

## **Canadian Labour Congress**

### **Responses**

#### **1. Economic Recovery and Growth**

*Given the current climate of federal and global fiscal restraint, what specific federal measures do you feel are needed for a sustained economic recovery and enhanced economic growth in Canada?*

Leading economists, including bank economists, say that Canada's economy recovery is stalling due to slowing business investment, high household debt, and weak global growth. We need a major public investment program to create jobs now, promote our environmental goals, stimulate new private sector investment, and boost productivity. The CLC calls for the federal government to launch, in partnership with the provinces and cities, a major, multi-year public investment program. Such a program should include increased support for: basic municipal infrastructure; mass transit and passenger rail; affordable housing; quality affordable childcare; energy conservation through building retrofits; and renewable energy projects. Up-front costs should be funded through returning the federal corporate income tax rate to its 2008 level of 19.5%, and re-allocating the Universal Child Care Benefit. This type of project provides a stabilizing effect for the economy by increasing aggregate demand. It also provides much needed public services that counter the growing income gap, and make Canadian communities vibrant, attractive places for families and businesses to invest in. The current Employment Insurance (EI) system does not match the changing reality of the Canadian labour market, with more part-time, temporary, and contract employment. Only 37% of unemployed Canadians receive EI benefits; in Ontario, just 26% of the unemployed receive EI. The CLC calls on the government to implement a uniform, national entrance requirement of 360 hours, increase the benefit level from 55% to 60%, and base benefit and duration calculations on a 30-hour work week.

#### **2. Job Creation**

*As Canadian companies face pressures resulting from such factors as uncertainty about the U.S. economic recovery, a sovereign debt crisis in Europe, and competition from a number of developed and developing countries, what specific federal actions do you believe should be taken to promote job creation in Canada, including that which occurs as a result of enhanced internal and international trade?*

The fragile global recovery will continue to weigh heavily on Canadian exports of manufactured goods, especially given the overvalued Canadian dollar. Outside of the energy and mining sectors which provide relatively few direct jobs, the Canadian recovery is weak and fragile. The Canadian economy is still experiencing a much higher real unemployment rate than before the recession. Canada has a very low level of public debt, borrowing costs for the federal government are and will remain very low, and many public investments yield a high rate of return in terms of immediate job creation, public benefits, and growth of private sector productivity. Private sector investment is still very depressed, and we continue to await a strong and sustained U.S. and global recovery. Household debt is at an unsustainable level, leaving no room for household spending to continue to drive the recovery. There is a real danger of a "double-dip" recession if the focus of the federal budget continues to be rapid deficit and debt reduction through damaging spending cuts. Over the past 30 years, free trade and investment agreements have lowered wages, resulted in the loss of many good jobs and have been used to justify the erosion of workers' rights. Highly profitable corporations like Caterpillar have demanded huge wage concessions to maintain jobs. As the promises of free trade prove hollow, we are, understandably,

vigilant about Canada's ever-expanding trade and investment agenda. The CLC urges the federal government to work for a new international trade and investment framework that has at its core the promotion of higher labour standards, high-quality jobs, and sustainable economic development. We cannot afford any more agreements giving priority to investors' rights over the rights of workers, and their aspirations to decent work and decent lives.

### **3. Demographic Change**

*What specific federal measures do you think should be implemented to help the country address the consequences of, and challenges associated with, the aging of the Canadian population and of skills shortages?*

Canada's economic success and the future prosperity of every Canadian will depend on the capabilities of a skilled and educated workforce. While there is much talk of future skills shortages, Statistics Canada reports that there are 5.8 unemployed workers for every job vacancy. Further, workers who require training are having difficulty accessing the programs they require. An article in the Halifax Chronicle Herald reported the Nova Scotia community college had received 1,700 applications for 220 seats in electrical construction, 350 applications for 40 seats in metal fabrication, and 375 applications for 40 seats in the pipe trades. It is quite obvious that workers are ready and willing to train and retrain for available jobs. What is required is appropriate and substantial investment by governments and employers. The CLC calls for the development of a national skills development strategy in response to the growing skills gap, the ageing workforce, and the specific needs of groups such as recent immigrants and youth. The national strategy should be built through tripartite co-operation. A skills strategy needs to include employers and workers in the assessment of skills development and training initiatives to ensure that initiatives meet real workforce needs. A national skills development strategy also requires timely and accessible labour market information.

### **4. Productivity**

*With labour market challenges arising in part as a result of the aging of Canada's population and an ongoing focus on the actions needed for competitiveness, what specific federal initiatives are needed in order to increase productivity in Canada?*

Canada's over-reliance on unprocessed and semi-processed resource exports has a negative impact on productivity. Leading Canadian economist Jim Stanford points out that resource industries tend to have declining productivity over time, and create few direct jobs. Canada's increasing economic emphasis on unprocessed resource exports has meant that cumulative productivity growth in Canada's business sector from early 2006 through autumn 2011 (five and a half years) was precisely zero. The CLC supports targeted measures to sustain and create good jobs in manufacturing and to maximize job creation in industries linked to the resource sector. This will require strategic trade interventions, active industrial strategies, and domestic procurement strategies. Encouraging value-added production and investment in key sectors, along with "green skills initiatives" will enhance innovation and labour productivity. As a global energy leader, Canada has the opportunity to be a global "green energy" leader. Targeted incentives for green manufacturing and green jobs training are a key component of fostering sustainable economic growth in Canada. Sector development policy seeks to promote more investment, production, employment, and exports in especially important sectors of the economy. The goal is to attain a more desirable sectoral mix and a greater share of output and employment in high-value or "strategic" sectors. Canada falls well below the OECD average in the average hours of job-related, non-formal skills training for employees, and in employer investment in skills training for employees. Lifelong learning is critical to a high-skills knowledge economy, and is essential for Canada to remain competitive in the global marketplace. Literacy and numeracy skills in Canada lag many other countries, trapping many workers in low pay, low skill jobs and reducing our potential rate of

productivity growth. The CLC urges the federal government to take steps to foster a training and skills development culture in Canadian workplaces. We urge the government of Canada to take bold steps to ensure that high quality education is available to Aboriginal communities. Improving educational levels amongst Aboriginal youth can translate into enormous economic and productivity gains for the country, and most important, it can ensure real equality of opportunity.

## **5. Other Challenges**

*With some Canadian individuals, businesses and communities facing particular challenges at this time, in your view, who is facing the most challenges, what are the challenges that are being faced and what specific federal actions are needed to address these challenges?*

Income inequality is one of the biggest economic challenges facing Canadians today. The Broadbent Institute found that three quarters of Canadians agree that the growing income gap is a significant problem. Income inequality affects economic outcomes through various pathways, but the most worrisome for an advanced knowledge economy is educational outcomes. Children from low income families are more likely to drop out of high school, and less likely to complete post-secondary education. 40% of children in low income homes have at least one parent that works full-time, reflecting the growing number of “working poor” in Canada. An affordable national child care and early learning program would support working parents, create good jobs for daycare workers, and improve future economic outcomes for children. This is supported by evidence from Quebec’s subsidized daycare program. Leading Quebec economist Pierre Fortin calculates that the annual cost of the Quebec child care subsidy is covered by the benefit of the increased labour force participation rate of parents of young children, and by better outcomes for children. The CLC continues to call for a doubling of future CPP benefits, phased-in on a fully pre-funded basis, and we welcome the support given to CPP expansion by Ontario and many provinces. We call on the federal and all provincial governments to pursue this option as an urgent priority. The CPP delivers a defined benefit, fully indexed to inflation, and operates at much lower cost than the proposed “pooled registered pension plans” which will generate large fees for the financial sector, and generate a much less secure income for workers in retirement. We call on the government to reverse its decision to move the age of eligibility for OAS and GIS to age 67. OAS and GIS are very important to seniors, especially women and poor seniors. OAS and GIS play a leading role in reducing old-age poverty in Canada, at an affordable cost. OAS expenditures are projected to increase by less than 1% of GDP between 2012 and 2030, when the cost of the program will peak. We also call for a 12% increase in the GIS to eliminate poverty among the elderly.