

# **Labour's Vision for Economic Recovery**

May 13, 2020



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## Introduction

Canada is in the midst of the worst unemployment crisis since the Great Depression. Millions of workers have lost their jobs and now face an uncertain future.

Canada's unions are proposing a set of ambitious initiatives in order to achieve a strong, sustainable and inclusive economic recovery. It is a recovery that places workers directly at the centre of every policy and strategy going forward.

COVID-19 has laid bare the underlying inequalities of our society. The labour movement has been witness to the growing divide between the have and have-nots and is ready to advise on ways to narrow the gulf to ensure fairness for everyone.

By fixing what has long been broken, we can ensure that no one is left behind in the coming phases of recovery.

The guiding principles we propose build on current government efforts to respond to economic disruptions wrought by the pandemic. These priorities aim to ensure that the economic recovery:

- **Focuses on getting Canadians back to work and fully employed in decently paid, productive jobs.** As we learned from the Great Recession in 2008, joblessness and labour underutilization will persist without labour market planning, coordination and concerted action by governments.
- **Focuses on public investment in infrastructure, and on renewal and expansion of public services.** Amidst general uncertainty, weak consumer demand and high levels of indebtedness, business investment will not, by itself, be the engine of recovery. Strong public investment can lift incomes and economic activity that will, in turn, stimulate business investment.
- **Focuses on being gendered, inclusive and committed to reducing inequality.** The pandemic and economic shutdown have worsened insecurity and inequality, which will further slow the recovery if left unchecked. It is time to address the precarity, poor working conditions and wage discrimination in sectors dominated by women, including care work, retail and health services. This work is essential to the health and well-being of our communities and economy.

Canada's unions reject the failed thinking and economics of austerity. Canadians remember how the Conservative Party of Canada cut spending to balance budgets in 2010, just months after the worst depths of the Great Recession. The government prioritized financial support for banks and corporations, instead of investing in people and communities. Those decisions led to years of sluggish economic growth, persistently high unemployment, growing precarity and insecurity, and rising inequality.

The greatest economic risk we face today is a weak and halting recovery. Prolonged high unemployment, anemic investment and slowing consumer demand, compounded with the risk of a 'double dip' recession, would be devastating.

As temporary layoffs become permanent job losses, strong job creation measures are required to prevent a rise in long-term unemployment. We must avoid a situation in which discouraged workers exit the labour market altogether. In a slow and grinding recovery, the public debt burden will also be far worse.

This situation requires bold steps to generate employment and economic activity in order to foster strong economic growth.

Canada needs an ambitious program of public investment in infrastructure, child care and other productivity-enhancing, job-creating sectors. With long-term interest rates at exceptionally low levels, these investments will largely pay for themselves in greater labour market participation, higher productivity, rising incomes and increased tax revenue.

The Bank of Canada will need to continue to lend to the provinces and territories and provide support to all levels of government. The Bank of Canada must also support full employment and expanded public investment.

The federal government is in a stronger long-term fiscal position than the provinces and territories. It must demonstrate leadership by funding vital public services and by supporting job-rich investment programs. By working with the provinces and territories, the federal government should set conditions on transfers to achieve national standards and to meet national objectives for inclusivity and equity.

Canada must build a future that improves working conditions and builds our collective resiliency. Canada's unions are ready to help mould this bold future and build our path to recovery. Cooperation will be key to our collective success.

## **Prioritizing the health and safety of workers**

To increase employment and economic activity, we need to ensure workers are protected. This means providing adequate personal protective equipment (PPE), workplace health and safety precautions, worker training on safety measures, expanded health and safety inspections, and paid sick leave so that workers do not have to go to work sick. Testing, tracing and tracking COVID-19 must be expanded far beyond current levels, and workers must be given presumptive coverage for workers' compensation benefits and mental health supports if exposed to COVID-19.

Employers must also provide mental health supports and resources for workers dealing with stress, uncertainty, anxiety and isolation. Reinforcing this effort, governments need to increase community mental health and social supports for women and vulnerable groups affected by unemployment, financial distress, isolation and domestic violence.

Labour must have a role in providing guidance to sectors with respect to workplace health and safety measures that need to be in place before work and business activity can resume. Without strong unions, laws and regulations intended to guarantee safe workplaces often have little effect. During the pandemic, workers raising concerns about health and safety or refusing unsafe work have been punished and fired. Anti-worker laws over the last four decades that hinder workers from unionizing and hamper unions trying to protect their members need to be reversed.

## **A focus on full employment, good jobs and reducing inequality**

A strong and sustainable economic recovery will be rooted in wage-led growth (as opposed to debt-fueled consumption) based on lifting minimum wages and employment standards, reducing insecurity and precarity in work, and strengthening workers' bargaining power. As a first step, governments must establish detailed plans, with gender equity and diversity targets, for quickly achieving full employment. These should be comprised of direct and indirect job creation programs, targeted investments in job-rich initiatives, and public and not-for-profit child care and employment service supports to workers. Governments should begin by striking an advisory committee consisting of labour, business, equity-seeking groups, the education sector and labour market experts to oversee and guide the government's full employment strategy. The advisory committee would be tasked with making recommendations to government about mobilizing resources, productive capacity, skills training, and labour to accelerate economic investment and job creation.

To encourage decent job creation and ensure that core service workers receive permanently higher wages, the federal government must develop plans for federal-provincial-territorial coordination to achieve a living minimum wage for low-wage workers in all jurisdictions. This should include plans to achieve paid sick leave and emergency leave for all workers.

The federal government should immediately implement its promised \$15 an hour minimum wage, implement proactive pay equity to address systemic wage discrimination for women-dominated job classes, and bring the *Pay Equity Act* into force.

Planning for full employment must involve expanded public child care and employment services needed to facilitate increased participation in a full-employment economy. There can be no recovery without high-quality, accessible, public child care—it supports women in the job market, but is also an important source of employment for women and an economic driver itself. The federal government should immediately transfer funds to the provinces to facilitate direct, targeted funding to help shuttered licensed child care services reopen. To oversee this process, the federal government should create a Child Care Secretariat, integrated into stimulus and recovery planning measures, and assisting with provincial/territorial child care system development, and standard setting and monitoring.

➤ ***Public investment in physical, social and green infrastructure***

The economic recovery plan should prioritize investment in social infrastructure, including investments in acute health and long-term care, home care, early childhood education and care centres, post-secondary education, recreation centres, and arts and cultural installations. The lockdown has put women at increased risk of domestic violence, and expanded their burden of unpaid care and domestic work to make up for the closure of schools, child care centres and other social services. Reinvesting in and expanding quality public services will reduce inequality and ensure a broad-based, inclusive economic recovery.

Provinces, territories and municipalities need assistance to build and maintain public facilities and infrastructure, such as schools, hospitals, libraries, roads, bridges, air and marine ports, water and wastewater, and power generation. In conjunction with communities and local governments, the federal government should identify large shovel-ready projects for public investment, not costly and wasteful public-private partnerships.

Green and climate-resilient infrastructure projects should also be a focus, with regionally-specific needs in mind (e.g. energy investments needed in the territories, Indigenous and northern communities). Green economy investments in public transit, green and renewable energy, energy conservation measures, and home and building retrofits will generate decent jobs and allow Canada to achieve its climate change targets. The government should also respond to unmet needs revealed in the pandemic, such as providing free high-speed broadband access to all parts of Canada, especially to low-income, isolated, rural communities.

Government must ensure that projects benefit local communities, women, Indigenous peoples, marginalized groups, and all Canadians by mandating community benefit agreements on federally-funded infrastructure projects.

Mandated skills training, apprenticeships and on-the-job learning opportunities will need to be part of infrastructure investments and building projects. A gender and racial lens must be applied, with gender-equity and diversity targets to ensure women, Indigenous youth and equity-seeking groups have access to apprenticeships and on-the-job learning opportunities. The government must also attach decent job standards to federal projects, ensuring high wage floors, and solid protections for labour and health and safety rights at work.

➤ ***Expanding and renewing affordable housing***

Alongside energy conservation measures to retrofit existing housing stock, much of Canada's building stock needs renewing. Canada needs more affordable and public housing for low-income, homeless and precariously-housed populations, including Indigenous Canadians, survivors of domestic violence and people living with disabilities. The federal government should breathe life into Canadians' formal right to housing, and accelerate and expand construction of high-efficiency, high-quality affordable housing across Canada. Programs are also needed to increase the supply of affordable rental housing, and those programs need to give priority to public, non-profit and co-operative housing. Finally, the government should also expand funding to support co-operative housing in Canada.

➤ ***Expanding manufacturing, public coordination and planning capacity***

Government should consciously use procurement policy to foster domestic manufacturing capacity to produce much needed steel and forestry products, light-rail transit, zero-emissions vehicles and components, medical equipment, and pharmaceuticals. As well, the government has an opportunity to preserve shuttered capacity and facilitate conversion of plant, as it has through the pandemic, to manufacturing essential medical equipment, green-economy goods, and socially-needed output. Strategic public procurement with a focus on locally- and Canadian-made products, and where possible, reducing over-reliance on global supply chains, should be a priority.

Green industrial policy and sector strategies, anchored in union-management dialogue, should provide the framework for expanded investment in manufacturing capacity, skills training and workforce development. Just as the federal government will now use the *Investment Canada Act* to subject foreign investments in critical areas to enhanced scrutiny, it should attach criteria to any financial assistance to industry requiring that jobs and investment remain in Canada. Canada should revisit any commitments made under international free trade agreements that limit the ability to expand domestic manufacturing and industrial capacity. This should include resisting any efforts of foreign investors and companies to bring investor-state dispute settlement claims against the Government of Canada for measures taken during the pandemic.

Canada must meet the growing demand for labour by providing support and assistance to the public institutions and projects that Canadian apprentices rely on for their apprenticeships, in the classroom and on the job. Just Transition and labour adjustment measures to facilitate upskilling, re-employment and mobility will help with the supply and reallocation of labour. As digitization and technological change continue, and firms experiment with automation and artificial intelligence in the post-pandemic environment, workers must have greater access to information, workplace decision-making, and training and skills upgrading to work alongside new equipment and systems.

Capacity building must include reinvesting in the public service, which has played an essential role in responding to the crisis. We need expanded federal, provincial and territorial public service capacity to assist Canadians seeking training and job search support, provide expanded workplace health and safety inspection, and to deliver on the full employment commitment.

### ➤ ***A green youth guarantee***

Young people making the transition from school to decent jobs face barriers in the best of times; young workers entering the job market in a recession risk diminished career prospects and long-term losses in earnings. While the federal government has temporarily expanded the Canada Summer Jobs program, a more ambitious youth guarantee will also be needed to prevent a lasting youth unemployment disaster.

Following the experience of the European Union, the federal, provincial and territorial governments should establish a guarantee that all young people under the age of 25 will receive a good-quality offer of employment, continued education, an apprenticeship or a traineeship within a period of four months of becoming unemployed or leaving formal education. The guarantee would be orchestrated through a combination of direct job creation, expanded indirect support for youth employment, and partnerships with public education and training providers. This could include a Green Youth Corps providing decent jobs in renewable energy, land remediation and restoration, climate adaptation, building retrofits and sustainable transportation. Additionally, it should include green skills training and learning opportunities. The Green Youth Corps would target marginalized, low-income and at-risk youth in urban centres, as well as in rural and isolated communities.

### **Reform for long-term care**

The tragic failings of Canada's care system for the elderly have been a defining feature of the pandemic. A history of privatization, under-investment, and poor regulatory oversight created a pattern of sub-standard care for residents and patients, inadequate staffing levels and low pay, shortages of personal protective equipment, and neglect of health and safety precautions, with catastrophic consequences.



Governments must take immediate steps to bring long-term care fully into the public system, and regulate it under the *Canada Health Act*. Private for-profit services must be replaced with public not-for-profit services. This must be accompanied by increased federal health transfers to the provinces, to deliver long-term, home and seniors' care; and to establish high national standards for regulatory oversight of the sector.

Governments need to undertake concerted federal-provincial-territorial efforts to address inadequate funding, labour supply challenges and training needs at the root of chronic understaffing in the sector. To ensure residents receive high-quality care, governments must require proper staffing and health and safety protections for workers. In recognition of the value of care workers' essential contribution, governments must mandate permanently higher wages and benefits for workers in nursing homes, long-term care facilities and home care. Finally, the federal government should establish a task force on care work and care jobs, with participation from labour and women's groups, to advise it on developing a plan to systematically increase the breadth, quality and equitable distribution of care in Canada.

### **Accelerating the adoption of universal public pharmacare**

Because of COVID-19, workers with private drug coverage risk losing access to needed medications simply because they have lost their jobs. Workers who have had to pay for drugs out of pocket are now struggling with making rent, buying groceries, and keeping the lights on.

As an emergency first step towards universal pharmacare, the government should immediately provide public coverage for essential medicines for everyone in Canada. The federal government should immediately establish a national essential medicines formulary, which would cover most major conditions, and inform the provinces and territories that Ottawa will reimburse them for Canadians needing prescription drugs included in the essential medicines list.

This demand is consistent with the roadmap outlined in the Hoskins report on implementing national pharmacare. Consistent with that report, over subsequent years, additional prescription drugs would be added to the national formulary as prices and supply arrangements are negotiated with manufacturers.

### **Modernizing income supports**

The crisis showed that the Employment Insurance (EI) program urgently needs simplifying and streamlining in order to return to its original purpose of supporting workers who lose paid work. Employment Insurance must be reformed to serve part-time, casual, 'gig' and precarious workers, a disproportionate share of whom are women and racialized workers. EI's complex and punitive rules that systematically restrict access to benefits must be eliminated, and migrant workers paying into the system must be given access to benefits.

- Employment Insurance program's variable entrance requirement should be replaced by a lowered, single national entrance threshold.
- Voluntarily leaving employment without just cause and losing employment due to misconduct must not disqualify claimants.
- The low-income supplement should be expanded to establish a universal floor on minimum EI benefits.
- Severance and vacation payments must not reduce claimants' benefits and entitlements, and required insurable hours needed for second and subsequent EI claims should be reduced.
- Access to maternity and parental benefits and a higher replacement rate should be patterned on the Quebec Parental Insurance Program.
- The federal government should commit to a broad review of the EI program with full public participation.

Governments will need to take steps to support Canadians' retirement security as well. In the unemployment crisis, the employment earnings of millions of people have vanished, and many are having to withdraw funds from retirement savings to cope with immediate needs. Retirement savings have also been hit hard by the second major market meltdown in a dozen years, alongside by a further collapse in interest rates. An immediate objective must be to stabilize pension plans and prevent benefit cuts for workers and pensioners. Anticipating an increase in restructuring and bankruptcy filings in the months ahead, the federal government must immediately prepare to adopt and administer stranded pension plans whose sponsoring firms enter insolvency. Finally, beyond the one-time payment to Old Age Security and Guaranteed Income Supplement recipients announced in May, the government should lift low-income seniors out of poverty through a permanent increase to GIS. The federal and provincial governments should also amend the Canada and Quebec Pension Plans to protect contributors' retirement benefits from the impact of plunging earnings in the current crisis.

## **A program for fair taxation**

As the recovery gathers pace, we will need the revenues that a fairer tax system provides to continue rebuilding. This means reversing the cuts made to income tax rates for large corporations and wealthier individuals over the last 20 years. Similarly, we need to close loopholes that benefit mostly large corporations and the wealthy.

A fair tax system also requires cracking down on tax avoidance by large corporations and the wealthy. The Canada Revenue Agency needs both the resources and the direction to deal with tax avoidance by those with deep pockets. Gaps in legislation and regulations that make it easier for large corporations and the wealthy to avoid paying their share need to be closed. An important step in this regard is implementing a public registry of the beneficial owners of companies registered in Canada, to make it harder to use shell companies for dodging taxes and money laundering.

No government financial support and bailout funds should be going to companies that are using tax havens.

## **Conclusion**

The pandemic has revealed just how much Canadians rely on public services, and just how important a role government plays in ensuring our collective health, safety and well-being. In Canada and around the world, most governments have rightly abandoned the preoccupation with spending cuts and balanced budgets, dramatically increasing spending and financial assistance to employers and households during the pandemic and ensuing economic crisis. When the economic downturn begins to slow, these priorities must continue to lead economic policy to ensure a robust, broad-based recovery that benefits working people and marginalized groups. Social solidarity, centred on care work, will be vital to improving low-paid and precarious feminized work, and ensuring economic benefits flow to racialized and equity-seeking communities.

If governments are permitted to return to austerity, economic insecurity and joblessness will cause poverty to worsen, and poor physical and mental health outcomes will aggravate the ongoing public health challenge of COVID-19. We cannot afford to repeat the costly mistakes of the past.

During the crisis, provincial governments have been prepared to rely on federal funding to the provinces. The federal government should continue to lead with fiscal expansion, but with conditions on transfer to provinces and territories setting high and uniform standards. The Bank of Canada must remain accommodative, supporting expansionary fiscal policy rather than counteracting it. Canada needs a strong full-employment agenda and a wage-led recovery to escape the economic carnage of the pandemic. Not only is this achievable, it is essential if the recovery is going to benefit working-people, marginalized communities and vulnerable Canadians.

Success requires we take care of each other.

