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Transformative Education for Pension Fund Trustees

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ABSTRACT

Pension funds represent the primary investment pool for the Canadian economy with about \$600 billion of assets, yet scant attention is paid to the education of trustees. This study is based on a survey of managers of the top 100 funds in Canada. It indicates that the average fund has one day of training per year for trustees and most of the courses deal with conventional matters such as fiduciary responsibility. Only 13 percent of the funds have training in social investment for trustees.

This paper outlines the field of social investment in pension funds and discusses some current initiatives being undertaken by unions to become more involved in socially useful investment strategies through transformative education programs for worker trustees.

INTRODUCTION

This paper deals with the nexus between community economic development (CED), union pension funds and adult education. The paper focuses on education for trustees of pension funds and, particularly, union trustees. It is divided into the following sections: first, education of union trustees in pension fund investment in relation to trade union strategies to gain more control of pension fund investment in the interests of working people; second, an overview of the role of pension funds in our economy; third, the need for more social investment practice and new capital in Canada; fourth, the methodology; fifth, a presentation of the results, followed by a more general discussion of the issues raised by the data, and particularly, the presentation of a transformative agenda for labour education related to pension fund investment.

Union Pension Trustee Education as Contested Terrain

Pension funds are generally viewed as the savings of employed workers that will provide them with deferred earnings upon retirement. However, in addition, these vast pools of capital are a primary source of equity for the largest corporations in Canada, and internationally, for the largest corporations in the world. As such, they make a very limited contribution, besides the provision of benefits, to working peoples' lives.

The most recent data from Statistics Canada (2001) indicates that the assets of trustee pension funds are \$587 billion. Within Canada, these huge pools of capital are second only to the total financial assets of the major banks.

Internationally, the story is similar; by the end of 1994, pension fund assets were estimated at U.S. \$10 trillion (World Bank, 1994). As Minns (1996) points out, this figure is greater than the combined total market value of all the world's industrial, commercial and financial corporations quoted on the three largest world stock markets (New York, Tokyo and London). Pension funds in the U.S. control 47 percent of all U.S. equities; in Canada, the comparable figure is 35 percent, with 40 percent of pension fund assets invested in equities (Patry and Poitevin, 1995).

Unions have very little control over the investment of these vast pools of capital - their members' pension funds. For unions, control over investment can only be a reality once trusteeship of pension plans is won. Unions in eighteen of the top twenty-three funds in Canada are in the process of winning, or have won joint trusteeship (Carmichael, 1998). These struggles have been achieved largely in isolation from one another, from the early 1990s until fairly recently¹. Therefore, trusteeship models vary considerably and do not always include effective control over the investment arm of the fund (Carmichael, 1998). This may indicate a lack of interest or awareness, but more often than not, trustees speak of the intimidation of dealing with fund managers and their own lack of training.

Undermining union trustees is not unusual, where fund managers stress their own professionalism and objectivity in contrast to the lack of expertise and supposed bias of

¹ In January 2001, the CLC held its first pensions conference.

most 'lay' or union trustees. William Dimma, Chairperson of several Canadian companies, in a report presented to the Standing Committee on the Governance Practices of Institutional Investors of the House of Commons, said that:

While many plans are managed professionally, their boards are sometimes stocked with persons whose principal merit is that they are members ...[who] have been elected by their fellow employees. While this is laudably democratic, it does not always produce the quality of direction and oversight necessary in today's bewildering world (Report of the Senate Standing Committee on Banking, Trade and Commerce, p. 6).

This paternalistic attitude towards union trusteeship pervades the financial industry. Invariably, trustee education is delivered by representatives of the financial industry, who stress the high levels of accountability expected of union trustees compared to that of employer trustees. Union trustees are expected to set aside the interests of their members and communities to employment security, pension protection, environmental safety and workplace standards in the interests of the 'maximum rate of return'. This generally means investment in large trans-national corporations that are already highly capitalized.

However, it is fully accepted that employers can exert their self-interest to invest their employees' pension assets in their own enterprise just so that they are not discouraged from continuing to have workplace pension plans (Scane, 1993). In fact, a pension fund may be a source of economic advantage to the sponsor (employer), in which case "the opportunity to earn exceptional returns may itself be a part of the sponsor's purpose" (Ambachtsheer and Ezra, 1998, p.37). Ironically, this is called the 'prudence rule'.

There are mixed reports about the impact of the prudence rule on union trustee activity. In the U.K., one report from 1979 states that "whenever trade union representatives become [trustees] they are just as keen, if not more so, to act in a capitalist fashion" (Deaton, 1989, p. 335). In a survey conducted in the U.S. in 1985, trustees reported being constrained by the rule, in that they tend not to do anything untried or unproven, nor would they make unconventional investments (Longstreth, 1986). Another recent study of Canadian pension trustees by the Canadian Labour Market and Productivity Centre and the Pension Investment Association of Canada indicates that small funds in particular are adversely impacted by fiduciary concerns in certain types of investment (Falconer, 1998).

However, Carmichael (2001b) and another study (Rudd and Spalding, 1997) have shown that union trustee education is critical to the informed, productive use of pension funds. Carmichael (1998) found through anecdotal reports that union trustees complained about the lack of support and resources from their unions, and suggested that education could be a critical factor in preparing union and other employee representatives to take an active role in pension fund investment. Rudd and Spalding's (1997) research indicates that, if trustees receive an appropriate education, they are encouraged to place pension funds in economically targeted investments which have added benefits of creating jobs for working people.

Hegemonic approaches to pension fund investment education and training are reinforced by existing training programs delivered primarily by the financial industry and its representatives through the Institute for Fiduciary Education, an American educational institution, that is corporate and anti-worker in its focus. The argument is made that this training is 'neutral' and that a training program supported by unions will be biased. But union trustees have complained that training received from the financial industry tends to map out 'the way it is always done' uncritically, emphasizing dependence on fund managers. There is often not enough information supplied to allow trustees to pursue a critical learning path on their own. Instead, the presentations tend to mystify participants (Carmichael, 1998). Furthermore, existing training takes no account of policy discussions on economics and the behaviour of stock markets, gives few alternatives on different approaches to asset allocation, and fails to discuss gaps in the market caused by over-capitalization of the top 100 companies.

Union pension education, on the other hand, has traditionally been limited to equipping rank-and-file members to understand their rights to pension benefits when they retire. Freire (1973) refers to this type of training as involving a semi-transitive consciousness, where the union might take credit for gaining benefits for its members, but there is little historical context for struggle and few connections made between individual experience and social systems. In fact, until recently, unionists for the most part have remained unaware of the notion that their pensions constitute vast capital funds.

This paper argues that union trustees must develop their own body of knowledge on capital markets and pension fund investment strategies, providing impetus to a more collective discussion of investment in the interest of working people (Habermas, 1972; Comstock and Fox, 1993). At present, even where trade unions have a role in investment, it is not recognised. For example, an article on labour-sponsored investment in The Globe and Mail bore no mention of union involvement (Won, 2000). Through education, this silence can be broken (Reinharz, 1992; hooks, 1988; Schrijvers, 1991).

Central to such an educational approach must be an 'unmasking' of the power dynamics of the capital markets and the self-interest of the financial industry, and the development of a union agenda based on the perspectives and interests of working people and their communities. This approach is particularly important since, in some cases, unionists - who have been trustees for many years - agree with the financial industry that they cannot 'wear a union hat' when making investment decisions for fear of being subjective. This belief has been bolstered by the Cowan v. Scargill case (1984) in the British courts, which had a chilling effect on union involvement in investment decisions and union support and training of union trustees in North America as well as the U.K. Such education therefore needs to examine how participants' are socially and historically located (Smith, 1987; Harding, 1992) as workers, trade unionists, community members and future beneficiaries. Some union trustees are beginning to argue that fiscal prudence in the trusteeship of pension funds may be impossible in the absence of training that promotes critical reflection. Critical learning is needed to expose dominant thinking and show how alternative approaches may be initiated. Critical reflection is central to a

transformative approach to adult learning (Mezirow, 1991). Transformative learning may be liberatory at a personal level, or it may also be the outcome of education for radical social change through challenge to hegemonic ideology (Mojab & Gorman, 2002; Schugurensky, 2001; O'Sullivan, 1999). Critical reflection then becomes the process of revealing oppressive power dimensions in society (Brookfield, 2000).

There is some anecdotal evidence that some employer trustees may also believe that responsible trusteeship requires more comprehensive training and that they would like to work with union trustees jointly on training issues. Obviously, both union and employer trustees need training that will enable them to make prudent decisions based on a critical approach to their trustee work. Indeed, developing a prudent approach involves deciphering disparate interests in investment decisions. While this study is unlikely to come to grips with this issue, it may be able to shed some light on the views of fund managers, both staff in the larger pension funds and those within the financial industry. For example, will there be resistance to union initiatives in investment training?

The approach to transformative education in this study is influenced by Paulo Friere's work on conscientization (1970) as well as the development of Critical Theory where critical reflection is a means of unmasking hegemonic ideology as a liberatory step (Habermas, 1972). This direction is also supported by literature on socialist pedagogy (Youngman, 1986), popular education (Freire, 1970; Freire & Faundez, 1989), participatory research (Hall, 1993), social action (Newman, 1995), critical teaching (Shor, 1992), feminist theory (Smith, 1987; Harding, 1992), and labour education (Wertheimer, 1981; Martin, 1995; Taylor, 2001). This social activist approach has also been central to the practice of adult education by such educators as Freire, Tomkins and Coady.

Pension Funds and the Canadian Economy

Fund managers employed by the major financial institutions and retained by the pension funds invest these vast pools of pension capital. In its survey of 147 fund managers, Benefits Canada (Bak, 1997) reports that 70 percent of pension assets were under their management, and the top ten money managers control 44 percent of these assets. With the exception of the larger funds, which normally hire their own investment staff, 60 percent of pension funds use external managers who have nearly total discretion over the investment of these funds (Minns, 1996; Roe, 1991; Deaton, 1989; Rifkin and Barber, 1982).

Even though these funds represent the savings of workers who are predominantly unionized, pension funds are heavily involved in policies of the neo-conservative agenda – privatization of public services, corporate takeovers, corporate cutbacks and restructuring – policies which ironically organized labour has often opposed. Perhaps the most striking symbol of the gap between control over investments and the interests of the plans' members was when Ontario teachers – in a two-week illegal strike against the anti-public-education policies of the Harris government – realized that the pension plan

holding their monies was a major investor in the Toronto Sun that was so critical of their action.

Organized labour in Canada has been conscious of the need to exert greater control over pension funds since the late 1970s. By 1986, the Canadian Labour Congress (CLC) “endorsed the goal of organized Canadian workers achieving greater control and direction over the investment of pension funds” (Quarter, 1995, p. 173). This resolution was reinforced by a subsequent one adopted in the 1990 convention:

The largely private nature of the investment process makes workers, communities and governments the hostages of those who control the investment process (Canadian Labour Congress, 1990, p. 3).

Since that time, there has been a distinct trend particularly among public sector trade unions towards control of their funds through negotiating joint trusteeship of their plans (Carmichael, 1998). The Canadian Union of Public Employees, which represents the employees of 30 of the top 100 plans in Canada, is on public record in support of the joint trusteeship option, and with two other unions, succeeded in negotiating this arrangement in the huge Hospitals of Ontario Pension Plan (Beggs, 1993). In its 1988 brief to the Rowan Commission on Ontario’s public pension funds, the Ontario Federation of Labour argued in favour of joint trusteeship (referred to as “co-determination”) (Ontario Federation of Labour, 1988).

There are also unions who have sole sponsorship of pension plans. These are primarily craft unions associated with the Congress of Industrial Organizations (CIO) and, more recently, building trade unions, where employees tend to move from employer to employer, and therefore it became more practical for a trade union to organize the pension plan rather than a particular employer (Quarter, 1995).

Social Investment Initiatives by Unions

Representatives of the financial industry have cast a considerable chill on social investment practice, charging that trustees violate the prudence rule by damaging the rate of return on investment. Existing evidence indicates that pension funds rarely engage in social investment. In a survey of 189 funds in Canada with assets of at least \$50 million, two-thirds reported engaging in no social investment whatsoever, and only four engaged in a significant degree of social investment (Quarter, Carmichael, Sousa and Elgie, 2001).

However, there is little evidence that social investment undermines returns to pension beneficiaries. In Canada, anecdotal evidence exists that ethical investment funds are above-average performers for mutual funds. For example, the Social Investment Organization has reported that the Ethical Growth Fund, with a screened portfolio, has performed “as well or better than” non-screened mutual funds, with an average annual compounded rate of return over 10 years of 12.5 percent (Social Investment Organization 1998, 3). Over the same period, the Ethical Growth Fund outstrips the TSE 300 by 1.1

percent. However, in light of the interest in the issue there is very little systematic research.

In the U.S., there is some systematic research related to shareholder activism (one type of social investment strategy). A comprehensive review of the U.S. literature on pension fund activism and firm performance suggests that there is no substantial effect (Wahal 1996).

Furthermore, Carmichael (2001a) brings attention to models of social investment in existence in Canada, which are remarkably strong and may be more fruitful than present research suggests. So in spite of this conservative stance on the part of pension fund trustees, a social-investment movement that seeks to challenge conventional investment strategies is emerging which may form the basis of a transformative educational strategy for trustees and fund managers, and therefore, deserves some discussion. Without a coordinated strategy within the trade union movement, it is unlikely that there will be any more than isolated incidents of social investment of pension funds except possibly in Quebec, where, as noted, this tradition is well-established because of its links to the nationalist movement.

Although there are differing manifestations of social investment, all involve the inclusion of social standards in investment decisions (Bruyn 1987; Carmichael 2001b; Ellmen 1989; Kinder, Lydenberg and Domini 1998). In other words, investment decisions are not simply based on the rate of return (the typical standard), but also social criteria (for example, impact on the community) that may interact with the rate of return. The problem with this definition is it also allows for the inclusion of regressive criteria such as anti-gay screens used by some U.S. funds. Therefore, this study utilizes the additional criterion suggested by some researchers (Bruyn 1987; Carmichael 2001b; Lowry 1991; Zadek, Pruzan and Evans, 1997) that social investment should challenge conventional corporate behaviour. Social investment is also referred to as ethical investment; for the purposes of this paper, these two terms are used interchangeably.

There are at least three distinct forms of social investment that shall be discussed in turn. In general, all address methods of handling the assets of a fund and may be called: asset screening, asset targeting and asset managing². The first, asset screening, involves the application to an investment of social screens – either negative or positive. Negative screens or sanctions occur where the funds prohibit particular investments. South Africa, prior to the move to majority rule, was one of the earliest examples; tobacco and armament companies are more current targets.

Where asset screening is positive, investment is directed to a fund with a positive social goal; for example, to encourage the quality of the environment (Desjardins Environment Fund) or with more general ethical objectives (for example, the Summa Fund). One difficulty with this approach is it is based on normative criteria within a particular industry and the overall standard within an industry might not be very positive.

² Kirk Falconer of the Canadian Labour and Business Centre developed this classification system.

While there are few examples of pension funds with ethical screens, there are indications that pension trustees view ethical screens as one of several strategies in social investment (Carmichael, 1998). CalPERS (the California Public Employees' Retirement System), with assets of about (U.S.) \$170 billion, has recently instituted a comprehensive screen for international investment based on the Global Sullivan Principles (Sullivan 1999), using a broad range of environmental, labour and social justice criteria. There is considerable interest in this screen since it may provide a complimentary strategy to challenge corporate behaviour and set labour standards³.

A second form of social investment is asset targeting or economically targeted investment (ETI) (Fung, Hebb and Rogers, 2001; Carmichael, 2000b; Jackson, 1997). In this strategy, a fund targets one or two per cent of its assets for specific social goals (for example, affordable housing for low-income earners). In the U.S., it is estimated that about \$30 billion are currently placed in ETIs (Jackson, 1997). Pension fund investment in ETIs is heavily supported by regulations defining the collateral benefit of an ETI as well as the guarantee of government funding so that pension funds can be used for urban redevelopment. In addition, government information requirements ensure regular reporting on rates of return. Many union programs, like the AFL-CIO Housing Investment Trust, are reported to have 'solid track records' and competitive rates of return (Watson, 1995, p.4).

In Canada, the Caisse de Dépôt et Placement du Québec is a prime example of economic development by pension funds in Canada. The Caisse is the largest investment agency in Canada with net assets of \$63.6 billion at the end of 1997 and the repository of Québec's pension and benefits funds as well as the Québec Pension Plan. The Caisse describes its objectives as 'high returns, financial soundness and an unwavering commitment to the economic vitality of its milieu'. It has thus combined social investment initiatives with the other more traditional rate of return objectives of pension funds.

Labour-sponsored investment funds (LSIFs) are another example of economic development initiated by the trade union movement in Canada and, in North America and Europe, are regarded as a model for investment practice. LSIFs are available as an investment vehicle for pension funds that want to target a small part of their funds to regional venture capital. As of 1998, they provide just under half of all venture capital in this country with assets of almost \$4 billion.

In British Columbia, Concert Properties, a real estate development company and its sister investment vehicle, Mortgage Fund One, are both funded by about 26 pension funds shareholders, with small proportions – between 1 percent and 5 percent -- of their total fund assets invested in each vehicle. Both use union labour only on construction sites. Both Mortgage Fund One and Concert Properties are remarkable examples of multi-sector collaboration across labour and employer groups.

³ Thanks to Larry Brown, Vice President of the National Union of Public and General Employees, for this insight.

In its ten years, Concert has built approximately 1,400 units of affordable rental housing and has proved to be a leader in the provision of long-term affordable rental and market housing in the Vancouver region. It guarantees not to raise its rents beyond inflation plus 1 percent, a standard it has maintained for 10 years. It also intends to service more supported types of housing like senior's residences.

The third form of social investment – asset management or shareholder action – involves both individuals and funds that are concerned about issues typically involving the governance or behaviour of companies in which the fund invests. Activist shareholders raise these issues for discussion and propose strategies for change. In Canada, the impetus for shareholder activism has come largely from religious organizations (Hutchinson 1996), although recently the CLC established SHARE – an independent organisation in British Columbia – to promote shareholder activism and pension trustee education in Canada. In the U.S., some of the large public sector pension plans (for example, CalPERS) have established a reputation for using this practice (Smith, 1996).

The Objectives of the Study

This study is part of a larger project to design and deliver an education program providing focused, practical training on fund investment for union trustees with public-sector and private-sector pension funds across Canada. The objective of this study is to understand to what extent the directors (including labour trustees) of Canada's largest pension funds receive educational programs related to their task, and what types of education are involved.

METHODOLOGY

The sample was drawn from the 100 largest pension funds listed in the Canadian Pension Fund Investment Directory (1999). These funds were mainly located in Ontario, British Columbia and Quebec, and included pension fund managers from both the public and private sectors of the economy. While it would have been preferable to contact trustees rather than managers, trustee names are not easily obtainable. Names of trustees may be listed by provincial pension commissions, but the data is often unreliable. It would also have been preferable to contact union trustees in particular. However, the trade union movement through the CLC is only now beginning to assemble a data bank of union trustees. Pension fund managers tend to be reluctant to release names of trustees.

The administrators of the funds were contacted directly by telephone and were asked to participate in an interview. Eighty percent agreed to participate. This is a good response rate given the private and secretive culture of pension fund bureaucracies where surveys are not an everyday occurrence. Telephone interviews were used since past experience suggested that a mail-in survey would yield a low rate of return. Each interview lasted approximately one half hour.

The questions were designed to take into account that they were largely addressed to fund managers. The interviewer asked a series of questions about the fund itself such as the

amount of its assets, whether the fund was contributory, the process for asset allocation and the composition of the board of trustees. In addition to collecting this basic information about the fund, the interview asked a series of questions about education. They were asked about how many hours of training trustees receive per year, in what topics, who pays and which organizations provide the training. They were also asked what may be new directions for trustee training. These questions will also be referred to in the Results section of the paper.

The Statistical Package of the Social Sciences (SPSS) was used to conduct a descriptive analysis of the results. In addition, bivariate analyses were conducted to determine the relationship between the education variables and other characteristics of the fund.

RESULTS

The data show that most pension funds either have internal managers (46%) or an investment committee (36%) determining asset allocation, whereas only 15 percent relied on external managers. This pattern for our sample does not differ between funds sponsored by private-sector organizations and by those sponsored by organizations in the public sector. However, the pattern differs from pension funds in general, which rely more heavily on external managers. This result reflects the fact that the funds in this survey were from the 100 largest in Canada, and therefore could afford the costs of internal management.

Whereas it was not uncommon for these large pension funds to have an internal investment committee, it was rare for employees to be represented on such committees. Only 3 percent of the funds had such representation, and the result was similar regardless of whether the fund was sponsored by a private-sector business or by a public-sector organization.

However, 70 percent of pension funds have employee representatives on the board of trustees, and in total, 58 percent of the boards of trustees have union representatives. There was a striking difference between public- and private-sector pension funds in that regard: 76 percent of public pension funds had employee representatives on their board, whereas only 22 percent of private-sector pension funds were so inclined. This difference was highly significant (Chi-Square = 20.8; df 1; $p < .001$).

The interview asked about educational programs for trustees. Of those responding: 73 percent had courses on fiduciary responsibility; 61 percent on asset allocation; 54 percent on capital market strategies; 62 percent on corporate governance and voting proxies; but only 14 percent included social investment within their educational programs. Thus the data confirm that conventional areas of education are made available to trustees, but education with a potentially transformative agenda - including social investment strategies - is seldom included.

With the exception of training in fiduciary responsibility, there is some tendency for trustees of public funds to receive more training than those of private funds. However, the level of statistical reliability is only .10 and therefore a strong claim should not be

made for this trend. Interestingly, only one of 27 pension funds associated with the private sector offered a course to its trustees on ethical screening; for the public sector, the result was not much better, and 10 of 52 funds made this type of course available for trustees.

A more significant predictor of whether or not training programs for trustees were available was union representatives on the board of directors. Where unions were represented on the board, there was greater training for: Fiduciary Responsibility (Chi-square = 4.2; df 1; $p < .05$); Corporate Governance (Chi-square= 8.1; df 1; $p < .01$); and Capital Market Strategies (Chi-square= 4.2; df 1; $p < .05$). Two other forms of training: Asset Allocation (Chi-square= 2.7; df 1; $p < .10$) and Ethical Screening (Chi-square = 3.2; df 1; $p < .10$) did not reach an acceptable level of statistical significance, though they were tending in that direction.

The median amount of time on education for trustees was one day annually; only 10 percent of the funds received more than two days of educational programs in a year. In fact, no training at all was the most common response for trustees of the top 100 pension funds in Canada. Eighty-three percent of the pension funds paid for these programs; for the remaining cases, the cost was picked up by the trustees' organization. There is no statistical relationship between the size of a pension fund and the number of days of training, possibly because all of these funds were sizable and therefore could afford the cost. However, funds sponsored by public sector organizations invest twice as many days in education as those from the private sector ($F=6.4$; df 1; $p < 0.01$). Similarly, funds with union representatives on the board received about twice as many days of training as those without union representatives ($F = 4.6$; df 1; $p < 0.01$). However, even for the funds in the public sector and those with union representatives on the board, the investment in training was about 1.3 days per year.

Given the minimal investment in education, it would be expected that fund managers would be interested in more programs. However, 43 percent expressed no interest in joining an advisory committee to plan additional programs and only 11 percent were very interested in such an endeavour. Surprisingly, there was a trend (not statistically significant) in the data for private sector funds and those without union representatives to express an interest in being part of such an advisory committee. This result might reflect a desire to overcome the low level of training among such organizations.

DISCUSSION

The results confirm the expected: there is a minimal investment in education of trustees on the boards of pension funds. The fact that the subject of this survey were the 100 largest funds underlines the seriousness of the problem. Moreover, the results indicate that the existing programs are focussed on conventional issues; the one course that has some transformative potential – social investment – is taken by only 13.9 percent of the funds. By comparison, training in fiduciary responsibility – the ideological straightjacket that is used to channel investment in a conventional direction – was available for trustees at 73.4 percent of the funds.

These results confirm anecdotal reports that existing opportunities for trustees are minimal and serve mainly to consolidate existing investment practice. Unions and trustees wishing to take a broader perspective towards investment are receiving little support from their pension funds. This is unfortunate because Canada needs new sources of capital to encourage emerging businesses. Pension funds are ideal for this purpose because they can be invested for the long term. However, this will not happen unless there are radically different approaches towards pension fund investment, a strategy that requires a transformative educational agenda supported by universities and the trade union movement.

In her study of Concert Properties, an economically targeted investment of union-based pension funds on the West Coast of Canada, Carmichael (2001b) argued that education of union trustees would be a critical factor in making effective investments yielding a high rate of return, but at the same time providing tangible social benefits such as housing and unionized jobs.

In British Columbia, in the 1960s, concerns about regional development drove Bill Clark, the local president of the Telecommunication Workers' Union, to negotiate joint trusteeship of his members pension plan and administration of the fund assets. His leadership together with the support of the B.C. Federation of Labour and its President, Ken Georgetti, and the work of several union-sympathetic professionals led to the birth of Concert Properties, a real estate development company and its sister investment vehicle, Mortgage Fund One. Their success was due to dynamic, informal learning processes which occurred between experts outside the trade union movement and leaders and supporters within the movement. Their goal was investment in their provincial economy. Carmichael argues that the experience of unionists in B.C. can be replicated through effective education for union trustees in pension fund investment.

The need for educated trustees has been recognized as well among conventional business leaders and politicians. For example, Senator Kirby, the Chair of the other Standing Senate Committee on Banking, Trade and Commerce, has referred to the need for "highly knowledgeable people" who can "effectively monitor fund managers" (Canada, Standing Senate Committee on Banking, Trade and Commerce, 1998, p. 6). However, its proposal to deal with this is for professional trustees to be selected from the financial industry, as has been done for the Ontario Teachers' Pension Plan. This would, in effect, cement control over workers' pension funds by the financial industry since most existing training for trustees is provided either through the Institute for Fiduciary Education, an American educational institution that is corporate and anti-worker in its focus, or the financial industry itself.

There are indications that active involvement of the trade union movement in initiatives that may be broadly called social investment are on the increase in Canada. The CLC has endorsed the Shareholder Association for Research and Education (SHARE), a national organisation sponsored by the trade union movement to help pension funds 'build sound investment practices'. It has held a conference on pensions, a large portion of which was

devoted to trusteeship and investment issues; and it is extremely active in the international movement on corporate social responsibility.

The Shareholder Association for Research and Education (SHARE) is a non-profit agency established by Working Enterprises, a company which provides travel, insurance and investment services to the trade union movement and is wholly-owned by the B.C. Federation of Labour. SHARE works with pension trustees, plan administrators and plan members to provide shareholder research, education and policy. It is a relatively new initiative fully supported by the CLC that aims to work as part of the international movement to hold the corporate sector accountable through shareholder proposals. So far, SHARE has drafted and circulated proposals to be filed with the Hudson Bay Company and Sears concerning the use of sweatshop labour by suppliers.

The National Union of Public and General Employees has now instituted regular meetings of their union trustees and activists across Canada and recently held a first pilot educational for trustees to establish a union agenda for investment strategies. The Canadian Union of Public Employees has held similar week-long workshops for trustees.

The CLC is also sponsoring a new trustee education initiative to provide training to union trustees. This new initiative is sponsored by Carleton University and the Ontario Institute for Studies in Education of the University of Toronto and aims to design and deliver, through workshops and web-enabled methods, focused, practical training on fund investment for trustees with public-sector and private-sector pension funds across Canada. This group is supported by an advisory committee that includes representatives from the Canadian Labour Congress, National Union of Provincial Government Employees, CUPE and other leading labour organizations.

Another new initiative sponsored by the CLC is a proposal for Social Science and Humanities Research Council funding for a research/education program to be developed by and for union trustees. Still in its early stages, every federation of labour in Canada has indicated interest in participation. This is startling support for a program which is still in its incipient stages and – furthermore - based in academic institutions. Clearly further research is needed to provide a comprehensive research/education program reflecting a union perspective on investment.

As Carmichael (2001a) points out, there are many resources close at hand to support the research needed for educational programs, including academic institutions such as the Centre for the Study of Training, Investment and Economic Restructuring at Carleton University, the Canadian Labour and Business Centre, the Social Investment Organisation, labour-sponsored investment funds, church-based organisations such as the Taskforce for Churches on social Responsibility, economically targeted investment vehicles (such as Concert Properties), unions such as NUPGE, the Ontario Public Service Employees Union and other components of NUPGE and CUPE. All of these are in Canada, but there is also a wealth of expertise in the U.S. such as the George Meany Labor Center and the Center for Working Capital at the AFL-CIO.

CONCLUSION

We are witnessing a gradual change in organized labour's attitude to dealing with investment matters and a growing recognition that education – a transformative education – must play a central role in supporting trustees. While we know that training for trustees is dominated by the financial industry, the findings of this study confirm that trustees, in fact, receive very little training. There is a vacuum to be filled by unions and academic institutions that may stress a more transformative, holistic approach to pension fund investment, taking account of benefit to working people, their families and communities. Given the lack of interest expressed by fund managers in more training, it can be expected that there will be strong resistance from the financial industry and pension fund management to new initiatives that stray from the status quo.

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