ECONOMIC CLIMATE *for* BARGAINING

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Frontline Summary

Economic Outlook Summary

Canada is now going into a serious economic downturn and recession, together with most of the rest of the world.

The downturn expected to last at least a year, but it will take a few more years on top of that to recover jobs, incomes, investments, and finances.

How long it takes to recover will depend very much on what federal and provincial governments do in terms of their economic policies, as well as what happens in the rest of the world economy.

Because of the high level of uncertainty, economic forecasts for next year are also very uncertain. However, most are expecting:

- Negative economic growth in 2009
- Consumer price inflation to average between 1% and 2% in 2009.
- Unemployment rising to over 7% in 2009 and towards 8% in 2010.
- Considerably slower wage growth.

Governments must take the lead by stimulating the economy, rebuilding confidence and helping the vulnerable. Households are heavily in debt and much of private finance has been almost paralyzed by the financial crisis.

This will lead to large government deficits. This is what governments should be doing in a downturn and is necessary to prevent an even worse economic downturn—and Canadian governments are in relatively very good financial shape.

This issue of the *Economic Climate for Bargaining* includes sections on:

Fix the real economy, stupid! Governments have provided tens of billions in Canada and trillions around the world for bail-outs of the financial industry. Some of this is necessary, but it will do little unless the problems with the real economy are fixed. This section outlines what needs to be done.

Canadian and provincial economic outlooks. Averages of the latest forecasts of main economic indicators for Canada and the provinces.

Economic crisis hits home and at the workplace. In November, Canadian economy suffered its largest monthly job loss since 1982. Almost 400,000 manufacturing jobs have been lost in the past six years and more are on their way. This section looks at recent trends and other major sectors that are likely to suffer major job losses.

Economic stimulus: public services deliver the best bang for the buck. Investments in public services not only meet badly-needed community and social needs, but they also create more jobs and give a stronger economic than tax cuts.

Inflation: how far down will it go? There is a wide range in the forecasts for inflation next year, with some forecasting inflation below 1%. This section suggests why it is likely to be higher.

Decent wage increases before the big chill. Public sector workers have gained some decent wage increases recently, but bargaining is going to become much more difficult now. Difficult trade-offs and new strategies will be required.

The *Economic Climate for Bargaining* is published four times a year by the Canadian Union of Public Employees. Please contact Toby Sanger (tsanger@cupe.ca) with corrections, questions, suggestions or contributions!
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Fix the real economy, stupid!

In Bill Clinton's run for president against George H. W. Bush (the elder) in 1992, his successful campaign was guided by the slogan "It's the economy, stupid."

At that time, the United States economy was just coming out of a recession. The 1990/91 recession hurt Canadians even more because of harsh economic policies enacted by the Mulroney government.

Now we are about to descend into a recession that will be even tougher and last longer. The Larry, Curly and Moes in charge of the world's economies are still stumbling around trying to fix the disaster created by their neo-conservative economic policies.

After little success with their first two sets of plans to resolve the financial and economic crisis, George Bush's economic team, Treasury Secretary Hank Paulson and chair of the Federal Reserve Ben Bernanke, are now on to Plan C or perhaps D. To be fair, they deserve credit for considering unprecedented steps, including tepid but effective nationalization of major U.S. banks and auto manufacturers.

In Canada, the federal government hasn't even got to the drawing board in developing solutions to the economic crisis. At first, it tried to put blinkers on the public, bragging about our economic strength and denying a problem existed. This, despite the fact Canada's economy has grown slower than the U.S. this year, millions have lost a large part of their retirement savings, jobs continue to hemorrhage of jobs from our manufacturing sector.

The Bank of Canada moved with impressive speed and flexibility to provide support to the banks in all sorts of different ways, proving that they can act quickly and with creativity when they want to.

But after 16 months, Canada's homegrown subprime $32 billion Asset-Backed Commercial Paper (ABCP) financial fiasco still remains unresolved. The federal government's approach of letting the industry come up with a solution and protecting the fraudsters has failed. It is the public, workers' pensions, and other investors that will pay this price.

The first failure of our economic leaders was to just see this as a *financial* crisis and not also as an *economic* crisis. The bank failures and free-falling stock markets certainly grabbed the attention of the business media and the public.

But the financial house of cards came crashing down because the underlying economic foundations had become so unbalanced.

The productivity of our economy hasn't increased for years, real wages have declined, households amassed mountains of debt, corporate profits and surpluses skyrocketed, unregulated financial engineering and speculation trumped real productive investments, growth was unbalanced and inequality reigned.

Yes, we do need to fix the financial crisis and get credit flowing, but that isn't going to work until these underlying economic problems are dealt with. Otherwise, it will just involve pouring more billions and trillions of the public's money into a rotten system.

Our federal government has finally joined with other countries to recognize Canada also needs to run a deficit and provide "economic stimulus" to prevent an even worse disaster.

But it will be yet another failure if our economic leaders believe this is all that is needed: more fuel into an empty tank, but not fixing the engine or changing the direction the economy is going in. To push this analogy further, while more efficient engines would help, better public transit would be even better. Replacing our gas guzzlers with a fleet of more expensive hybrid or electric cars will just lead to another financial pile-up in the future.

We – and our planet – can't afford to generate massive amounts of debt and waste through hyper-activated individual private overconsumption and overwork. We need more and better public services to share our wealth and build a more stable, equitable and sustainable economy.

Unfortunately, our federal government shows no signs of realizing that any sort of change is needed. Instead they have their steering wheel fixed to their old roadmap for the economy, Advantage Canada.

This approach points clearly in the direction of more privatization, de-regulation, tax cuts, and other discredited neo-conservative economic policies that created this crisis. If this direction (or the drivers) aren't changed soon, then we'll continue heading down this cliff.

So what is needed?

It's time to get back to basics. What our economy needs is a focus on the "3 Rs":

1. *Re-investment* in the real economy. We have a $120 billion plus municipal public infrastructure deficit. Public transit, roads, water systems, buildings, community, health and social services all need to be fixed, retrofitted and renewed. Now is the time to do it, but we need to do it in a way that plans for a more sustainable future. We also need a resurgence of real investment by the private sector to improve the productivity of our economy. This will require support and guidance by the government with sectoral economic strategies, focused procurement policies, and investments into education, training and R&D. It will also require ending tax and economic incentives that rewarded speculation and financial engineering at the expense of real investment and civil engineering and innovation. These changes will help to build and grow our economy in a more sustainable way for the future.

2. *Re-building* the social infrastructure and support system of our society. For both social and economic reasons, we need better income supports and security through an improved EI system, better public pensions, improved social security, and more and better public services including public healthcare and childcare. Private markets simply don't work well at providing the type of security people need to lead productive and healthy lives, as many have now realized with their RRSP investments. This will involve a better redistribution of the economic pie, but it is really just a reversal of the highly unequal redistribution of the past few years that helped create this economic and financial crisis.

Finally, we need:

3. *Re-regulation and control* of the financial industry and other runaway parts of our economy. It is widely recognized that the global financial system needs to be reformed and better regulated, and so does Canada's. Canada has an extremely weak system of financial regulation and enforcement with almost no prosecution of white-collar criminals and fraudsters.Self-regulation and relying on the industry doesn't work, at least not for ordinary workers, small investors and the general public. Some may get fabulously wealthy, but most lose out, and it also leads to ongoing economic instability. If we don't enforce stronger control and penalties, then we'll soon be mesmerized by yet another boom engineered by the financial industry, followed by another bust, with no lasting economic benefits.

Economic Outlook

There is no question that this will be a serious economic downturn. Private economic forecasters have now recognized the severity of it and most are forecasting a recession for next year, followed by a recovery in 2010.

However, this appears to be too optimistic, unless the right economic policies are put into place very soon. Even then, it will take a number of years to re-invest, reduce debts, and rebuild confidence in the economy and financial system. It is more likely to take the economy a number of years to fully recover.

On the fiscal side, the downturn will hit public revenues quite hard. As a general rule of thumb, every 1% drop in economic growth reduces public revenues by the same amount, but an economic downturn also adds to the cost of public services by perhaps a half to one percent for every percentage drop in growth.

Fortunately, Canada's federal and provincial governments are in good fiscal shape to borrow for the needed spending and investments, they will benefit from low interest rates, and there is now wide recognition that deficit spending will be necessary for a number of years.

Canadian Economic Outlook- Average of Private Sector Forecasts				
Annual growth rates unless indicated	**2007**	**2008**	**2009**	**2010**
Growth in the Economy				
Real GDP	2.7%	0.6%	-0.2%	2.2%
- Consumer Spending	4.5%	3.7%	1.2%	2.0%
- Business Investment	3.5%	2.1%	-2.1%	1.1%
- Government Spending	3.7%	4.2%	2.8%	2.7%
Labour Market				
Employment growth	2.3%	1.6%	-0.4%	0.5%
Unemployment rate	6.0%	6.1%	7.1%	7.7%
Productivity growth	0.7%	-0.7%	-0.2%	2.2%
Inflation - Consumer Price Index	2.2%	2.4%	1.0%	1.7%
Corporate Profits before tax	3.3%	6.3%	-9.8%	8.2%
Real Personal Disposable Income	3.7%	4.1%	1.7%	2.8%
Personal Savings Rate	2.7%	3.0%	2.6%	3.6%
Housing Starts (000s)	228	214	181	179
Interest Rates and Exchange Rate				
Short term 3 Month T-Bill	4.15%	2.10%	1.60%	2.84%
Long term 10 Year Bond	4.28%	3.55%	3.37%	3.91%
Exchange rate C$ in U.S. cents	$93.04	$92.87	$79.18	$88.00
Consensus average based on latest forecasts from different Canadian forecasters as of December 11, 2008.				

Provincial Outlook								
% annual growth unless where noted					**Unemployment**			
	Real GDP		**Employment**		**Rate**		**Inflation**	
	2008	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**
Newfoundland & Labrador	0.9	0.6	1.2	0.7	13.1	13.1	3.0	2.2
Prince Edward Island	0.6	0.1	1.0	-	10.6	11.2	3.6	2.0
Nova Scotia	1.0	0.3	0.8	0.2	7.7	8.1	3.4	2.2
New Brunswick	1.1	0.1	0.6	0.2	8.5	9.2	2.2	1.8
Quebec	0.4	-0.6	0.5	-0.7	7.4	8.5	2.3	1.5
Ontario	-0.1	-1.0	1.0	-0.8	6.4	7.7	2.2	1.4
Manitoba	1.9	0.3	1.2	0.2	4.1	4.8	2.3	1.5
Saskatchewan	3.1	1.0	1.2	0.7	4.2	4.6	3.4	2.4
Alberta	1.4	0.1	1.8	0.3	3.6	4.4	3.7	2.0
British Columbia	1.4	0.3	1.6	0.3	4.3	5.4	2.2	1.7
Based on the average forecasts from four different bank forecasters as of December 11, 2008.								

Economic crisis hits home and at the workplace: biggest job loss since 1982

Ontario suffers most severe manufacturing job loss on record

The full brunt of the economic crisis is now showing up in overall jobs numbers – and hitting home for Canadians.

Parts of the economy, particularly the forestry industry and the central Canada manufacturing sector – have been in recession for years, but job losses in these areas were counter-balanced by job gains in other sectors.

November's jobs figures show that job losses in manufacturing are accelerating and instead of other sectors picking up the slack, they are now also losing jobs.

According to the labour force survey, the Canadian economy lost a net total of 72,000 jobs from October to November. This only edged up Canada's unemployment rate from 6.2% to 6.3% because many people dropped out of the labour force. If labour force participation rates had stayed the same, the national unemployment rate would have jumped to 6.5%.

Most provinces lost jobs, but Ontario was especially hit hard. The province lost an estimated 66,000 jobs from October to November, increasing its unemployment rate from 6.5% to 7.1%. The vast majority (75%) of these jobs lost in Ontario were full-time, with most (64%) in manufacturing.

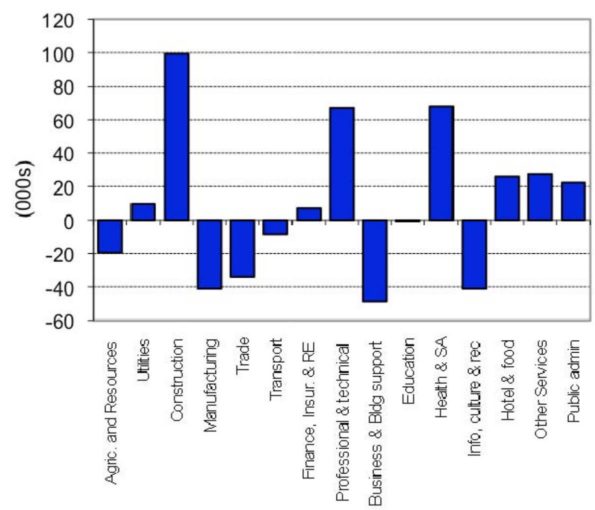
In fact, Ontario's loss of 42,200 jobs from manufacturing in that one month is the most severe one month loss of jobs from this sector on record: in both absolute numbers and as a share of the industry's workforce.

The province has now lost 250,000 jobs in manufacturing in just six years, equivalent to more than 22% of its peak employment. Across Canada, job losses from manufacturing now total 389,000, or one in six jobs.

There's no sign that the job losses from this sector are going to slow down either. There have been more announcements of lay-offs each week and the auto industry is in very difficult shape.

In Ontario these job losses have a magnified impact on local communities because downloading forced much more of public services to rely on the local tax base. Very little "uploading" has been achieved or is planned. Since Ontario has one of the highest rates of local property taxation in the world, when local industries fail, there is little latitude to increase rates on others.

Job Growth by Industry
December 2007 - November 2008



Source: Statistics Canada Labour Force Information cat no. 71-001-XIE

Ontario's manufacturing sector was far from the only sector and region with job losses in November.

As another sign of the slowing economy, the retail and wholesale trade, transportation and storage, and building services industries all lost more jobs last month and are down in relation to the start of the year. Ontario has suffered a large share of these job losses.

In some of CUPE's main sectors:

- Employment in utilities has continued to grow and is 9,600 (+6.85) higher than at the start of the year.
- Employment in the transport industry fell by 26,000 (-3.0%) in November alone, and is down by 8,700 (-1.0%) for the year.
- Business, building and support services has lost 49,000 jobs (-6.8%) his year.
- Education employment declined in November and is now just slightly below what it was at the start of the year.
- Employment in health care and social assistance has continued to increase and is now 3.6% higher than December 2007.
- The information, culture and recreation industry is down 41,500 jobs (-5.2%) so far this year.

- Employment in public administration dropped by 27,000 in November, but it is likely that much of this was connected to short-term work with the federal election. Employment in this sector is still higher than it was at the beginning of the year.

Within the public sector, job growth has been strongest at the local government level, with employment in the post-secondary sector also growing at a strong pace. However, both these sectors face tougher financial constraints going forward because they are limited from running deficits.

The construction industry has grown very strongly this year, with employment almost 10% higher than it was a year ago. But construction is a highly cyclical industry. In recessions, the construction industry suffers much greater job losses (about 15%) for a much longer period than the rest of the economy. After the early 1980s recession, it took six years for construction employment to recover; and after the 1990s recession, it took ten years until employment in this industry was restored to its pre-recession peak.

A decline of 15% in construction employment translates to a job loss of 200,000. This loss of jobs on its own would hike Canada's unemployment rate to 7.4%.

Employment in the transportation industry is also very cyclical. Job losses in this industry are close to 10% following a recession and take about six years to recover.

Economic forecasters are now expecting Canada's unemployment rate to rise to over 7% next year and towards 8% in 2010. This is equivalent to 300,000 more people without work. Unless substantial and concerted action is taken soon, Canada's unemployment rate could very easily rise above these rates.

High on the list must be measures to sustain jobs delivering public services, including increasing transfers to local governments and to public agencies that can't run deficits. This delivers a double benefit: an economic boost by maintaining local employment and buying power, and providing the public services that are even more needed during a downturn.

We also need to improve income support for those hurt by the economic downturn, such as better EI and social security benefits, and support for pensions.

Economic stimulus measures for the private sector should especially be pro-actively focused on those sectors where the job loss is likely to be the greatest: in manufacturing, forestry, resource, construction, transportation, and other cyclical industries.

We have a historic opportunity because these industries are perfect candidates for retooling and re-gearing our economy to be more efficient and sustainable. This will require a massive effort, a change in direction, but more importantly, a more progressive and hopeful vision for the future.

Economic Stimulus: public services deliver the best bang for the buck

With Canada's economy falling into recession together with other countries around the world, there is now a lot of talk about economic "stimulus".

After the financial crisis hit in the fall and trillions in government bail-outs of the banking sector didn't improve much, virtually all economists came to their senses and called for massive government intervention to support the economy.

Even the International Monetary Fund (IMF) – which had long forced developing nations to cut public spending and reduce their deficits – recently urged countries around the world to rapidly put in place economic stimulus programs equal to about 2% of the size of their economy. The IMF called on those countries that are in good fiscal shape, such as Canada, to do even more.

For Canada, with its economic output valued at $1.5 trillion a year, 2% of GDP means $30 billion in an annual stimulus program.

This should include new and active stimulus measures, additional to any existing measures. It should also be beyond any "cyclical" deficit spending that has occurred as a result of the economic downturn through lower revenues or increased EI and social spending.

Many other countries around the world have already taken action:

- In the U.S. President-elect Obama is putting together a package expected to total $700 billion and create 2.5 million jobs.
- China announced a ¥ 4 trillion Yuan (over C$700 billion) two year stimulus package in November, equal to 3.5% of their GDP each year.
- The European Union is developing a stimulus package of €200 billion (over C$320 billion in Canadian dollars).
- The UK government announced £20 billion (C$36 billion) in stimulus in November (although much was in tax cuts).

Meanwhile, in Canada, the federal government squandered its chance to act, or even set out a credible plan, in its November Economic and Fiscal Update. This – together with an implausible fiscal report, cuts to transfers and attacks on labour rights and political parties – led to widespread criticism and the creation of an opposition coalition of the Liberals and NDP to push for real action on the economy.

After using extraordinary measures to prevent a downfall of his government, the Harper government now finally seems to be taking our economic problems a bit more seriously.

They have promised that their budget, to be tabled January 27, will include measures to stimulate the economy. The federal government is now consulting to ask for priorities about ways to provide economic stimulus in the budget. [http://www.fin.gc.ca/news08/08-103e.html]

So what measures provide the biggest and best bang for each dollar of federal economic stimulus?

The following table demonstrates that, not only do public services meet badly needed community and social needs, but they also deliver the strongest economic stimulus: the best "bang for the buck".

Economic Impact of Stimulus Measures
National Impact of $1 billion in public spending or tax cuts

Stimulus measure	Jobs Created	Cost/Job	% GDP increase
Infrastructure	12,300	$81,300	0.15%
Health spending	18,100	$55,200	0.11%
Education spending	12,500	$80,000	0.11%
Personal tax cut	5,700	$175,400	0.08%

Impact for first year of measure.
Analysis provided by Informetrica Ltd, *Canadian Macroeconomic Impacts of Fiscal, Monetary and other Impacts*

For instance, $1 billion of public investment in infrastructure, health care and education would all create two to three times as many jobs as the same amount in personal income tax cuts. The boost to the economy would also be stronger.

Investments in public services also provide additional long-term economic benefits:

- Every dollar in public infrastructure provides 17 cents a year in cost savings to business, as well as other social benefits.
- Every dollar in support for child care provides two dollars in long-term economic benefits.
- Investments in education provide ongoing annual economic benefits of 10-15%.

Inflation: how far down will it go?

Canadians faced rising rates of inflation during the past year, with the annual increase in the cost of living reaching 3.5% in August. This was the highest rise in the national consumer price in over five years. Now many prices are dropping. How much lower will the rate of inflation go?

Since the summer, the rate of inflation has steadily declined thanks to the sharp fall in the price of gasoline, natural gas and other fuels. The annual rate of inflation for Canada was down to 2.6% in October, very close to this year's average to date of 2.5%.

The global economic decline has pulled down the price of many commodities, including oil and gas, metals, forest products, and most agricultural commodities. House prices in Canada are also falling in many communities. This has led to forecasts of considerably lower inflation next year, with some raising the possibility of *deflation*.

Deflation – on-going falling prices – can sound good for consumers, but it raises alarm for the economy.
If people expect prices to keep on falling, then they put off purchases and investments, which can lead to a long economic recession or even a depression.

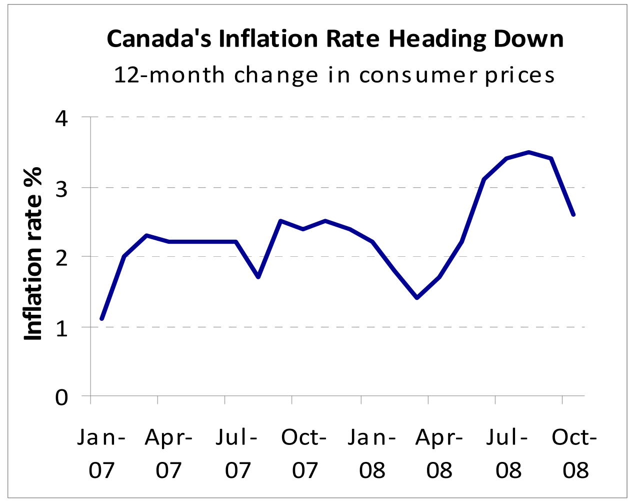
Current forecasts for inflation in 2008 range widely. The TD Bank is forecasting an inflation rate of only 0.5% in 2008, while CIBC economists expect it to be 2%. The average of the latest major forecasts is for consumer price inflation to average 1.0% in Canada in 2009 and 1.7% in 2010. (*See Canadian Economic Outlook table above*)

While a rate of 1% is certainly a possibility, there are a number of reasons why it won't fall that low next year.

Food price increases have accelerated in recent months, rising by 6.1% in October compared to a year ago. Spending on food accounts for almost twice as much of an average family's budget as spending on energy does and so have a bigger impact on the consumer price index.

Despite recent drops in the price of grains and other agricultural commodities, food prices are expected to keep rising next year because food companies haven't yet caught up with the rise in these commodity prices. According to the U.S. Agriculture Department, food prices will increase by 3.5 to 4.5 per cent in 2009[1].

Higher food prices especially hurt middle and lower income families, who spend twice as high a share of their income on food as high-income families do.



Canada's dollar is falling in relation to the U.S. dollar and our other major trading currencies. The Canadian dollar is expected to average about 0.80 US$ next year, about 13 cents below this year's average. Some of this drop in value will translate to higher prices for imports to Canada.

Declining house prices will reduce inflation, but not by a massive amount because the consumer price index only takes into account the price of new houses.
In Canada, these have risen at half the rate of resale houses and are also likely to fall by less.

Oil prices have plummeted in recent months, but should reverse course and rise through next year. Producers are mothballing or cancelling new projects in Canada and elsewhere, OPEC and Russia are considering output cuts, and demand continues to outstrip supply.

In the last two years, successive cuts to the GST reduced inflation by an estimated half a percent for each percentage point reduction. No further cuts to the GST or provincial sales taxes are now being contemplated.

Despite the global recession, we should expect consumer prices in Canada to increase by an average of between 1% and 2% in 2009, and probably closer to the mid-point (1.5%) of this range.

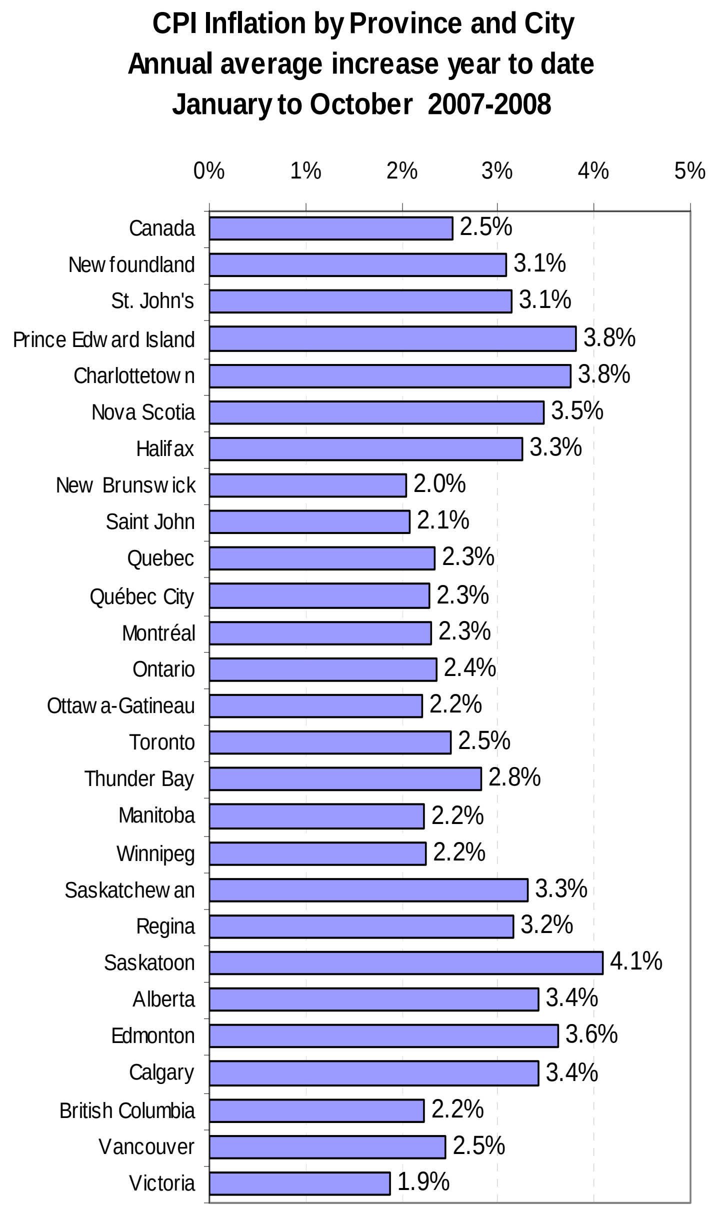
[1] Andrew Martin. "Food Prices Expected to Keep Going Up", *New York Times*, November 26, 2008. http://www.nytimes.com/2008/11/27/business/27food.html

Price Increases by Province

On a provincial basis, consumer prices have increased the most in Saskatchewan and Alberta and in the Atlantic provinces of Newfoundland and Labrador, Nova Scotia and Prince Edward Island. All these provinces have experienced inflation rates averaging over 3% so far this year. In all other provinces, inflation has averaged between 2% and 2.4% so far this year.

On average, economic forecasters expect inflation to be about one percentage point lower across the country in 2009 compared to this year.

This means that in 2009 consumer prices are expected to rise by about 2% in Alberta and Saskatchewan and in the Atlantic Canada provinces of Newfoundland and Labrador, Nova Scotia and Prince Edward Island. The average forecast for inflation in Quebec, Ontario and Manitoba for 2009 is about 1.5%. In New Brunswick and British Columbia, economic forecasters expect consumer prices to rise by close to 1.7% on average next year. (*See Provincial Outlook Table*)

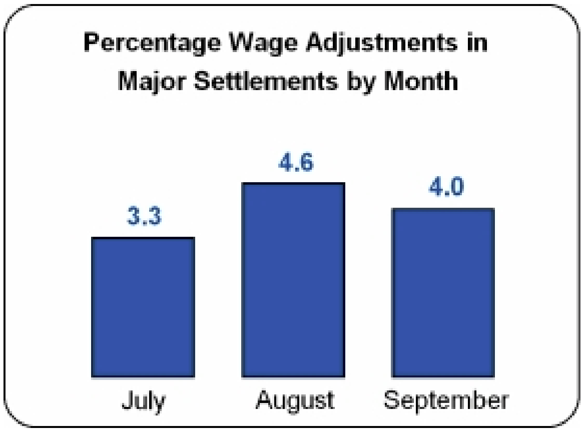


Calculations by CUPE based on data from Statscan Cat # 326-0001

A summer of decent wage increases – before the big chill

In the third quarter of this year (July to September), union members continued to achieve settlements that provided real wage gains.

Base annual wage increases of large settlements signed in the 3rd quarter averaged 4.0%, above the 3.4% rate of inflation for that period.



However, this relatively high national average was almost entirely due to a number of large agreements in Alberta and Saskatchewan, mostly in the public sector, that deliver wage increases of over 4.5%. Excluding these agreements, the average base wage increase across the country was 2.8%.

Wage Increases by Sector and Industry

Settlements provided average wage adjustments of 4.0% for workers in the public sector, buoyed largely by the Alberta and Saskatchewan settlements. This brought the average wage adjustment for the year to date to 3.5%, one percentage point above the inflation rate.

Average wage increases for private sector workers continued to lag, averaging only 2.8% in the third quarter. For the first nine months of the year, wage settlements in the private sector provided average increases of 2.6%, barely above inflation of 2.5%.

But it hasn't all been dire news for union members in the private sector. So far this year, settlements in the construction industry have led the pack, with an average 5.8% increase, followed by primary industries with an average increase of 4.4%. In contrast, workers in manufacturing only gained average wage increase of 1.6% in settlements signed so far this year, with those in entertainment and hospitality getting average increases of 1.8%.

In CUPE's traditional sectors, average wage increases were between these extremes:

Wage adjustments in education, health and social services averaged 4.6% in the third quarter, thanks mostly to the Alberta and Saskatchewan settlements, and have averaged 4.0% so far this year. CUPE agreements in this sector outside of Alberta have been mostly in the 2.5% to 3.5% range.

Workers in public administration achieved wage increases averaging 3.0% in the third quarter and have averaged 2.7% in the year to date. These settlements have also been in the 2.5% to 3.5% range.

Wage increases for workers in the information and culture sector averaged only 1.6% in the third quarter and are at 2.0% for the year to date.

The following tables summarize wage increases achieved in the year so far by province and sector, together with some recent CUPE settlements.

Achieving these types of wage increases will be much more difficult in the next few years. The declining economy will put most federal and provincial governments into deficit, while also hiking the demand for public services. Municipalities, the broader public sector and other employers caught in an even tighter financial bind. Restoring solvency for pension funds will add another pressure to the table. At the same time, lower inflation in the next few years will make smaller wage increases easier to deal with.

In addition to pushing for increased transfers from federal and provincial governments, public sector workers will increasingly need to articulate the economic and social benefits of public services, while facing difficult trade-offs between wages and jobs.

Employer	**Average Wage Increase**
New Brunswick non-medical	2.5
TELUS Communications Québec	1.6
Société des casinos du Québec	2.1
Bruyère Continuing Care	2.8
Ontario Boards of Education	3.0
Toronto Children's Aid Society	3.3
City of London inside workers	2.7
Alberta Chinook Health Region	5.0
B.C. Harrison Hot Springs municipal	3.5

Average Wage Settlements Major Collective Bargaining by Year							
		2006	**2007**	***2008 YTD Sept***	***2008Q1***	***2008Q2***	***2008Q3***
All		2.5	3.3	3.2	*3.4*	*2.4*	*4.0*
Public Sector		2.6	3.4	3.5	*3.2*	*3.0*	*4.4*
Private Sector		2.2	3.1	2.6	*3.9*	*1.8*	*2.8*
CPI Inflation:		*2.0*	*2.2*	*2.5*	*1.8*	*2.4*	*3.4*

Average Wage Settlements by Province – Major Agreements												
	NL	**PEI**	**NS**	**NB**	**QC**	**ON**	**MB**	**SK**	**AB**	**BC**	**Multi Prov**	**Federal**
2006	1.7	2.7	3.2	3.0	1.9	2.5	2.6	2.1	3.4	2.5	3.8	2.3
2007	1.5	2.8	3.0	2.4	3.2	3.0	3.0	4.1	4.9	3.0	3.5	2.9
2008 YTD Sept	*5.0*	*3.0*	*3.4*	*2.7*	*2.4*	*2.4*	*3.8*	*6.0*	*4.7*	*2.7*	-	*2.9*
CPI YTD Sept	*3.0*	*3.8*	*3.5*	*2.1*	*2.3*	*2.3*	*2.1*	*3.3*	*3.5*	*2.2*	-	*2.5*
2008Q1	-	*3.0*	*3.5*	*4.0*	*2.4*	*3.0*	*4.1*	*2.3*	*4.0*	*3.3*	-	*3.4*
2008Q2	*5.0*	-	*2.9*	*3.0*	*2.1*	*1.8*	*3.5*	-	*4.7*	*3.4*	-	*2.6*
2008Q3	-	*3.0*	-	*2.5*	*2.8*	*2.9*	*3.3*	*6.2*	*5.3*	*2.6*		*3.3*

Average Wage Settlements by Industry – Major Agreements						
Industry	**2006**	**2007**	**2008 Year-to-date**	***2008Q1***	***2008Q2***	***2008Q3***
Primary	2.7	4.6	4.4	*4.8*	*3.4*	-
Utilities	2.3	3.8	2.2	*3.3*	*2.1*	*3.5*
Construction	3.6	3.3	5.8	*5.8*	-	-
Manufacturing	2.3	2.4	1.6	*1.1*	*1.1*	*3.1*
Wholesale and Retail	1.2	2.4	2.7	*4.6*	*1.7*	*2.5*
Transportation	2.1	2.7	3.1	*3.2*	*2.9*	*3.2*
Information & Culture	2.5	3.0	2.0	*2.0*	*2.1*	*1.6*
Finance & Professional Services	2.5	3.5	2.9	*2.0*	*2.9*	-
Education, Health, Social Services	2.6	3.5	4.0	*3.5*	*3.8*	*4.6*
Entertainment and Hospitality	2.9	3.3	1.8	-	*1.2*	*2.3*
Public Administration	2.8	3.5	2.7	*2.1*	*3.3*	*3.0*

Year-to-date (YTD) figures are for settlements reached during the first three quarters of the year (to September). CPI inflation rates are average increases for the same periods compared to previous year.

Source: Human Resources and Skills Development Canada, Major Wage Settlements, [latest information as of December 11, 2008] http://www.hrsdc.gc.ca/en/lp/wid/adj/01wage_adj.shtml, Consumer Price Index (Statistics Canada 326-0001).

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