

Courage My Friends Podcast Series X – Episode 3

Pension Divestment: From Funding Crises to A Radical Pension Politics

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ANNOUNCER: You're listening to *Needs No Introduction*.

Needs No Introduction is a rabble podcast network show that serves up a series of speeches, interviews and lectures from the finest minds of our time

RESH: How are Canadian public sector pensions funding housing crises and mega infrastructural projects from New York to India? Why are Canadian workers investing in exploitation, social erosion, authoritarianism and genocide? Must our retirement security rob others of their security? What are the possibilities for pension divestment? And what is the transformative power of a radical people and planet-centred pension politics?

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COURAGE MY FRIENDS ANNOUNCER: Welcome back to this podcast series by rabble.ca and the Tommy Douglas Institute at George Brown College.

In the words of the great Tommy Douglas...

TOMMY (Actor): Courage my friends, 'tis not too late to build a better world

COURAGE MY FRIENDS ANNOUNCER: This is the Courage My Friends Podcast.

RESH: Welcome to Episode Three, Pension Divestment: From Funding Crises to A Radical Pension Politics

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I'm your host Resh Budhu.

In our third episode of the season, union researcher and author of *Invested in Crisis: Public Sector Pensions Against the Future*, Tom Fraser and Research and Policy Analyst with *Just Peace Advocates*, Becca Steckle join us to discuss how Canada's public sector pensions are funding crises from housing to genocide, the restructuring of Canadian retirement security into capital funding for militarism and welfare erosion around the world and the urgent need for divestment toward a radical pension politics.

RESH: Becca and Tom, welcome. Thanks for joining us. So let's start with some introductions. Becca, tell us about Just Peace Advocates and your work.

BECCA: Yeah, it's great to join you on the podcast. So I'm Becca I work with Just Peace Advocates. We're a Canadian human rights organization that focuses particularly on the right to self-determination of the Palestinian and Kashmiri peoples.

And as a Canadian organization, specifically in the Imperial Core, one of the ways we show active solidarity is by holding our government and institutions accountable

for their complicity. So that's kind of an overview of what we do. We do that in a lot of various aspects, but that's our goal.

RESH: Thank you. And Tom, you are a union researcher and author, so tell us about your work.

TOM: Yeah. So my name is Tom Fraser. I am the author of *Investing in Crisis: Public Sector Pensions Against the Future*, which was released by Between the Lines Press around this time last year.

The book looks at the history of how Ontario's major pension funds came to be the owners of everything on Earth, and the implications of that sort of bizarre imbrication of the welfare state with the financial sector for not just organized labour, but working class people fighting social movement struggles in cities across Canada and also internationally.

RESH: Lovely, thank you. So again, your book *Invested in Crisis: Public Sector Pensions Against the Future*, is very interesting in terms of just how big this is. But let's start with the basics. So back to you, Tom. Give us an overview of how pensions and pension investment works.

TOM: On the very basic sort of mechanical level, sort of first principles, what happens with large pension funds? So think the Ontario Teachers, the Ontario Municipal, or even something like the Canada Pension Plan, a percentage of wages deducted from each paycheck goes into a pooled fund.

That pooled fund called the Pension Fund is then invested into capital markets. The returns from which are used to pay out the eventual pensions, people will get paid in retirement.

Now there are different specific mechanics as to how that payment plays out depending on the structure of the plan itself, whether it's what's called a defined benefit plan or a defined contribution plan. But the basic investment structure, regardless of what type of plan your in generally sort of operates by that same logic.

Contributions are garnished from paychecks and put into markets.

What distinguishes the large Canadian pension funds from a lot of other pension funds, not just in Canada, but also internationally, is their sheer scale.

So Canada has across the public sector, not just in Ontario, but in other provinces, large consolidated public sector pension plans.

And so whereas in the private sector, you would often have a singular pension fund for a singular employer, there are consolidated cross employer pension plans in large segments of the public sector. Such that if you're an Ontario teacher, regardless of if you are an elementary school teacher or a high school teacher,

whether you're in Thunder Bay, Windsor, or Ottawa, whether you are in the secular school system or the Catholic school system, you're going to be contributing to that same pension fund.

And so partially just as a function of scale, they are capable of doing the types of investments and pretty like enormous far reaching investments outside of the sort of stuff that you or I could hypothetically do if we were to log into Wealthsimple and toss whatever savings we may hopefully have - I know I don't - into some sort of ETF or pooled fund.

So that's a big part of what makes the Canadian Pension funds unique and powerful is a really sort of important part of it.

RESH: Right. And we'll get more into that. Becca, you're also looking at Canadian public sector pension plans.

So do you wanna add to this and also what types of workers, what types of jobs are we talking about and how many workers does this include?

BECCA: That's a great question. I think Tom explained it really well. I think the power of these pensions is huge. We're not talking, in many cases, millions, we're talking billions of dollars.

And a lot of the workers, they're healthcare workers, there's teachers, they are government employees, whether that's municipal, provincial, federal. So it's quite a high percentage of Canadians. I mean, if you think about the CPP specifically, that's every resident of Canada who isn't in Quebec, and then they pay into the CDPQ, which is their own type of thing. So this impacts everybody.

And then there's the public sector pensions that are more focused on employee-employer relationship. I don't know Tom if you know specifically like the number of workers those cover, but it's a significant amount. Particularly out west, if you look at some of their pension plans, they cover almost every main kind of profession that you could think of.

RESH: So let's get into where our retirement savings are going.

So Tom, as you mentioned, in *Invested in Crisis*, you focus on the massive real estate investments of Canadian public pensions.

How and why did public pensions shift in the direction of real estate? And give us an example of what this looks like.

TOM: Yeah, so the story I tell in my book is the story of reforms that were made in the Canadian pension system, and specifically in the Ontario Pension System in the 1980s that turned Ontario Municipal Employees retirement system, or OMERS, as

I'm gonna keep calling it, and the Ontario Teachers Pension or Teachers into these enormous capital investing funds.

So, by way of background, prior to the 1980s, these pension funds were exclusively invested in Ontario Provincial Bonds. So they were getting relatively low rates of return, but super, super secure, but with very little sort of labour input into where investment was going.

This was an arrangement that was making government angry, that was making labour angry, and also was making the financial sector very angry because they saw the potential for all this prospective capital, this sort of flood markets.

Bear in mind that this is a period of time where fiscal retrenchment is on the rise on municipal, provincial, and federal levels of government, and there's also a pretty large rise in the power of the financial sector politically.

RESH: Well, this is the shift from the post-war building of the welfare state into the neoliberal erosion of the welfare state.

TOM: Exactly. Yeah, yeah, yeah. So what ends up coming out of those Ontario pension reforms is what I call the marketization of the big Ontario Pension Funds. Such that they, beginning in the mid-eighties and sort of hitting its apex with the restructuring of the Canada Pension Plan in the late 1990s, suddenly these government operated pension plans, which had been sort of core components of the incomplete Canadian welfare state, are suddenly fully integrated into the financial sector.

And these coincide with changes in the relationship of the financial sector to things like real estate and infrastructure. Where in the kind of aftermath of de-industrialization, not just in Canada, but across the Global North, suddenly more and more financial capital previously put towards productive enterprise is now finding a new sinking in both construction of new, you know, the glass towers we all know and love, but also in the revaluation of previously devalued real estate.

And so it's in that context that the Canadian pension funds develop into what gets called in the global financial press, "the Canadian Model", whereby function of their scale and in part their connections to preexisting real estate and infrastructure capitalists are able to build really, really enormous in-house capacity to do very extractive investments in real estate and infrastructure.

The ultimate pinnacle of which is the co-development by OMERS and the company related properties of Hudson Yards on the west side of Manhattan, which is sort of the crowning achievement of Michael Bloomberg's real estate agenda in the 2010s. Is the largest real estate development in American history, which is a remarkable fact given that the United States is one big real estate project.

RESH: And Ontario workers are funding that through their pensions, this huge real estate behemoth in Manhattan.

TOM: That is correct, yeah. So a bus driver in Kitchener is directly financially connected to the dozen or so monstrous skyscrapers that now dominate the lower West side.

RESH: Wow. Little do they know. Little do we know. And the pension market, as was mentioned, this is incredibly lucrative. Billions and billions and billions of dollars. So you focused on two of them, but really this is the Maple Eight. So what are the pension funds that we're talking about?

TOM: So the Maple Eight is the term used in the financial press to discuss the big eight Canadian mega funds that are sort of, alongside the mining sector, kind of the biggest way that Canadian capital interacts with the world. And they are the Canada Pension Plan, the Caisse de dépôt et placement du Québec, which is the Quebec Pension Plan and the Quebec Public Sector Pension Plan. Ontario Teachers. The Alberta Investment Management Corporation, or AIMCo. BC Investments, which is the BC Public Sector. PSPIB, which is the Public Service Pension Investment Boards, that's if you're a federal public servant. OMERS, so the Ontario Municipal. And HOOPP, which is the healthcare of Ontario Pension Plan.

So these eight pension funds all have more than a hundred billion dollars in assets.

In the case of Teachers, it's over \$300 billion. CPP, It's over, I think, over \$600 billion at this point. The Caisse would be above \$400 billion at this point. Like these are enormous, enormous asset managers, who really do have a considerable level of clout in global capital markets more broadly, but especially in global real estate and infrastructure markets.

RESH: Now, both of your work is focused on the serious moral and ethical implications and contradictions of how our pensions are being invested. Becca, to quote, Just Peace Advocates 2025 Pension Divestment report, how are our pensions funding genocide?

BECCA: Yeah, so if you look at most of all eight of those pensions that Tom just mentioned, there is a significant percentage of those investments in companies that are actively funneling money, whether the companies themselves are participating in war crimes, genocide, armed conflict, all of these things. These pensions are investing in those companies so those companies can carry out their work, which is committing war crimes, genocide.

For example, if you look at CPP, the Canadian Pension Plan they had in 2025, an estimated \$27 billion just invested in companies complicit in the occupation, apartheid genocide in Palestine by Israel.

And that's one of countless concerning illegal, violent situations in the world. That doesn't include how the companies are violating Indigenous rights here in so-called Canada. That doesn't include Sudan, that doesn't include Haiti, that doesn't include, that is just looking at Palestine.

That's \$27 billion of our funds.

And one thing I'll note, I often, the pensions, the investment managers will say, we're too far. Like, we're at arm's length. There's an example that I use, the Quebec pension plan, the CDPQ is required to disclose their investments annually, and they are questioned by the Quebec legislature annually.

So last year in 2025, the president and CEO of CDPQ was questioned, specifically asked about Palestine and their investments that are complicit. And the CEO said we're at an arm's length. Like essentially said, we really don't have anything to do with that. We're just investing money.

RESH: Mm-hmm.

BECCA: But it's those investments that allow those companies to commit heinous crimes.

RESH: Out of sight, out of mind is basically the argument.

BECCA: Exactly.

RESH: Part of what makes all of this so opaque are these asset managers. Tom, you talk about Blackstone, and you refer to it as evil.

TOM: Yeah, so Blackstone is a large American asset manager, not to be confused with the even bigger American asset manager known as BlackRock..

RESH: Which was a subsidiary of Blackstone when it started, right?

TOM: Yeah. Private equity guys not very creative.

Blackstone is a large American asset manager who are most notorious for scooping up large portfolios of foreclosed upon houses in the aftermath of the US financial crisis.

As many may recall, one of the more sort of intimate ways in which the crisis of 2007/08 landed on individual working people was on over-levered Americans suddenly unable to make mortgage payments and with their house values underwater, which is when you have more an outstanding mortgage than the value of the house, being foreclosed upon between 2008 and 2010.

A lot of those houses, which were foreclosed upon by the banks that had been doing the lending or by the people who had then bought the mortgages from the banks and the whole, you know web of finance that caused the crisis itself. Those houses were bundled into portfolios and sold. And one of the big purchasers of those single family homes was Blackstone.

RESH: Right. And Blackstone has also become, because of that type of practice, the largest landlord as I understand it, in the world, right?

TOM: Yeah, that sounds, that sounds about right. Which has actually been discussed recently in the fascinating, unexpected, but also will never materialize suggestion from President Trump that he was going to ban asset managers from owning single family housing.

It's kind of like when he said he was gonna cap credit card fees. It's one of those things where it's like, okay, bet.

RESH: Don't take that bet.

TOM: Yeah. You know, it's never gonna happen. But Blackstone is one of a pretty large system now of huge asset managers who are definitely the dominant players in global equities.

RESH: Mm-hmm.

TOM: But, and this kind of depends from manager to manager, but are also huge players in global investments in what are called "real assets". So things like real estate and infrastructure. The same sort of stuff that the Canadian pension funds are big on.

Now, the interesting thing with those large asset managers is that a huge portion of what they are managing is retirement savings.

RESH: Yeah.

TOM: But it's individual's retirement savings. Or it's the savings of smaller funds that don't have the in-house capacity of something like a Teacher's or something like an OMERS to be doing its own investment,

Teachers and OMERS are, you walk in their door and it's like you've walked into a private equity fund. Like over a thousand people on staff. They're doing basically everything in-house.

If you're a small pension fund, you're investing through intermediary asset managers, of whom, you know, you can count BlackRock, State Street, Macquarie, these

enormous, enormous entities that are basically the vehicle through which the whole pension contradiction gets diffused down to the level of the individual.

It's not even just if you're a member of an enormous fund, but even if you just have like a regular old TFSA that you invest through your bank. Things like that are going into the big old asset manager soup.

RESH: Yeah. And BlackRock, as you said, is the world's largest asset manager. Their assets are about \$11 trillion US, more than the government spending of the 10 richest countries in the world. And two thirds of that are pensions.

Becca, can you name some of the weapons companies that we're paying into as Canadians?

BECCA: Unfortunately, yes. So you think of the big companies like Palantir, who is not only involved in the occupation and genocide, it's also involved in the US when we see ICE violently carrying out their actions.

Companies like Nvidia that are involved in AI technology and also Google. If you think Microsoft, all of those big companies also. And then we have companies like Lockheed Martin, Elbit Systems, BAE Systems. CAE, which is a Canadian company actually.

And it's not even just companies that are international. There's also Canadian weapons companies that we're funding, that are then making money off of selling these parts that are then being exported.

So it is interesting if you look across the public sector pensions. We break down by the types of activities these companies are involved in based on what we know and based off the categories the UN has kind of delineated based on whether you're supporting the construction, demolition and settlements versus weapons manufacturing, etc.

And if you look, significant proportions, I would say the majority probably have the most percentage of their implicit investments in weapons and arms manufacturing or military technology.

RESH: So how did we move in the direction of our pensions funding militarism, because this seems to be something new.

BECCA: I think in some ways it's not new in the sense that Canadian institutions have always been funding violence. As a settler colonial state that's always been part of it. But specifically pensions, Tom I'll pass it over to you to speak to that.

TOM: Yeah, so I guess it comes down to how you periodize the question of new. And that, in a sense, almost becomes less a question about the Canadian pension

system and more about changes in global equity markets, I would almost go so far as to say.

It's new for the Canadian Pension System in so far as prior to 1997, CPP was entirely funded by contributions and wasn't getting invested. It's new in so far as until 1990, the Ontario Teachers was exclusively invested in Ontario Treasuries, did OMERS until 1984 or 85.

So it's new in that regard. Although if you wanted to get maybe a little deeper with it, you'd say that since CPP was funded by taxpayer contributions, by Canadian government bonds, it was funding the Canadian military. But more importantly is that as long as they have been invested in public equity markets, they have been investing in those weapons companies, which are publicly traded. Lockheed Martin is a publicly traded company, Raytheon's a publicly traded company.

But in terms of the actual scale of it, when you look at, you know, \$27 billion directly linked from the CPP portfolio to the genocide in Gaza. And also, you know, Becca, you also alluded to Palantir's very central role in ICE. That to me speaks more to the degree to which the contemporary American Stock Market and even the Canadian Stock Market dominated by these large tech companies. And these large tech companies are fully, fully interwoven with the American military and then by extension, the Israeli military.

And so, so long as you have a pension fund that is a large investor in public equities, it is going to be to some degree or another, integrated with that sort of financial, technological, military machinery, kind of full stop. And that's not a question of scale. That's not unique to the CPP 'cause you could say that the same about a very, very small single employer plan who is doing a conventional 60-40 equity bond split.

' Cause it's the degree to which the highest stocks in public equity markets, the ones in their outsized drivers of index growth just in the last couple years, are not just doing enormous, enormous sort of revolutions in technology, but are also fully intertwining that technology with military expansion.

So that to me is what makes this level of it new. Is that the militarism is actually seeping fully into every element of the equity portfolio. But that's not specifically a Canadian pension thing. That's a finance the whole way thing.

RESH: This is a global thing. And again, when we're talking about the pensions that are involved, we talked about the Maple Eight, but it's not just the Maple Eight, right? There are many smaller pensions.

BECCA: Yeah. And the difficulty is that we don't have disclosure from all pensions. So we don't actually know what some pensions are investing in. Many pensions. Probably the majority of pensions. So that makes it more difficult.

RESH: Right?

BECCA: Yes, it's true.

RESH: So Tom, in *Invested in Crisis*, you write, I'm gonna quote you. "Pension funds operate as a form of extractive welfare, predicating social insurance upon exploitation of necessity." So talk about this in what you term, "pension contradiction" when it comes to the housing crisis.

TOM: Yeah. So what I try and get at with the quote you've just picked, which is I think, pretty exemplary of the overarching thesis of the book, is that with the question of pension investments, it's not just a question of there's no ethical consumption under capitalism. Ergo there is no such thing as an ethical investment. Which is true, but requires a bit more analytic rigor to be politically useful and not absolutely paralyzing.

What I see as specifically contradictory about the structure of the pension fund is that in an age of deindustrial capitalism where returns on investment and just kind of profits more broadly are increasingly being derived from the enclosure of social necessity. And this is especially the case in a country like Canada where you have the big drivers of financial growth being basically banks that are getting profits off of extreme kind of mortgage outpours, things like that, real estate is really kind of the engine of economic growth that returns coming to a pension fund from that sort of political economic structure are directly contradictory with the point of the pension itself.

Which the point of the pension itself is to enable the continued life of the worker after retirement. But the structure of that sort of capital accumulation necessitates taking value from those same sorts of necessities.

There is a basic level contradiction in terms between the pension as finance and the pension as welfare. And they ultimately hit their collision point in the moment we call retirement.

But there is some sort of geographical nuance to it because the contradiction can be geographically place. And this is, I think, a big component of it. When you see that a huge proportion, and the bigger the fund, the bigger this phenomenon generally is that more and more of the investment is happening outside of Canada. Which means that a lot of the contradiction itself, the extractive element of the contradiction gets placed outside of Canada.

So, by way of example. One of the investments that I talk about pretty extensively in the book relates to toll highways in India where both the CPP and Ontario Teachers have been really, really big players in sort of a, private modernization project led by the Modi government since it was first elected in the mid 2010s.

And so returns that are able to kind of facilitate the comfortable retirement of that segment of the working class in Canada, which has been able to win access to a safe retirement, is directly linked to the extraction from necessity, but it's in India as opposed to in Canada. And so there were elements in which, and we can say this

more broadly about the contradictions of capitalism, the contradictions of capitalism get geographically placed elsewhere. And this is, I think, a really illustrative phenomenon of it.

You think back to, in the 1960s, post-colonial economists were talking about how the North American and European welfare states were built off of, you know, imperial plunder that was then redistributed through taxation.

The neoliberal welfare state cuts out the middleman. It's the tool of welfare itself that is then going internationally and doing that extraction. It's actually quite a bit more efficient if you really think about it.

RESH: Well, it's interesting, it's sort of the weaponization of welfare, right?

Our pensions are about our security, but this is now being used to rob other people of their security, whether it's in India, but also whether it's in Canada, because we're in housing crisis that's being driven by the financialization of housing.

Becca, how do pension investments in the weapons industry ultimately hurt Canadian workers?

BECCA: Yeah. Tom mentioned earlier just the global increase in technology and being linked to militarism.

And you know, here at home people have ring cameras every other house and those are connected to Amazon and ICE and police have access to those and the surveillance state is only increasing. And surveillance technology doesn't come out of nowhere. It's made and it's tested. And a lot of people will often say that Gaza is the testing ground.

It's not just Gaza, of course, but we think it's far away and it won't impact us or it doesn't impact us. But we live in a violent, settler colonial state. And while many people enjoy the privileges of white supremacy here and don't interact with the police, those same tools are being used against unhoused members of our communities, against Black and Indigenous members of our communities.

And so it's already happening here, but the widespread nature of it will only increase as it has and as it continues to. So I think it's one of those things where it's not just over somewhere else right now, it's also here.

And one of the many problems is that so much of this technology that's linked to military, that's linked to warfare, that's linked to surveillance are also with these tech companies that we use every day.

So Google, Microsoft, Amazon, like all of these things, even if you're not buying something from Amazon, Amazon Web Services, they're hard to avoid on the internet. It's embedded in our daily life. And the State is, and will continue to use that

and weaponize that against particular communities as well as those who are going to push back against the State.

RESH: Right. And we are watching the, I mean, just the absurdity that's happening in the United States with ICE. And it does beg the question, would it have gotten to that level had it not been for two years of watching the horrors in Gaza and sort of horribly becoming accustomed to that as well. Not desensitized necessarily, but accustomed.

But also, you know, it sort of begs the question that a lot of the major weapons companies are, as you said, they're American-owned. And we have been facing threats to our sovereignty from America.

There's so many contradictions within this.

TOM: One of the sort of more recent interesting phenomena that's still playing out and was playing out before the return of Trump to office in November, 2024, let alone any sort of discussions at 51st states, annexations of Greenland, destruction of the Gordy Howe Bridge, what have you, has been this sort of rekindled sense of what I call pension fund nationalism, which is a political current that really started to come out of sort of the late Trudeau government grasping for ideas. Wherein they're suggesting that Canadian pension funds represent this remarkable source of capital that could be, you know, making us competitive again. Making us an energy superpower, building all these infrastructure projects. And that was rejected I would say, pretty bluntly by the Canadian pension funds at the time.

This was in kind of Fall 2023 that this was beginning to sort of play out. And it was rejected on the basis that the political independence of the Canadian pension system is a really core component of how it internally operates.

But we've seen sort of a softening from the Canadian pension funds to this sort of nationalist posturing just in the last kind of year and a bit or so, in ways that as someone on the Left, I find, concerning.

I'll use two examples that I think kind of get to the heart of what we've been talking about.

One is that all of these sorts of major projects that have been identified by the Carney government is focal points for a sort of economic nationalist project. A fascinating version of economic nationalism dependent upon private capital rather than the State is really, really reliant upon trying to encourage the large Canadian pension funds to reshore some of that capital, to be building the pipelines, to be building the Port of Churchill, to be refurbishing the Port of Montreal. To be even more deeply sinking the fangs of the financial sector into socially necessary infrastructure as the case may be. Or into deeply ecologically devastating infrastructure. You know, the blood veins of Canadian imperialism in the Prairies as the case otherwise may be.

And so that's been one of the ways in which this sort of nationalism has manifested in the pension system.

But the other, and I think this gets to more directly to what you were just referring to with this question of the integration of the American military machine with the financial sector is there have already been considerable gains made in the Canadian pension system as a result of the response to the American military.

And I'm speaking here about European equity markets in the last year did very, very well in ways that were very surprising. And they did very, very well because Europe is re-arming in a way that it has not in a very long time. In large part because they can no longer rely upon the promise of the American military.

And now what we're seeing more recently, and this is what is currently filling me with dread and what I think really should be kind of a focal point of Canadian activism against the financial sector, is these conversations over this International Defense Bank where all of these large institutional investors partnering with government are going to be sort of at the vanguard of this new era of the military industrial complex.

I mean, you know, we're now seeing articles in the Globe and Mail suggesting that the Oshawa GM plant be refashioned into a plant for military vehicles. Meanwhile, Toronto, Calgary, Halifax are all jockeying with each other, fighting over who gets to host this Defense Bank.

And part of the major pitch that any Canadian city has, especially Toronto for when it comes to hosting something like that, is the presence of the Maple Eight, these enormous institutional investors who will absolutely be central financial players in anything like that.

It's not just going to be banks. It's not just going to be your BlackRocks. It's not just going to be your State Streets. It is also going to be the large pension funds who are salivating at the thought of an enormous re militarization, of an excited rejuvenated western European and Canadian military.

RESH: Yeah. Well it's, it's interesting, right? Prime Minister Carney, the way that he's positing the uptick in defense investment and defense spending. It's not the rah rah, rah for defense of country and defense for our borders. It's like, wouldn't this be a great economic development plan for Canada? It's sort of a military shift in Keynesianism.

So we need to divest obviously, because this is heading in very alarming direction. So Becca, talk about divestment and divestment strategies.

BECCA: So there's a couple important things. One is that divestment is possible, but it's not simple and it's not always clear.

I think if you watch pension investments. Sometimes people get their hopes up because a pension will seemingly have divested, but then if you look at it quarter after quarter, year after year, they're reinvesting those things. And so what we're looking for is not for a pension to divest for three months from Palantir. What we're looking for them is to say, what we're not going to do is invest our money into companies that are perpetrating heinous crimes.

There's various strategies. Obviously people have a lot of power and Tom can talk more specifically to like the power of unions. But one specific thing about pensions that is different from say a bank, you have an account with and you can switch, is that as members we are paying into our pension.

And so theoretically we should, some would say, have a say in where our money is going. It's not somebody else's money, we are paying into that year, after year, after year.

And I think one of the things, one of the strategies is they're not going to be held to account based on morals. They truly don't care, unfortunately, and we won't get them to divest by making them feel something.

But things that can work are pressuring them on the finance side and the legal side. And I think one key thing is that it's not legal to have investments in these companies. Now they will say it is. But particularly in specific cases, like if we look at Palestine, there is a whole host, unfortunately, of cases to say the Occupation is illegal. Support for that is illegal. States, Canada must take action to do due diligence, look at their investments, look at their companies. And they go so far as to say revoke a corporation's status incorporation if they are supporting the Occupation.

There's a very classic kind of Canadian facade that these pensions wanna play to say, oh, we care, we are doing good things. We agree to the UN guiding principles for business and human rights. We agree to the principles of responsible investment, but if you look at their practices they don't follow those things.

And so I think the strategies cannot be feelings cannot be morals. We know if something would've happened based off that, that would have changed. So I think the strategy has to be different and it has to be people. And it has to be putting pressure on them from the financial and the legal aspects.

RESH: Just to continue with that, because you brought up the UN-Supported Principles of Responsible Investment. Many of these pension plans have responsible investing policies that are supposed to align with that.

And among these principles, I think there's about six principles, right? And among them are disclosure. You have to be transparent. You have to engage in sustainable investing practices that align with ESG, environmental, social and governance. And yet, investing in predatory housing, corporations, climate destruction, militarism, genocide are, as you say, a clear departure from these.

But can the PRI, the Principles of Responsible Investment be used by the divestment movement in order to pressure these pension funds from engaging in this type of activity. How do they get around them and how can it be used instead?

BECCA: So those specific things are not legally binding, so that makes it difficult to hold them accountable. You can't take them say to court, to my understanding over those things. They're not legally binding, they are commitments that they have made and so they're what some people would call soft law.

They're principles, but we can't use them in a legal case to say, you committed to this thing. This is against the law. So that does make it more difficult.

I think exposing those contradictions is key because part of why they don't disclose arguably is because they don't want people to know what they're invested in.

And so if we can take off that mask to say, you can say this thing, but what you're doing does not align, that's perhaps one of the powerful ways to use that.

RESH: Okay. So Tom, Becca brought up unions and I wanna continue with the earlier quote from your book, "this dynamic produces a sticky situation for Ontario's labour movement. The capacity of workers to compellingly fight for a radical urban politics is inhibited by the dependence of their retirement upon the same forces that are rendering urban life less and less affordable. They're quite literally invested in crisis." So what are the implications for unions who are involved in negotiating our pensions and have members sitting on pension boards?

TOM: Yeah, so basically there were kind of two different ways in which that dynamic can manifest. One is the union with seats on the board who says, when we are on the Pension Board, our sole obligation is to the returns of the pension who have fully sort of incorporated and infused themselves with the notions of fiduciary duty that get really sort of put upon, foisted upon, pressured upon union board members, even those who might have some degree of inclination towards doing social investment.

But there is also, even within that sort of mentality, just simply, it is a question of the point of the pension fund is to get rate of return. We do politics elsewhere.

By way of example, in the 1980s during the Ontario pension reforms, one of the main points of contention was over investment control.

The OFL position was that pension contributors, the workers themselves should be electing the pension boards, should be running the pensions themselves. While the Ontario Teachers stepped outside of the OFL on this and said, we want it to be professionally run rate of return the sole consideration. You continue to see that phenomenon play out in Teachers.

To use just one very illustrative example, Mark Carney's, Minister of Natural Resources. Tim Hodgson, also his old friend from Goldman Sachs in the Bank of

Canada was also a teacher-appointed representative on the Ontario Teachers Board. So that kind of gets to the point of it.

The other way in which this manifests is the union that is simultaneously critical of the investments of the fund and yet also critical when the fund doesn't do well. Again, both of which are very independently understandable, correct, justifiable positions.

RESH: And you see multiple positions within a union, right?

TOM: Absolutely.

RESH: Between the union members. Yeah.

TOM: Tons and tons and tons. But like ultimately you can't get away from the Faustian bargain. Which is that in order for the returns to do well, the investments have to be socially corrosive because that is the structure of the global financial system.

And so when you really, really, really get down in the core of it, you can't really have your cake and eat it too in that regard.

And so this is where I do find it a bit more difficult to put a ton of emphasis on either the legal or the financial avenues as the terrain on which these battles can be fought.

The first being with the legal is that there's so much architecture, like legal architecture surrounding pension fund governance that is very, very carefully designed to insulate them from democratic interference. And so there are very, very few meaningful inroads through which pension fund members can exercise meaningful control over their plans.

You know, board-appointed trustees have little power, but are also embedded within the system itself. Even the best, most amazing-minded of union-appointed trustees on a Board.

On the financial side. If you wanna get after, okay, well this was a violation of your fiduciary duty that you made this particular investment, war is profitable. Big tech companies are super profitable. There is not a serious financial angle through which you can be meaningfully attacking these investments saying that, oh, all of these bad things you're doing are bad investments, and if you do X, Y and Z ESG, you're also going to get better returns. That was really the promise of ESG and social investment. Right?

The long history of social investment is super interesting. It starts off as being actually fairly radical based in union control over funds being used for reindustrialization projects. And as time goes on and as organized, labour gets weaker and weaker and weaker, it gets whittled down into using things like equity voting for board seats, to basically attempt to kind of massage the edges of the

pension contradiction in ways that really do kind of fall back on a, actually it's more profitable to be good.

Which, when you really get down into it, proves to not be the case. And it becomes very, very clear that a lot of these sorts of ESG policies, social investment policies, UN principles on responsible investing, et cetera, are all varying degrees of window dressing or opposition capture.

RESH: But there have been successful examples of pension divestments. To get into some good news here, right?

So Becca, could you talk about the divestment successes?

BECCA: Yeah. I think if we're looking at Palestine in particular, one more recent success, is the Norway Federal Pension Plan. They chose to divest from companies that are unlawfully operating in Occupied Palestine. That's a huge, that's a massive federal state level pension fund that chose to do that. So it's possible. It's definitely possible and it can be done. It's getting there that's the hard part. But the good news is it is possible.

RESH: Right. And Tom, do you wanna add to this in terms of divestment successes?

TOM: Yeah, so I didn't mean to be so doom and gloom to degree that I just was, but I think what the Norway case speaks to, but also there are other examples that can be drawn upon is ultimately the only meaningful tool that we have with any of these issues, whether it be divestment from war crimes like Gaza, whether it be divestment from fossil fuels, what have you, is meaningful sustained political pressure.

The battle for divestment, even at a jointly sponsored pension plan where you have union seats on the board, is not going to be won by those people who have seats on the board. It is going to be won by an extremely, extremely organized union rank and file underneath them, who is putting sustained pressure on the fund itself, not just on the board, but on the broader fund to be, you know, kind of feeling the burn as it were.

One of the things that's been interesting in the last couple years is that the leading Canadian pension fund on climate issues has been the Caisse de dépôt et placement du Quebec which is not a workplace pension in the way that Teachers or OMERS is, which doesn't have a jointly sponsored board, etc. But the Caisse is understood in Quebec as being just as much a political entity as it is a financial entity. 'Cause it was founded as a quasi-political financial entity. Because it was founded with a dual mandate to also be investing in Quebec economic development.

Now, the Caisse also does just as much nefarious investing as any other member of the Maple Eight. But there is space for political pressure to be put upon the Caisse because of the understanding that it is part of a national Quebecois economic project, that it was able to be successfully pushed to genuine, meaningful divestment

from pipelines and from direct extraction beginning in 2021. Such that I believe it was the first Canadian pension fund to ever get an A on the climate report card of the pension climate organization SHIFT just a couple weeks ago.

What I take from that and what I take from other successful campaigns on the pension front, whether they be over divestment, whether they be on screening out particular types of investment, whether it be on preventing investments before they occur, is that if you have an instrument through which you can politicize your pension fund, so you can prevent it from being fully just conceptualized as this is where my retirement savings go, to being understood not just as a financial savings vehicle, but also one that is very active in shaping the world around us. Then you can start really sort of putting the pressure on through rank and file organizing.

And ultimately I think that is truly the only pathway through which we have any prospects of overhauling the pension system.

As I get to in the book with things like ESG, with things like joint trusteeship, the pension model, the contradiction is at the core of it. It's not just in elements of the structure, it is foundational. And so you can't reform the structure around that basic core. You have to organize around that core contradiction to be able to achieve any sort of political lens through it

RESH: Right. Now, I'm a Canadian worker. Before I started looking into this, I was only thinking of my pension when I see deductions on my pay stub. Or, you know, after a rough week at work, I'm doing my pension calculations, how long until I'm free. I wasn't thinking about how I'm working to fund death and destruction and housing insecurity.

Becca, are workers generally aware of how their retirement savings are being invested? Are they even asking these questions? I mean, it's difficult to find this information, but are they aware?

BECCA: I think on the whole, no. I mean, even for me, I can say I started my career as a nurse and I'm a member of HOOPP, you know, Healthcare of Ontario Pension Plan, and I as a nurse who theoretically and actually in my own life, care about people's lives, I wasn't thinking about what my pension... I like you, it was a line on my pay stub. So no, I think the average worker does not. And to some degree I think that's intentional. And I think that comes from the evasive nature of the pension plans not disclosing. Like Tom is saying, it's all part of a system and a framework.

I think the last two years, unfortunately, since the escalation of genocide in Palestine, many more people are aware because there has been a lot of organizing around various pensions. And so that piece of things has brought it to mind.

I think also climate change, there's been a lot of organizing over the last, I mean decades, but particularly the last five to ten years that have brought it to light. But I think the last couple years in particular have brought to light the truly person to person impact. Because I think even climate change, we think, oh, the future, we

wanna make it better. We wanna make sure that climate change isn't getting worse. But when we think about weapons we're not always thinking that, oh, my money is paying for that bomb that was just dropped on Gaza.

And that's devastating, obviously, more than devastating. And so I think on average people aren't aware, but I think more people are becoming aware and more people are angry. And are not okay staying silent. And we don't want to retire on money that comes from death and destruction.

RESH: Well, on that Becca, what do you say to workers though, who may share the outrage about what their pensions are funding, but are also afraid to rock the pension boat, especially in these times of greater economic uncertainty when all they've got to retire on is their pension. They're like, yes, it's terrible, but don't touch my pension because that's it, that's my cushion. What do you say to people?

BECCA: I say to people to, like Tom said, get organized.

There's a lot of groups, particularly for the bigger pension plans where there cover multiple employers.

There are other people who care and who are trying to do something and want to do something. And so it doesn't have to be an individual fight. It can't be an individual fight in the end. and so on the one hand it's get involved, find people.

The reality is it takes that people power to make change. And to have a retirement we don't have to, and Tom can speak to this more, but it doesn't require us to theoretically invest in these companies that are getting massive returns. I don't need a billion dollars to retire on, which I'm not gonna get anyways, and I don't want it. I just wanna be able to live.

And so I think the reality is we don't have to buy into the fact that we have to profit off of destruction. Now, again, I totally agree with Tom, that it's not something we can reform. It's inherent in the system. It's not like one person asking for change. It takes a lot of pressure. So I think to say to people, get organized, get involved, because there's something to be said about putting the feeling you have into action.

RESH: Tom, so going to you then, you're a union researcher. How can people organize through their union. Say people are listening to this obviously, so they said, okay, I wanna see what's happening in my union. I want to know how my pensions are invested. So how do they find out and how do they take action?

TOM: Yeah. So first I do wanna speak to the question you had raised before, how do you engage with the person whose reaction is my pension is all I have. The question of the sanctity of the pension.

Because I do think that this question ultimately does put a built-in cap upon how far any sort of organizing about narrow pension issues can go. ' cause ultimately, so

long as people are reliant upon their pension to be able to retire and so long as that pension is reliant upon return from capital markets, you are not going to be capable of building the level of organization required to overhaul the pension system.

So when it comes to how do you do that sort of organizing, it actually becomes more a question of how do you organize in order to reduce the necessity of the pension? And what that means is getting involved with your coworkers, pushing at your workplace, pushing with your stewards, pushing with your elected leadership, to be fighting for mass build-outs of public housing, seriously, public healthcare and public PharmaCare. Higher levels of socialization within food systems. Because ultimately, the only way out of the pension problem is to have a world where the end of your career value of your pension does not need to be as big as possible.

We need to go back to the mentality of people in the early socialist movement, in the early days of capitalism, who were genuinely talking about how do we get rid of the wage? How do we make it so that it's no longer necessary for people to receive a wage in order to finance all of the things that will keep them alive day to day.

So long is you need to be continuing to pay for stuff to retire and paying for stuff at serious, serious scale to retire. So long is you need to have the biggest pension you can possibly have, you're always going to have that reliance on capital markets that ultimately puts a cap on any organizing around the issue.

So how do you get involved? How do you organize around these problems? You start talking about how you wouldn't need a pension to be as big as it is if you didn't have to worry about continuing to make your mortgage even after you were retired. If you weren't concerned about food prices. If you weren't concerned about the cost of pharmaceuticals. And you know that every single person in your workplace is having those same concerns. Maybe they haven't thought about how it's connected to their pension. I know that your older coworkers are definitely thinking about how their pension is attached to cost of living issues.

But that really is the inroad for doing the sort of transformative politics that ultimately can actually get to the core of the very, very bad house of cards we've built.

RESH: So essentially, organizing to build a genuinely healthy welfare state.

TOM: Exactly. That's exactly it

RESH: Right. Now, can workers opt out of these large pension schemes, engage in ethical investing for themselves. The NDP proposed a Canadian Victory Bonds last year investing in vital infrastructure. You have the peace tax return that's coming from Conscience Canada, those types of things. So you cannot opt out.

TOM: No. Like you could invest your own saving, like your own personal savings in that, but you wouldn't be able to say if you're a member of Ontario Teachers, you

can't say, oh, no, actually I would prefer to not be a member of Ontario Teachers. Same way as you can't divest from CPP.

RESH: Makes sense.

BECCA: Just on Tom's last point, I think the way we're investing in capital, it's part of this racial capital system that pensions are a part of, even if you divest from certain companies. And so I think that focus on how are we building community? How are we building the systems we need to take care of each other and not rely on these massive pensions is key. So I just wanted to reiterate and highlight that. Yeah.

RESH: So Becca, you're organizing on divestment in terms of this militarism, how it's contributing to the genocide. What would you say to people, to workers, your sort of parting advice in terms of getting involved in divestment and in the divestment movement? Because there is a movement that is happening out there.

BECCA: Absolutely. I think I would say that it's our money going into these investments. So whether or not we are actively choosing, so, we are complicit. And that's part of a much broader system that we live in.

But if we have capacity, we have the option to take action and to get involved. And this is one of many ways.

But particularly if you are investing in one of the major public sector pension plans, obviously everybody is investing in CPP or CDPQ, but one of those other major public sector pension plans, there is a lot of organizing happening around many of those plans. And so there is a way to get involved. You don't have to start something, you don't have to know everything. I don't know everything. I'm very overall new to this. But there is a way, and you don't have to figure it all out, but get connected and build community.

RESH: And one of the organizations that can get connected to is yours, Just Peace Advocates, which I will link in the show notes to this program.

And a final question to you, Tom, and it's actually a question from your book. What should a radical pension politics look like?

TOM: Yeah, I mean, for me, a radical pension politics... there are so many different ways you can take it, right. And it's core for me, and this builds on, I think what I was saying earlier, a radical pension politics is fighting for the decommodification of everyday life. A radical pension politics is trying to fight for a politics where the pension itself is not necessary.

Now how does that actually manifest as organizing around the pension system, around pension issues, around finance? There's more space for those to be sort of fleshed out conversations. But one thing that I do think a lot about is, is there any scenario in which we could actually build a democratized pension system such that

the pension so far as it needs to exist, finds its funding, finds its ability to be in actually actively being the capital source through which we build that decommodified society.

And so a radical pension politics is fighting for more democracy in your union, is fighting for more control of your union over your pension itself. Is trying to be putting your organizational priorities, your social, your political priorities into action when it comes to how your retirement savings should interact with the financial system beyond just the level of we want more ESG, we want you doing proxy voting on X, Y, Z.

But actually more meaningfully, how do we reshape society and how does the pension system fit into that?

I'm gonna close with one last little anecdote.

When the US introduced Social Security during the New Deal, it was decided that it would be a pay as you go fund AKA, just like paid for by contributions. Ultimately, it's just kind of part of the overall treasury, which is part of why ironically, in the 21st century, you've had so much conversation about the "cliff", the crisis of Social Security.

But the reason why Social Security was structured in that way and not as an invested fund was because the American Right in the 1930s was terrified that the FDR government was going to use the Social Security Fund as an instrument through which it would build American socialism.

And they were correct to be afraid of that. Because just a couple years prior, in the early 1930s, the amalgamated clothing workers of America who were probably the most powerful union in New York in the 1920s and 1930s when New York is the laboratory for the policies that become the new deal. The amalgamated clothing workers built their own cooperative housing on the Lower East Side and in the Bronx.

And when they did it, what they said was that this was to show the federal government what labour is capable of doing if government doesn't step up to the plate. And so there was terror on the part of Conservatives and on the part of Capital that the pension system could be the instrument through which a decommodified society was built.

In the 1980s during the Ontario pension reforms, one of the reasons cited for not allowing greater labour input into how the pension system was operated was there were people in the Ontario Public Service and in the financial sector who thought the OFL wanted to set up a parallel State through the pension system. One can only dream of that level of ambition.

But this is the thing, there were actual historical precedents that show us that capital is very, very afraid of the power that could be held through a democratized pension system.

And specifically about the link between that power and social goods, whether they be housing, whether they be utilities, whether they be healthcare.

That is what a radical pension politics looks like. A radical pension politics is the amalgamated clothing workers in 1932 building cooperative housing on the Lower East side, and it's on that scaring the fucking shit out of the American Right. Sorry, apologies, but um,

RESH: no, no apologies. No apologies necessary. There's power in the pension and power in the people. Thank you very...

TOM: Exactly.

RESH: Thank you very much. And on that note, Becca and Tom, thank you so much for an excellent discussion. It has been a pleasure.,

TOM: Thank you.

BECCA: Yeah, thanks for having us.

RESH: That was Becca Steckle, Research and Policy Analyst with *Just Peace Advocates* and Tom Fraser, author and union researcher.

Tom's book, *Invested in Crisis: Public Sector Pensions Against the Future* released last year by Between the Lines Press and the Just Peace Advocates report, *Our Pensions are Funding Genocide* will be linked in the show notes to this episode.

And this is The Courage My Friends podcast.

I'm your host, Resh Budhu. Thanks for listening.

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