real wages have declined significantly over the past three or four years” on their side – would seek to recuperate those losses. As it happened, of all sectors, federal public servants were the most harmed by wage erosion and could make justified claims for rather large increases. But because this would “provide a demonstration effect on private sector wage trends,” the government should resist paying its workers what they were worth in order to help keep wages down in other sectors. While the document's author understood that a full return to controls was politically fraught, it was felt that manipulation of the collective bargaining process so as to lower wages would have a knock-on effect into the private sector. Here the Trudeau government was advised to use a combination of private-sector comparators, binding arbitration, essential-service classification expansion, and wage caps to control wages within its own jurisdiction. Rather than banning strikes and bargaining outright, the focus here was on allowing the bargaining process to

37. Judy Giroux to NDP caucus members, 12 July and 22 June 1982, Ed Broadbent fonds, vol. 59, file 17, LAC; Ed Broadbent, Rod Murphy, and Sid Parker, *Labour News*, Summer 1982, CCF-NDP fonds, 1993-0407, vol. 50, LAC; *Fighting for Our Rights: A Special Supplement to Canadian Labour*, insert in *Canadian Labour*, September 1982; Jean-Claude Parrot, “Restraint: Hard Times for Workers,” *CUPW Journal*, July–August 1982; Jean-Claude Parrot, “The Show Must Go On,” *CUPW Journal*, April 1983.

38. “Secret Plan Calls for Wage Controls,” *The Commonwealth*, 22 April 1981; Judy Giroux to NDP caucus members, 9 July 1982, Broadbent fonds, vol. 59, file 17, LAC.

play out naturally when groups of workers were likely to lose – for instance, restricting arbitration access for weaker units to force them to settle low – and prevent stronger units from achieving what they could through the above-mentioned restrictions. Again, the document openly declares that the effect of all this would be to perpetuate losses in real income among federal public servants “to an even greater extent than they would be otherwise by market forces,” because this would set a good example for the rest of the economy.<sup>39</sup>

Not all of these suggestions were implemented, but many were, including the exit period from the 6&5 in 1984 containing ACTC-style provisions, to limit wage increases seen by those in the private sector as caps, and a rather significant expansion of those workers deemed essential, to limit the effective right to strike for *all* federal government workers.<sup>40</sup>

Ultimately, this essay has shown that the broad inflationary crisis that faced Canada during the Pierre Trudeau era was seized upon by his government to attack the living standards of workers and their ability to achieve and defend those standards. In many ways, the inequality that plagues 21st-century Canada is rooted in part in Trudeau’s successful effort to use legislation and public discourse to compel workers into settling for less even as Canadian society grew richer, and even as their role in causing inflation was debatable at best. While Trudeau’s tenure precedes what many call the neoliberal era, one can see in his legislative and ideological project the essential foundations of Canadian neoliberalism.

Looking back to Panitch and Swartz’s three preconditions of success in terms of effectively limiting labour freedoms, we see that Trudeau generally succeeded in fulfilling their template. Via the 6&5 he targeted public-sector workers; through the AIB he effectively banned meaningful collective bargaining for three years by arguing for the exceptionality of the action, even as he continued to curtail workers’ rights after the AIB’s closure in 1978; and he would perpetually suggest that if Canadian workers wanted to have a future, they needed to be worse off in the present to await their trickle-down rewards.

But he did not fully chart his anti-labour path via the model suggested by Panitch and Swartz. It is also vital to consider how Trudeau did most of this in a pre-emptive fashion, rather than primarily reacting with back-to-work legislation. It should also be remembered that, although never implemented, the ACTC model of federal public-sector bargaining would have entailed a permanent end to free collective bargaining in a way that was more transparent than the interventions under the permanent exceptionalism handbook, at least in my opinion.

One thing needs to be restated in closing. These attacks were successful not just because they generally followed the above blueprint but because these policies made it seem as if collective bargaining and striking still existed, even

39. “Discussion Paper on Anti-inflation Policy Options,” 9 January 1981.

40. Panitch & Swartz, *From Consent to Coercion*, 32–34.

if not in fully functional terms. There was never a *total* ban of either activity, which would have likely been seen as too draconian. While the 6&5 effectively suspended striking and bargaining in the federal public service, most of these programs were designed in a way that preserved the ritualistic dance of collective bargaining and even striking but in no way allowed those engagements to be genuine, except in those cases where outcomes did not benefit the workers. Even the shelved ACTC would have allowed token, controlled bargaining with the associated theatrics. This helped to preserve the idea that collective bargaining was still a respected value by Trudeau and his government and portrayed forceful interventions into those processes as being somehow voluntary actions of solidarity intended to fight inflation. Collective bargaining and striking would still have a role, so long as collective bargaining and striking did not actually work.