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**CUPE** / Canadian Union of Public Employees

## TRENDS **JOB QUALITY**

# Precarious employment on the rise

When he announced changes to the Employment Insurance program to force many claimants into lower-paid jobs, federal Finance Minister Jim Flaherty claimed “There is no bad job; the only bad job is not having a job.”

Many Canadians—working in low-paid jobs with no benefits, little security, dangerous conditions, irregular, inadequate or excessive hours, and commuting great distances—might disagree.

Since then the federal government has taken pains to demonstrate that most jobs created during the recovery are full-time jobs in higher-paid sectors.

That may be true, but a majority of the jobs lost during the recession were also full-time jobs in higher-wage industries. The problem is average wages have barely kept up with inflation. The lowest-paid workers in particular have fallen further behind, and inequality continues to get worse.

An increasing share of jobs are less secure, temporary and contract jobs. Half of the new jobs created since October 2008 have been temporary, and 90 per cent of those are term or contract positions that have increased at ten times the rate of permanent jobs. This direction will continue if governments lay off public servants, contract out services, and increasingly

rely on temporary, term and contract employees themselves.

While some measures of job quality have improved since the recession, longer-term trends show employers are increasingly relying on part-time and lower-paid jobs in addition to temporary and contract positions. A disproportionate number of these jobs are filled by women, recent immigrants and other equality-seeking groups, leading to greater economic and social inequality. Despite what Flaherty claims, bad jobs are still bad—and for many Canadians, they’re getting worse.



# ECONOMIC BRIEFS

HIGHLIGHTING RECENT ECONOMIC STUDIES AND DEVELOPMENTS



## **PUBLIC SPENDING** IMF tells countries to focus on growth, not cuts...

In its flagship *World Economic Outlook* report published in October, the traditionally conservative International Monetary Fund (IMF) told countries they should focus on economic policies to stimulate economic growth, not spending cuts. The IMF provided new analysis showing public spending cuts have a worse economic impact than previously expected—and actually increase public debt burdens.

## ...and Canada's Parliamentary Budget Officer provides supporting evidence

In separate reports using more conservative assumptions than the IMF, Canada's independent Parliamentary Budget Officer (PBO) Kevin Page estimated federal public spending cuts would slow down Canada's economic growth by about a third (one percentage point annually) for the next five years and lead to a loss of 125,000 public and private sector jobs. If the economy was

operating at full capacity, the PBO estimates the federal government would have a \$25 billion surplus. These reports also demonstrate that governments should focus on policies to stimulate growth instead of cuts.

## **TAXES** Cuts to top tax rates don't help economy—they make inequality worse

A recent study by the independent U.S. Congressional Research Service concludes the "reduction in the top tax rates appears to be uncorrelated with saving, investment, and productivity growth. The top tax rates appear to have little or no relation to the size of the economic pie" but they "appear to be associated with the increasing concentration of income at the top of the income distribution." The report, released during the presidential elections, angered Republicans so much they demanded it be withdrawn.

## **SOCIAL** Financing P3s won't work for social services

Federal conservatives and free-market policy wonks are trying to sell the public on their next shiny new thing: a type of public-private partnership for social services. "Social financing" and "social impact bonds"

would have banks and private financiers fronting money to charities and local agencies to provide social services in return for private profits. These schemes are fraught with problems: increased risks for agencies, higher costs and putting profit incentives ahead of the delivery of quality social services.

## **AUSTERITY** Europe plunges deeper into recession

Millions took to the streets in mid-November for general strikes in Spain, Portugal, Italy, Greece, France and Belgium to protest public spending cuts that have left millions unemployed, and plunged Europe into recession. At the same time the Bank of England warned the UK could now go into a triple dip recession.



*Economy at Work* is published four times a year by the Canadian Union of Public Employees to provide workers and their representatives with accessible information and analysis of relevant economic developments, and to assist in bargaining. It replaces CUPE's previous *Economic Climate for Bargaining* publication.

Find *Economy at Work* online at [cupe.ca/economyatwork](http://cupe.ca/economyatwork) with links to relevant materials.

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## ECONOMIC DIRECTIONS

### Latest economic trends at a glance

#### Economic growth

Expect a longer haul of slow growth as households and governments reduce their debts, with no return to boom-boom days for some time. GDP is expected to grow by only two per cent in 2013, pick up slightly to 2.5 per cent in 2014 and moderate after that. Downside risks for Canada have moderated with the election of Obama in the U.S. but domestic housing risks remain.

#### Employment

Job growth is expected to pick up slightly in 2013 and 2014, but likely won't reduce unemployment by much.

#### Inflation

Most expect consumer price inflation to average close to two per cent, but a housing bust, economic downturn and lower oil prices would drag it down further.

#### Wages

Base wages to increase by an average of three per cent for larger non-union employers in 2013; average across CUPE to rise by 2.5 per cent next year.

#### Interest rates

No hike in short-term rates until second half of 2013; longer term rates to rise more gradually.

## SPOTLIGHT ON

### Immigration and unemployment

## New Canadians left behind in the recovery

While unemployment rates for European-born Canadians have dropped close to the pre-recession low of 4.8 per cent they were in October 2008, unemployment rates for Canadians born in Africa, Asia and Latin America are still persistently higher than they were four years ago.

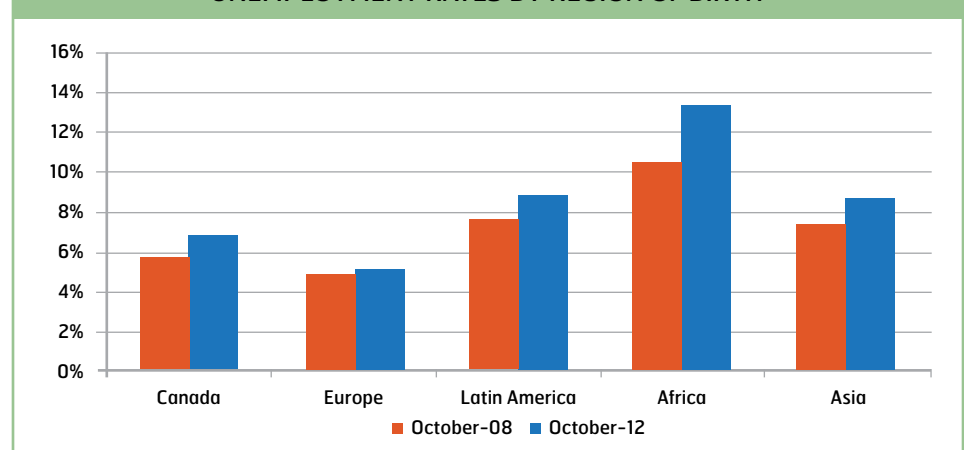
Not only do people born in these regions face generally higher rates of unemployment and lower pay than other Canadians, but they are also being left further behind in the recovery. For example, unemployment rates for Canadians born in Africa remain above 13 per cent, almost a third higher than they were four years ago.

The situation is even worse for recent immigrants and immigrant youth. The unemployment rate for all recent immigrants (less than five years) remains over 13 per cent. For young recent immigrants it's over 25 per cent—double what it was four years ago. The jobs situation is also worse for women who have recently immigrated. Already among the

lowest paid workers in Canada, these women experience unemployment rates about 25 per cent higher than their male counterparts.

Before expanding the controversial temporary foreign worker program, shouldn't our governments make greater efforts to must ensure decent jobs are available for immigrants who are already here?

UNEMPLOYMENT RATES BY REGION OF BIRTH



# Changing workforce requires diverse bargaining priorities



**Canada's population and workforce are changing dramatically. Baby boomers are retiring. Our population of seniors is projected to double over the next 25 years. The number of youth and children continues to fall.**

While unemployment remains too high, labour shortages could constrain Canada's economy in coming decades. We're going to rely increasingly on immigration, and in so doing we must better appreciate the potential and needs of underrepresented groups, including Aboriginal peoples, for workforce growth.

Workers from diverse backgrounds have historically been subjected to discrimination in employment. We should always strive to treat workers from diverse backgrounds with equality, respect and support to accommodate different requirements, but embracing diversity is increasingly becoming an economic imperative as well.

Recent immigrants, racialized workers and women are far more likely to be in vulnerable workplace situations with low wages and poor benefits.

They are also more likely to be in unstable temporary, contract or part-time positions. Racialized workers are underrepresented in both the public sector and unionized workplaces and so don't benefit as much from the better treatment and protections provided by unionized public sector jobs. Women are better represented in the public sector and unions, but still face pay gaps and more precarious working conditions in many areas.

This situation creates multiple challenges for bargaining. There is growing pressure to accommodate diverse populations, but they are less represented in the workplace and in the selection of bargaining priorities. Underrepresentation can unconsciously and unintentionally perpetuate systemic barriers and discrimination.

Unions and many employers are making progress in recognizing and addressing some of the obstacles faced by different equality-seeking groups—women, racialized workers, Aboriginal peoples, LGBTTI workers and people with disabilities—but numerous barriers remain.

Areas to improve include:

- Recruitment, training, advancement and promotion for equality-seeking

groups. Progressive measures, including employment equity plans, can be implemented to overcome systemic barriers.

- A discrimination and harassment-free workplace. Collective agreements should include measures to protect against harassment, violence and discrimination in many different ways, but they can also include provisions that welcome and celebrate diversity.
- Balancing work, family life and responsibilities, through support for maternity and parental leave, childcare, eldercare, employee assistance programs (EAP), leave for family responsibilities, compassionate leave, flexible time, inclusive recognition of spouses and families, as well as holiday and leave time in respect of different religious and cultural events.
- Pay equity, increment and classification scales that don't discriminate against women in particular.
- Pensions, health and benefit packages that provide support for different needs – particularly women, same-sex spouses and people with disabilities.
- Ensuring employers uphold their legal responsibility to accommodate the needs of workers with a disability.

CUPE and other unions have developed very accessible manuals with background information, checklists and model language that can be used to bargain stronger equality language in these and other areas. Contact your CUPE staff representative for more information.

**CHECK OUT *Bargaining Equality: a workplace for all* at [cupe.ca/bargueq](http://cupe.ca/bargueq)**

# The Big Picture

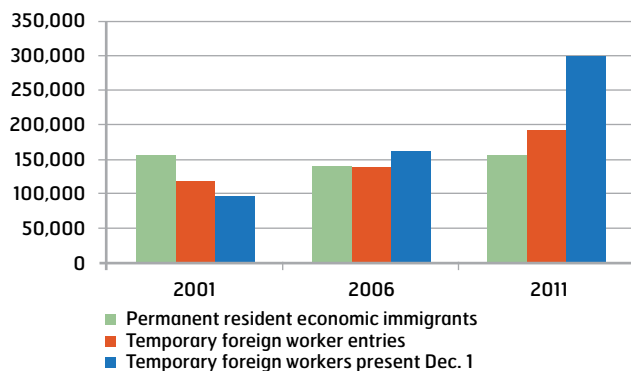
## Temporary foreign workers

The Harper government has expanded Canada's temporary foreign worker program dramatically, while reducing the number of immigrants Canada welcomes as permanent residents. Temporary foreign workers are especially open to exploitation and abuse by their employers. Many spend over \$10,000 on recruiters, labour brokers and airfare to come to Canada. They often borrow this money at high interest rates, making them bound to and fearful of employers who can send them back to their home country.

Their vulnerable situation is compounded by language barriers, lack of information about rights and little monitoring or enforcement of regulations on the jobsite. CUPE and other unions have urged the federal government to provide more support for these workers, but the government has largely refused, claiming the area to be provincial jurisdiction.

This year the federal government sped up approval times and allowed employers to pay workers 15 per cent below the prevailing wage. While they are now reviewing the program, business groups are calling for expanding the program with even faster access. It will take increased pressure from labour groups to get positive changes for workers in this program.

### TEMPORARY FOREIGN WORKERS OUTPACING IMMIGRATION TO CANADA



## FRONTLINE WORKERS' RIGHTS

### Workers' Action Centre: Organizing non-unionized workers

If your employer isn't paying your wages, discriminates against you, refuses to pay for public holidays or fires you unfairly, who are you going to call? If you're a member of a union the answer is obvious, but workers without union protection are much more vulnerable. The need is greatest for workers whose first language isn't English or French and who can't speak up about their rights for fear of getting fired.

This is where Toronto's *Workers' Action Centre* (WAC) comes in. The centre provides information and support in thirteen different languages—from Arabic to Tagalog—to help workers understand their rights.

WAC provides training to keep frontline workers at community agencies so they can make sure their

communities are informed. They bring workers together to fight for better wages and working conditions at an individual and sector level. And they work closely with union and community allies to advocate for higher minimum wages, improved employment



WAC coordinator Deena Ladd marches at a rally for Employment Insurance enhancements, Toronto 2010.

standards, stronger enforcement, and better conditions for contract, temporary, migrant and other precarious workers.

The centre makes a point of highlighting victories, big and small. "It's very important to show that if you fight back you can make a difference," says centre coordinator Deena Ladd.

"So many people who don't belong to a trade union are looking for a place where they can get connected. We are an organization where workers can get connected and get involved to make a difference. As a labour movement, we need to think outside the box so we can build a strong movement for decent jobs.

"It's about building a culture of organizing. Workers who aren't members of a trade union should be part of the labour movement."

**CHECK OUT** the Workers' Action Centre website at [workersactioncentre.org](http://workersactioncentre.org)

# Don't take the bait on costly trade deals

The federal government is on a free trade frenzy. It has 18 different sets of free trade agreements in negotiations or discussions, while six others were concluded in the last few years. Twenty other investment protection agreements have been signed.

The biggest and most controversial of these are the Canada-Europe Comprehensive Economic and Trade Agreement (CETA) and the Canada-China Foreign Investment Promotion and Protection Agreement (FIPA).

Proponents claim these agreements will provide Canada with billions in new investment, wealth and prosperity for this and future generations. Critics say they give too much power to corporations, put a straitjacket on the social, environmental and economic

powers of governments, and won't benefit workers or citizens. Who's right?

## Impact on economy, jobs and wages

Using a European study, the federal government claims the Canada-Europe CETA deal will increase Canada's GDP by \$12 billion and about \$1,000 per family. However, there's no evidence this would go to families instead of corporate profits. These results were generated by highly unrealistic "general equilibrium" economic models that assume no unemployment, equal incomes and many other fabrications.

Instead, using real world data CAW economist Jim Stanford calculates the CETA agreement will lead to a deterioration of our trade balance by up to \$46 billion, a decline of GDP of up to \$50 billion, and a loss of up to 152,000 jobs. These results are consistent with experience; our trade balance has deteriorated following the conclusion of free trade deals with most countries. While investments of Canadian companies abroad have increased, many of them are actually financial investments into offshore tax havens.

Independent studies of free trade deals have found disappointingly small, negligible or negative impacts on jobs and wages in all countries. One thing that's clear is that increased trade and globalization has contributed to both higher profits and a reduction in labour's overall share of national income, as well as greater income inequality.

## Impact on prices

The main public selling point for free trade is that it will lead to lower prices for imported goods. However, Canada already has relatively low tariffs on most imports—less than a few per cent for most categories.

Instead of lower prices, the CETA deal with Europe will lead to much higher prices for prescription drugs. Pharmaceutical companies are demanding Canada extend monopoly patent rights for their drugs to 21 years, and it looks like the Harper government will agree, even though its own analysis shows it will cost us an extra \$795 million and \$2 billion extra per year. These costs will be borne by provincial governments, workplace benefit plans and individual Canadians.

## Impact on public services and sovereignty

Calling these deals "free trade agreements" is misleading; they would be better described as "foreign corporate rights deals" because cutting import tariffs is only a small part of them. The key elements involve strengthening investor and corporate rights by restricting the powers of governments, giving companies increased powers of market access, patent and "intellectual property" control, and by giving foreign corporations the right to sue us for loss of profits due to changes in government policies.

Most concerning is the fact that trade and investment deals restrict government's ability to regulate, expand public services, and promote

*Continued on back page*



## CONSUMER PRICE INDEX

# Inflation subdued, but utility prices up

Inflation has been subdued in recent months, increasing at an annual average rate of just 1.2 per cent from July to October. Despite rising food prices, inflation has been tempered by lower prices for clothing and footwear, natural gas, and mortgages.

In the first nine months of this year, inflation averaged 1.7 per cent across Canada, lower in B.C. and Alberta at 1.4 per cent, but higher at close to two per cent or more in Quebec and Atlantic Canada.

Households in Alberta, Ontario and Nova Scotia have experienced big hikes in the electricity prices this year while water rates have increased by an average of more than five per cent in every province except for P.E.I., Quebec and Manitoba.

Tuition fees increased at an average of 3.7 per cent across the country in September, and by more than five per cent in Ontario and Saskatchewan.

Inflation is expected to average 1.7 per cent in 2012, rising to 1.8 per cent in 2013 and two per cent in 2014.

### CONSUMER PRICE INFLATION

	Average 2012 January to July	Average 2013 Forecast
Canada	1.7%	1.8%
Newfoundland and Labrador	2.3%	2.0%
Prince Edward Island	2.1%	1.8%
Nova Scotia	2.1%	2.1%
New Brunswick	1.9%	1.8%
Quebec	2.2%	1.8%
Ontario	1.6%	1.9%
Manitoba	1.6%	1.9%
Saskatchewan	1.8%	2.3%
Alberta	1.4%	1.9%
British Columbia	1.4%	1.3%

Sources: Statistics Canada Cansim table 326-0020 and recent forecasts by TD, RBC and BMO Banks

## WAGES WHO'S GETTING WHAT

# Threat of freeze keeps wage increases low

The threat of a freeze is coming off wage negotiations in some provinces, but the cold chill has kept wage adjustments low.

Wage increases in large collective agreements settled in the first half of 2012 have averaged 1.8 per cent, just slightly above the average rate of inflation for the year of 1.7 per cent. Agreements in the private sector at 2.1 per cent outpaced those of the public sector at 1.7 per cent. The highest increases continue to be achieved in primary industries, averaging 3.4 per cent, with construction at 2.7 per cent and utilities at 2.5 per cent.

Workers in Alberta gained the highest average wage hikes, averaging 2.9 per cent to date in 2012. Next door, B.C. workers were dealt the lowest hikes to date at 0.3 per cent.

However, after another two years in a freeze, provincial broader public sector workers in B.C. are now finally getting wage increases of at least two per cent in their current settlements, as the government prepares for an election.

Average wage increases in Ontario rose by only 0.5 per cent in September with some unions agreeing to two years of zeros. Since then, the threat of the provincial government dictating collective agreements has retreated at least temporarily, following Premier McGuinty's resignation announcement.

The coming year is a major year for bargaining in the public sector, with agreements representing tens of thousands of public sector workers under negotiation in almost every province, including hundreds of thousands in Ontario.

### SAVINGS FROM LOWER INTEREST RATES

SECTOR	2012 JAN TO JULY
<b>National Total</b>	1.8%
<b>Public</b>	1.7%
<b>Private</b>	2.1%
JURISDICTION	
<b>Newfoundland and Labrador</b>	-
<b>Prince Edward Island</b>	2.0%
<b>Nova Scotia</b>	2.2%
<b>New Brunswick</b>	2.0%
<b>Quebec</b>	1.9%
<b>Ontario</b>	1.6%
<b>Manitoba</b>	2.7%
<b>Saskatchewan</b>	1.2%
<b>Alberta</b>	2.9%
<b>British Columbia</b>	0.3%

Source: Labour Canada Wage Adjustments October 2012 [hrsdc.gc.ca/eng/labour/labour\\_relations/info\\_analysis/datas/wages/wage\\_adjustments.pdf](http://hrsdc.gc.ca/eng/labour/labour_relations/info_analysis/datas/wages/wage_adjustments.pdf)

# Living wages: When minimum wage falls short

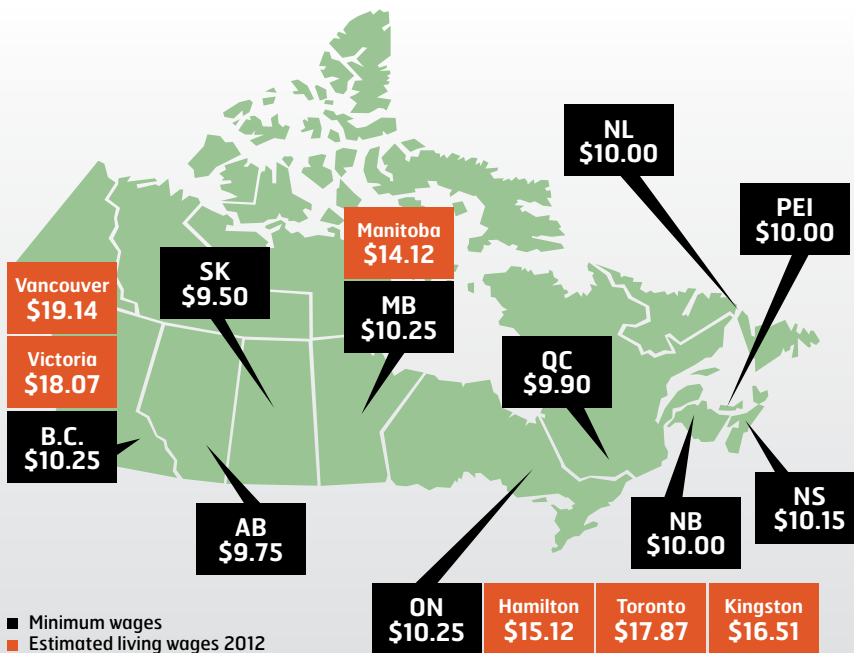
Minimum wages in Canada have increased in recent years, but they are still lower in real dollar terms than in 1976—back when disco music was in full swing.

Few can get by on \$20,000 a year, but that's what the minimum wage pays for working full-time all year in most provinces. Instead of relying on provinces to raise their inadequate minimum wages, many community activists are pushing their local governments and other employers to commit to paying a "living wage," the minimum amount necessary to afford basic needs like adequate shelter, food and other necessities.

These campaigns are gaining momentum. A coalition in the U.K. brought unprecedented attention to the issue by declaring the first week in November "Living Wage Week." They now have over 100 large employers committed to paying their workers at least a living wage—and have shamed both the Queen and the Deputy Prime Minister for paying their cleaners less.

In B.C. a number of public and private sector employers have committed to paying living wages of at least \$19.14 per hour. Calculations pegged a living wage rate in Toronto at \$17.87 per hour in 2012 and \$16.51 per hour in Kingston.

Living wages voluntarily agreed upon by employers aren't a substitute for legislated decent minimum wages, but they can make a difference. They are also a good mobilizing tool to support bargaining, as they bring attention to and help increase wages for the lowest paid in the community.



Sources: Human Resources and Skills Development Canada, Minimum Wage Database  
 Enhancing Democratic Citizenship, Deepening Distributive Justice, CCPA

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 local economic development. Even with exemptions in different areas, progressive environmental, social, health and economic policies will be prohibited, as has happened with Ontario's green energy local content rules.

Most egregious is that these trade and investment deals can give foreign corporations even greater powers than Canadian businesses.

For instance, the FIPA deal would give Chinese companies the ability to take any dispute with Canadian governments to a secret foreign arbitration panel that could impose billions of dollars in penalties on Canada without recourse, bypassing our justice system. At the same time, this deal won't provide Canadian companies in China anywhere near the same powers it would give Chinese companies in Canada. It's an extraordinary surrender of our national sovereignty for little to nothing in return.

To achieve gains negotiating collective agreements you need to be smart, strategic, bargain hard and prepared to walk away. It's no different with international trade and investment agreements. Unfortunately in their ideological frenzy to sign trade and investment deals with whoever they can, the Harper government is luring Canadians with cheap bait while selling out the store.

**FIND OUT MORE** at [cupe.ca/ceta](http://cupe.ca/ceta)