



A federal budget for a better future

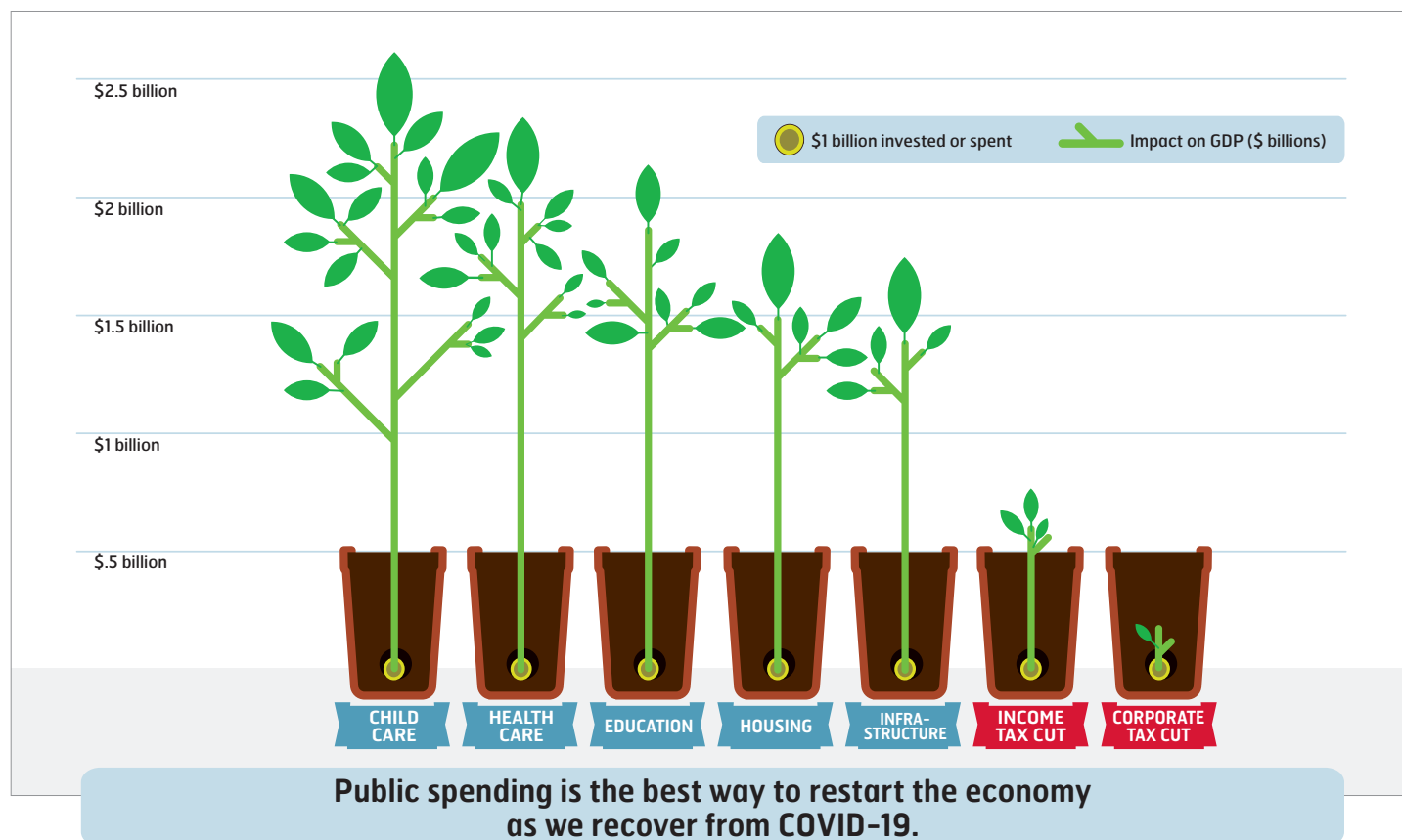
Every summer, the federal government asks the public to share their ideas for the following year's budget. This year, they asked for input on how to restart the economy as we recover from COVID-19. CUPE's submission challenged legislators to seize the opportunity to reimagine what our economy looks like.

The federal government is forecasting a significant deficit for this fiscal year, but this is no justification for austerity. Borrowing makes

financial sense, especially when investing in infrastructure that will benefit our economy for years to come. The rate for 30-year federal government bonds is at two per cent, and 10-year bonds are below one per cent. Public infrastructure is the backbone of economic activity, enabling workers and businesses to be more productive. We often think about infrastructure as roads and bridges, but it also includes electricity, water, libraries, museums, schools, and hospitals.

The pandemic exposed some serious gaps in our social infrastructure, ones that workers have been raising the alarm about for years. Child care and elder care stand out. It is critical to get them right to prevent the spread of COVID-19 and help get our economy back on track. Low wages and precarious employment relationships meant that many care workers rely on multiple jobs to make ends meet.

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ECONOMIC BRIEFS



The Future is Public

Pushing back against privatization and P3s can seem daunting. But, more and more communities around the world are successfully reversing privatization or creating new public services, referred to as (re)municipalization. Researchers at the Transnational Institute have identified more than 1,400 cases across 58 different countries and several sectors. They published their findings in a book, *The Future is Public*, which is available free online, and is a useful roadmap for those looking to start campaigns in their own communities. Researchers have also launched an online database, which allows users to search existing cases by country or sector, and to share information about new cases. So far, the database has information about 51 cases of (re) municipalization in Canada.

PBO studies wealth taxes

The Parliamentary Budget Office (PBO) used new data on high net worth families in Canada to estimate the revenues that could be expected

from implementing a wealth tax. They examined a tax on net assets of over \$20 million, which would apply to only 14,000 families in Canada. A one per cent wealth tax would raise \$5.6 billion in 2020-2021. This assumes that the very wealthy would try to hide some of their money, but the low tax rate of one per cent makes it more convenient for many to simply pay the tax. Support for a wealth tax in Canada is growing. A recent poll by the Broadbent Institute found that 75 per cent of Canadians support a wealth tax of one to two per cent to help pay for the economic recovery.

Ending unequal access to sick leave

As important as it is for workers to be able to stay home and quarantine when they are sick or have been

exposed to COVID-19, we have almost no information about access to paid sick leave. The most recent national information comes from the 2016 General Social Survey, when 58 per cent of workers in Canada had no paid sick days.

In the fall of 2019, the CCPA-BC and Simon Fraser University's Labour Studies program worked together to study precarious work in British Columbia. They found that access to sick leave is shockingly low. Just over half of workers in BC have no access to any paid sick days. Among low income workers that proportion is even higher. Nearly 90 per cent of BC workers earning less than \$30,000 per year have no paid sick days. Workers staying home when they are sick is critical to prevent the spread of COVID-19.



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ECONOMIC DIRECTIONS

Economic growth — The global effort to contain the spread of COVID-19 had a deep impact on economic activity in the spring of 2020. In many higher income countries, containment efforts lowered case numbers significantly and governments took steps to reopen their economies in June and July. There was an initial bounce in economic activity that tapered off by early August. Most economists predict a full recovery will take much longer. Retail activity is nearly at pre-pandemic levels, but food services, recreation, and culture have only recovered a fraction of their losses. The Bank of Canada estimates that the global economy will shrink by 5.2 per cent in 2020 and rebound in 2021 and 2022. The economic recovery in the United States, Canada's biggest trading partner, is far more uncertain, as the number of COVID cases continues to rise.

Jobs — The effective unemployment rate for April was close to 30 per cent, with 5.5 million workers in Canada affected by the shutdown. By August, the labour market situation improved significantly, but there were still 1.8 million workers that had lost hours or employment due to COVID-19. Employment levels for higher-waged workers have nearly recovered (at 99 per cent of February employment), but remain significantly below pre-pandemic levels for low-wage service sector workers (only 86 per cent of those employed in February are working now). The Canada Emergency Response Benefit (CERB) is slated to end soon and recipients will be transitioned to Employment Insurance (EI) or a new parallel benefit if they don't qualify for EI. Unless there are significant changes to EI, many workers will receive much lower benefits or lose access to benefits completely.

This July, Statistics Canada started tracking race-based information in the monthly labour force survey, which will provide us with more insight into the ways the pandemic and economic fallout have affected racialized people. They found that unemployment was highest among South Asian (17.8 per cent), Arab (17.3 per cent), and Black (16.8 per cent) people, compared to 9.3 per cent for white people.

Wages — The deep and dramatic impacts of this recession will affect bargaining, with public sector employers likely being especially reluctant to move on wages. Temporary top-ups for essential workers have ended, even though their employers include some of the largest businesses, who continued operations during the pandemic and became even more profitable. The need to recruit and retain more workers in child care, education and health care may result in long overdue wage boosts for these sectors.

Inflation — Overall inflation will likely remain low in the near term, but the price of some items may be affected by increased demand and disruptions in local or global supply chains. For example, beef and pork became more expensive in June, as food processing plants temporarily closed in response to COVID-19 outbreaks. Prices at the pump have rebounded and are no longer pulling overall prices downward. The impact of inflation is uneven, as rental costs increased slightly while mortgage costs fell.

Interest rates — The Bank of Canada expects to maintain its key lending rate at 0.25 per cent for several quarters and is continuing to provide support to mortgage lenders and governments. Banks have responded to public pressure and stabilized markets and have lowered the cost of lending for many of their products. Government borrowing has never been so affordable, with 30-year federal government bonds selling at 2.0 per cent interest.



COVID-19's impact on Indigenous, Black and racialized communities

Health care authorities around the world are carefully tracking data about the spread of COVID-19, especially the location of outbreaks, the age of patients affected, and the way that patients came into contact with the virus. This data gives us valuable information about how to stop the virus from spreading further. Policy makers can clearly see trends, and direct resources to where they are needed – whether that be providing additional space for shelters, additional staff and PPE for long-term care facilities, identifying high risk activities, or quarantining affected workplaces.

Health care experts have long pointed out that different groups of people face different health risks and different barriers

to accessing care. Precarious workers, disproportionately Black, Indigenous and racialized, are less likely to have sick leave and have fewer options when employers ignore health and safety standards. Living in crowded or inadequate housing makes effective quarantining almost impossible. Households that were financially insecure before the crisis will be less able to cope with job loss or illness and face more pressure to return to unsafe workplaces.

Early data from other nations shows a sharp disparity in COVID-19 infection rates among racialized people. Despite this, Canada has been slow to recognize the need to collect race-based data on the spread of COVID-19. With no national mandate to track the

impact on Indigenous, Black, and racialized communities, the data that we do have is incomplete.

Indigenous peoples

Indigenous peoples were disproportionately impacted by the H1N1 outbreak in 2009. Even though Indigenous peoples represent only 4.3 per cent of the population in Canada, 25 per cent of critically ill patients were Indigenous. This data prompted early calls for action to prevent a repeat tragedy with COVID-19.

Statistics Canada has used pre-COVID data to show there are higher COVID-19 risk factors for both urban and rural Indigenous peoples. For example, many remote Inuit and First Nation communities have limited access





to health care professionals. First Nations and Metis people living in urban areas are far less likely than other Canadians to have a family doctor. And Indigenous peoples are more likely to live in inadequate housing. One in five live in a house that doesn't have enough room, and one in four live in a house that requires major repairs.

Living in crowded or inadequate housing makes effective quarantining almost impossible.

Most provinces started tracking Indigenous identity among COVID-19 patients earlier than other socio-economic data, and some are actively working with Indigenous leaders and communities to make sure the information is used appropriately.

Race-based data

Toronto's health agency started collecting data on ethno-racial identity on May 20, three months after their first case of COVID-19. They have found that Black and racialized residents, who are

only half the population, account for 83 per cent of cases. Maps of earlier Toronto health agency data show that there has been a higher proportion of cases in lower income racialized neighbourhoods.

Provincial data gathering and publishing policies vary. The province of Quebec is working with Montreal public health authorities to study race-based data on the risks of contracting COVID-19. The province of Ontario began asking people who tested positive for COVID-19 about race, income, household size and language in June, though no data has been released publicly yet. The British Columbia government is also working to collect better race-based health data and is developing a plan for the fall, working with the Human Rights Commissioner and the Information and Privacy Commissioner. There are active campaigns in other provinces to convince authorities of the public health benefits of collecting and analyzing this data for COVID-19 patients.

We already have information that can help direct our public health response. For example, exposure to COVID-19 depends partly on the type of work that workers and their family members do. Several high-profile outbreaks

were connected to unsafe workplaces, such as food processing plants and long-term care facilities, where workers did not get adequate protective equipment.

Because of labour market discrimination, racialized workers are disproportionately represented in some of these high-risk jobs. For example, Statistics Canada found that Black and Filipino workers are disproportionately employed in the health care field and, on average, earn significantly less than their white co-workers.

Early data from other nations shows a sharp disparity in COVID-19 infection rates among racialized people.

We know from the census that white workers are disproportionately represented in professional and managerial employment. These workers were able to quickly transition to working from home and so faced a much lower infection rate.

Shining a light on the effects of discrimination

The Canadian Institute for Health Information is an independent not-for-profit organization that collects health data across the country. The organization has recently proposed standards for race-based and Indigenous identity data in health, which could be used to help identify and address health inequities that we already know exist in our communities. The federal government should work with the provinces to ensure that these standards are put in place.

The gendered impact of the COVID-19 pandemic

Workers have been deeply affected by measures to contain the spread of COVID-19. But the impact has been felt unevenly and in different ways than in recent recessions. In April 2020, more than 30 per cent of Canadian workers had been laid off or had their hours reduced. Immediate employment impacts were most severe in female dominated industries such as food services, tourism, culture, recreation and retail. Schools and child care centres closed, challenging education workers and parents alike. As a result, more women than men were laid off or had to cut down on paid hours of work to care for loved ones.

This is in stark contrast to past economic recessions. Often, economic downturns are first felt in male dominated industries like manufacturing or natural resources. Women's labour force

participation sometimes even goes up during a recession, as women seek more hours to make up for the lost income from a male family member who has been laid off.

This time, women's labour force participation has plummeted to levels not seen in 30 years. And it could get even worse. Some child

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CUPE is challenging legislators to reimagine our economy

Understaffing and inadequate standards of care mean that workers do not have the resources to do their jobs properly – often leading to burnout for workers and gaps in care for recipients. The federal government has a critical role in setting national standards and providing sufficient funding for provinces to meet these standards.

CUPE strongly supports increased funding for public transit, affordable housing and green infrastructure, all important components of a healthy economic recovery. But the main vehicle for funding that work under the current government is the Canada Infrastructure Bank (CIB). The CIB is designed to use public money to

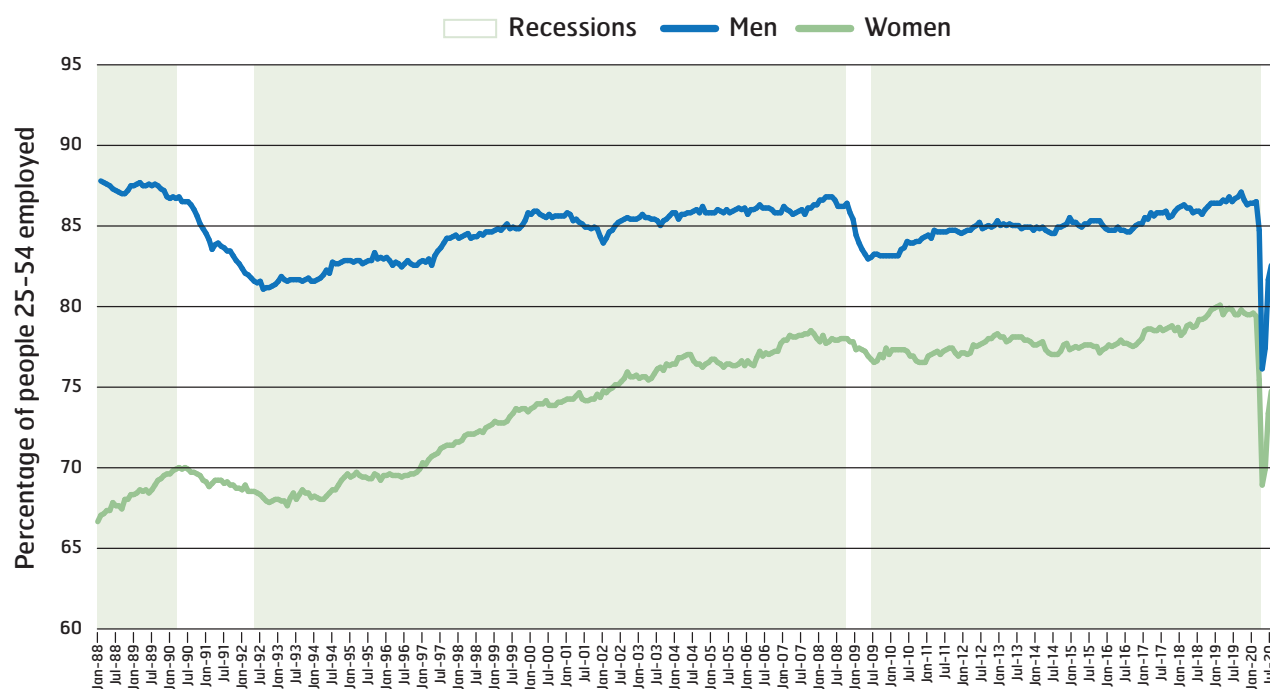
attract private investors, nothing more than a fresh coat of paint on the old public-private partnership model. CUPE urges the federal government to change course and convert the CIB into a truly public infrastructure bank that offers low-cost financing to other levels of government.

A vibrant economy depends on a vibrant social safety net, and the federal government should restore funding to this sector. Since 2000, tax cuts have reduced federal revenues by over \$50 billion annually, and the major beneficiaries of these tax cuts have been large corporations and the wealthiest Canadians. The federal government could recoup

these losses by implementing a fair tax reform that includes a wealth tax, closing unproductive loopholes, and cracking down on tax havens. This would bring in more than enough revenue to fund public long-term care, national pharmacare, and a national child care system.

Finally, as the federal government makes its plans, it must take account of the inequalities that the pandemic has revealed. Racialized workers and women have felt the deepest impacts of COVID-19. The government must work in partnership with hard-hit communities to find just solutions.

Recessions typically hit men harder. This one is different.



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care centres have been permanently closed, and the cost of delivery has increased, making child care harder to find and even more expensive than it was before the pandemic. Statistics Canada found that more than one-third of parents who have been working from home are concerned that child care challenges will limit their ability to keep working. It's worse for women with a child younger than six, 56 per cent of whom share this concern. Parents faced with significant uncertainty about the safety of return to school plans may decide to keep children home, forcing more women out of the labour market.

Governments usually respond to recessions by investing in building physical infrastructure, like roads and bridges, to create employment

for blue-collar workers who have lost their jobs. Creating jobs by building infrastructure our communities need gives us a good return on our public stimulus dollars. The investment helps support other economic activities too, as roads make it easier for businesses to move supplies or reach their customers.

But this recession is different, and it has impacted workers, families, and their communities differently. This time, the outdated model of 'shovel-ready' infrastructure projects shouldn't be our priority. Instead, investment in the care economy, including education and child care, will give us the biggest bang for our buck.

A vibrant, accessible care sector ensures everyone can participate in the workforce, which will be essential throughout the economic

recovery. Hiring more workers into secure, well-paid jobs in child care centres, schools, home care, and long-term care will make it easier to follow social distancing protocols and prevent the spread of COVID-19 in public care settings. Knowing that their loved ones will be safe allows parents and other unpaid family caregivers to return to their usual jobs, while also ensuring that paid caregivers have safer workplaces.

Care work is an important foundation for a lot of the economy, just as roads and bridges are. Provinces across Canada were underinvesting in care work before the pandemic. Now we need to make appropriate investments in social services, or we will see devastating consequences for our economy and for a generation of women.