

Canadian Pension Funds Are Financing the Exploitation of the Elderly

BY
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Canadian Pension Funds, profiting off substandard elderly care, are like snakes eating their own tails. Fund managers shovel eldercare profits into investments intended to benefit the elderly – but retirees can't profit off their own immiseration.

In February 2022, *Les fossoyeurs* (The gravediggers) surged to the top of the French best-seller charts. A book of investigative journalism by Victor Castanet, *Les fossoyeurs* exposed the recent history of abuse and neglect at the European long-term care chain Orpea, an eldercare behemoth with over 1,100 homes in operation.

For Canadians, the story of elder exploitation was all too familiar. But it also had a grimly intimate connection — the Canadian Pension Plan (CPP) is a 15 percent stakeholder in Orpea. The exposé has put a magnifying glass on the privatized long-term care system and raised an uncomfortable question for Canadians: Why are our retirements contingent upon the exploitation of the elderly?

The Gravediggers

Les fossoyeurs has catalyzed an immense public response in France. A public inquiry has been set in motion and Orpea's stock price has plummeted. Last month, the Centre for International Corporate Tax Accountability and Research and France's two largest union federations, the CFDT and CGT, published their own report on financial impropriety at Orpea, specifically calling out the CPP as the company's largest shareholder.

Canadian unions have answered the call from their French counterparts, demanding that the CPP divest from Orpea and from long-term care altogether. The secretary-treasurer for the Canadian Union of Public Employees, Candace Rennick, declared that “it is unthinkable that Canadians are unknowingly financing this abuse by having our retirement income invested in these cruel schemes.” Echoing the call made by the Public Service Alliance of Canada, unions have insisted that long-term care be nationalized and brought under the auspices of the Canada Health Act.

As two different aspects of the social infrastructure of retirement, pensions and nursing homes are inextricable from one another. In 1925, a schoolteacher in London, Ontario, wrote to the minister of labour pleading for a public pension system to spare him from “the county poor houses . . . those plague spots of the universe.” A pension, he hoped, would save him from the horrifying fate of living out the rest of his days in Dickensian squalor.

Nearly a century on, his description of the elders’ home as a “plague spot” seems all too familiar and grim in its timelessness. COVID-19 tore through Canadian long-term care facilities with voracious speed. The contents of *Les fossoyeurs*, indeed, would be recognizable to anyone familiar with the final report of Ontario’s Long-Term Care COVID-19 Commission, which tells in vivid and tragic detail the stories of elder abuse that came as a result of years of cost cutting in the old-age industry.

The for-profit model of old-age care, it became clear in both the French and Canadian contexts, was at the heart of the horrors suffered by the elderly during COVID. In the words of the Ontario commission, “this may be an excellent financial arrangement for the investors, but it is more difficult to understand why it is a suitable arrangement for resident care.”

Financing Elder Exploitation

CPP Investments is far from the only pension fund to be capitalizing off the crisis of retirement — Orpea is merely the most graphic and tragic example of long-term care profiteering. As Kevin Skerrett outlined in *Jacobin* last year, the for-profit care home chain Revera is owned wholly by PSP Investments, the pension fund that invests on behalf of workers in Canada’s federal public service. Revera and Orpea are not the only long-term care chains owned, in part or in whole, by

Canadian pension funds. The Ontario Teachers' Pension Plan owns Amica, a chain of luxury facilities in Ontario, Alberta, and British Columbia.

The pension investment community surveys aging populations with dollar signs in their eyes, seemingly totally unaware of the profound and perverse irony of it all. As one CPP executive put it, "Demographics in certain countries make (health care) very attractive as a long-term investment." Pension investors celebrate the profit potential of eldercare as a means through which they can support the elderly.

A 2017 article in *Benefits Canada* — a magazine that advertises itself as a "must-read" for pension investment professionals — suggested that pension funds keep a close eye on companies that are well-positioned to exploit the needs of an aging population. They even singled out Orpea as a lucrative investment opportunity! On the infrastructure side, health care real estate has been identified as a potential cash cow for the future. An increased need for long-term care beds is understood to be a "growth opportunity" for investors.

Because legislation protects domestic hospital buildings from private ownership, Canadian pension funds' search for profit opportunities in health care infrastructure has gone global. The CPP supplemented its Orpea shares in 2015 with a partnership with the US company Health Care REIT (Real Estate Investment Trust, a form of public equity company that trades in financialized real estate) to buy a portfolio of medical buildings in Southern California.

As countries in the Global North have deindustrialized, finance has looked to health care as a lucrative terrain of investment. Pension funds have been active players in this sector, developing immense portfolios on the backs of people hoping to grow old in comfort.

The Pension Fund Contradiction

A pension fund, it bears emphasizing, is not a regular investor, even though it acts like one. Its ultimate responsibility is to pay for the retirement of its members in the form of benefits. Its profits are designed to be paid out to its beneficiaries: workers. However, in a world in which finance has identified basic necessities as a terrain for profit, investments in the global financial system are innately exploitative.

Pension funds can be understood as having two forms that exist in tension with one another: the first as capital via financial system investments that commodify necessities; the second as welfare via pension benefits removed from capital markets to pay for necessities. A pension is necessary because the basics of survival — housing, food, medicine, etc. — are commodified. But pension funds are major contributors to the same process of commodification.

Pension funds support the retirements of beneficiaries while contributing to the growing unaffordability of retirement. The effects of financialization ensure that growing old is a frightening prospect for many. The specter of the nursing home looms over retirees as something to dread.

What can be done to break apart this contradiction? How do we guarantee that pension investments don't exploit the very same people they're intended to support? The first step is to remove all aspects of health care — from the provision to the infrastructure — from the sphere of capital accumulation. Our lives, our parents' lives, and our grandparents' lives should not be sources of profit. A shift in the political economy of social reproduction is crucial if we're going to break the retirement-financial complex.

The second step is the democratic control of pension investments and their reorientation toward an active politics of decommodification. The wielding of pension capital toward nonprofit ends can provide the key to a dignified retirement for all. Pension funds should invest in nonprofit long-term care — or, better yet, be used to create networks of health care professionals capable of providing care for people in their homes.

Pensions are at the heart of the retirement crisis worldwide, but they don't have to be. Pension funds and long-term care facilities both exist because retirement itself has been commodified. A just retirement, therefore, requires the de-financialization of all aspects of growing old, so that aging populations are afforded the dignity they deserve.

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