

Unifor's Road Map for a Fair, Inclusive and Resilient Economic Recovery

June 2020

#BuildBackBetter



ABOUT

Unifor is Canada's largest union in the private sector, representing 315,000 workers in every major area of the economy.

The union advocates for all working people and their rights, fights for equality and social justice in Canada and abroad, and strives to create progressive change for a better future.

Unifor brings a modern approach to unionism: adopting new tools, involving and engaging our members, and always looking for new ways to develop the role and

approach of our union to meet the demands of the 21st century.

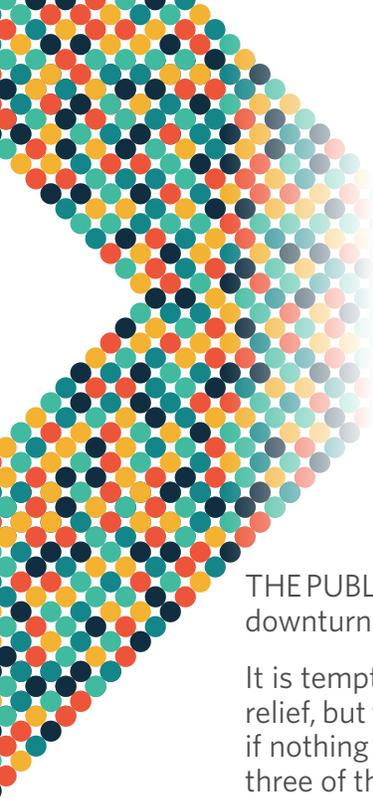
Every person of working age in Canada has a right to a good job and the benefits of economic progress.

Unifor is presenting this plan in June 2020, four months after the novel coronavirus arrived in Canada, at a time when restrictions on movement, activities and business operations are beginning to lift, but infection rates and illness continue to grow.



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Unifor's Road Map for a Fair, Inclusive and Resilient Economic Recovery

EXECUTIVE SUMMARY

THE PUBLIC HEALTH RESPONSE to the coronavirus pandemic has led to the most severe economic downturn in at least 60 years. Rebuilding the economy will take an equally unprecedented effort.

It is tempting to want to return to the status quo, and to think that a return to before would be a relief, but there were numerous crises raging before the pandemic took hold that will likely worsen if nothing is done. Income inequality, an inadequate social safety net and climate change are just three of the crises that must be addressed.

More than simply returning to what was, it is imperative that Canada redesign its economic programs, its social infrastructure and public services to build an inclusive, fairer and more resilient economy. Investing in workers' shared prosperity and economic justice for historically marginalized groups must be government's objective.

Government has proven it can act swiftly and nimbly in order to prevent economic ruin. This lesson must not be lost. Even with the steps government has taken to protect people and business from financial ruin in the first phase of this pandemic, much more will be needed in order to put the economy and Canada's workers on a trajectory towards health and prosperity.

Building an Income Security System that Protects All Workers

Income security means that the basic needs of every individual in Canada are met at all times but that goal is not being met. Through its response to this crisis, government has shown that income security and poverty reduction are largely acts of political will. Canada has the means to achieve income security for all. The Federal government took bold action to protect as many as possible from financial ruin. The Canada Emergency Response Benefit (CERB) was a direct response to the inadequacy of Employment Insurance (EI) and other measures to support millions of workers. The pandemic has exposed the fact that our social safety net was inadequate long before this crisis.

Unifor has seven recommendations to improve the income security system. They include: a minimum wage of at least \$15 and tied to 60% of the median hourly wage for full-time workers; stronger employment standards and labour legislation to provide stability for workers to ensure everyone is covered; permanent changes to the EI program to expand eligibility, access and benefits; facilitating more leisure time and work life balance in the lives of workers; rolling out the Canada Housing Benefit across the country; promoting retirement security; and designing an income security system, using the CERB as the new income floor, that ensures no individual or family lives with an income under this benchmark. This design would be reached through multi-stakeholder collaboration.

It's time to build back better and create an income security system that protects Canada's workers.

Building the Economy through Green Jobs and Decarbonization

The Canadian energy sector has been caught between plummeting demand for oil due to the pandemic – down to levels last seen a quarter of a century ago – and a glut of oil caused by a global price war. Just a few weeks into the COVID-19 crisis, pictures of environmental recovery began flooding social media suggesting that environmental restoration could be a silver lining in the crisis. This benefit has come at a terrible cost. The economic damage and toll on workers across the globe is incalculable. Workers have had a critical preview of what could happen if governments aren't prepared in advance. If Canada is to meet its climate change commitments, leaders must also put in place measures necessary to spark a virtuous cycle that benefits both the environment and workers.

Government must establish a targeted industry support program and Federal Just Transition fund; expand the Public Transit Infrastructure Fund as Part of a National Public Transit Strategy; support zero-emission electric vehicle (ZEV) manufacturing in Canada through a National Auto Strategy and build charging infrastructure; establish a funding mechanism for green retrofit projects; leverage Canada's strength in green and lightweight materials for greener infrastructure; develop a green jobs training program; institute a tripartite model for advisory groups and oversight bodies in relation to green transition and climate issues; and reorient employment support systems and accreditations towards green jobs.

No worker should experience economic collapse in the face of climate change either from climate events or the progression towards an environmentally sustainable world.

Rebuilding Canada's Critical Infrastructure

Critical infrastructure played an important role in the recovery from the great depression in the 1930s and can play an important role in the recovery from this economic crisis, too, if we dramatically expand the definition of critical infrastructure. Public transit, health care and child care play just as important a role in Canada's economy as roads and bridges. Building these systems can create thousands of good jobs while also providing vital services to workers and build the backbone of Canada's economy for the next hundred years.

Governments across Canada must choose policy options that will both alleviate short-term pain and ensure a strong recovery. These plans include bold investments in critical infrastructure to establish a strong foundational support system for Canada's workers, create good jobs, and position the country for stability and prosperity in a newly transformed economy. Government must build these plans and programs on principles of equity and inclusion to create high quality, stable employment for people with diverse needs and provide accessible quality public services for all.

Unifor recommends an immediate Pan-Canadian focus on a number of essential infrastructure projects to build the backbone of Canada's economy for the next 50 years. They include: universal pharmacare, affordable and universal child care, high quality and accessible long-term care, guaranteed internet access for everyone, affordable housing, federally-funded skills and training programs, an end to drinking water advisories in Indigenous communities and repaired and enhanced existing infrastructure.

Rebuilding Domestic Industrial Capacity

In the days after the pandemic hit, it quickly became clear that Canada was facing a goods and services shortage. Access to everything from personal protective equipment and essential consumer goods like soaps and hand sanitizers became a concern. Food security was a concern as well.

EXECUTIVE SUMMARY

As the lock downs continued and government response programs were implemented, another critical shortage became clear – client services and customer support. Many spent hours or even days trying to access help lines to get answers about Employment Insurance, CERB claims and other financial supports. This crisis has shown us that maintaining and promoting domestic industrial capacity is as much a public good as anything else.

Government must rebuild domestic industrial capacity by conducting a critical review of international trade and investment obligations; create comprehensive industrial strategies including in client services and customer support, auto, aerospace and forestry to start; implement measures to protect the supply chains for critical goods and services, especially the food supply chain; replant the seeds of industrial capacity in targeted growth sectors such as health care and biomedicine; reactivate vacant capacity; and expand the Industrial Technological Benefits program to commit to Canadian content in all public procurement projects.

Government officials have the opportunity and the moral obligation to create a more equitable, fair, resilient and sustainable economy.

Strong, Enforceable Conditions on Corporate Support Packages

Targeted corporate rescue packages played an important role in Canada's recovery from the 2008-09 recession. The United States and much of Europe also relied heavily on so-called 'bailout' measures, most notably in the hard-hit finance and banking sectors. Unfortunately, the corporate sector recovered far more quickly than the labour market overall. While shareholders and corporate executives recovered their lost value, workers and families experienced long bouts of unemployment, stagnant wages, precarious work and an insufficient income security system. This time the program must be improved.

Government must ensure any corporate support package is delivered through debt or equity instruments and that packages put limits on executive pay, dividends and share buybacks. Government must require an environmental sustainability plan, restrict wage reductions for non-executive workers and establish job protection guarantees to prevent layoffs due to restructuring and offshoring. Any capital investment enabled by government support must include Canadian content when equipment is purchased or capital investments are made. Support packages must include a union neutrality clause and prevent recipients from accessing employee pensions for short-term liquidity.

Workers must not be cut off from the benefits of the investments government will make in individual firms or entire industries. Workers must be seen as partners that will return numerous industries back to financial health. They deserve equal reward for their efforts.

It's Time to Build Back Better

The country is facing an important choice: continue down a path of inequality and greed or turn our collective effort toward addressing today's pressing challenges. As Canada moves toward economic recovery, it must be economic recovery for all, not just the wealthy few.

In rebuilding there is opportunity to build a better world, with less inequality, more income security, less precarious work and more stable, high-quality jobs; a world with fewer climate related disasters and more resurgence of the environment.

Research from past recoveries shows strong government action to build programs and infrastructure is the fastest way to rebuild an economy after a crisis. By focusing on eliminating the crises that already existed, government can build a fair, inclusive and resilient economy that benefits all of Canada's workers.



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INTRODUCTION

THE PUBLIC HEALTH RESPONSE to the coronavirus pandemic has led to the most severe economic downturn in at least 60 years. The economic fallout of the COVID-19 crisis was swift and severe. Economic activity in many sectors came to a virtual standstill within days of the lockdown coming into force.

Many industries were already in crisis mode, some upended by new technologies and others bracing for an anticipated cyclical slowdown. The pandemic came along and made things worse. It revealed deep-seated cracks in the economy.

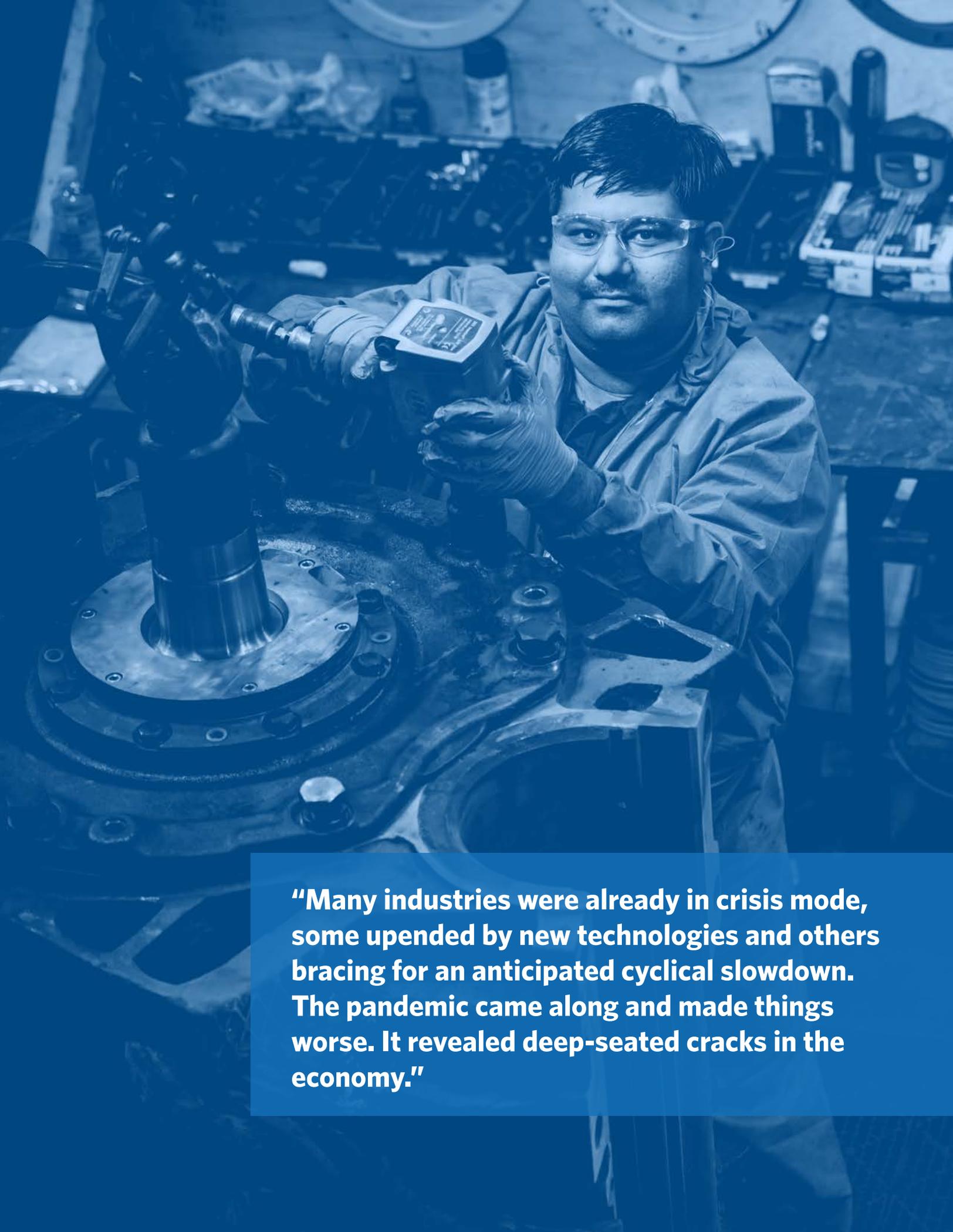
The pandemic is putting incredible strain on Canada's health care system, including patients and workers. The brunt of this strain is in the long-term care sector, where decades of austerity and privatization helped create a perfect storm for this tragedy.

The hotel, air transportation and tourism industries faced "catastrophic" declines in revenue. Free-falling oil prices and declines in global demand raise serious questions about the near-term viability of energy production in Canada. The auto industry temporarily ceased production, affecting hundreds of thousands of workers across the supply chain. Many parts of the transportation, hospitality, gaming, retail, and media industries experienced complete shutdowns lasting many months. These industries may never be the same.

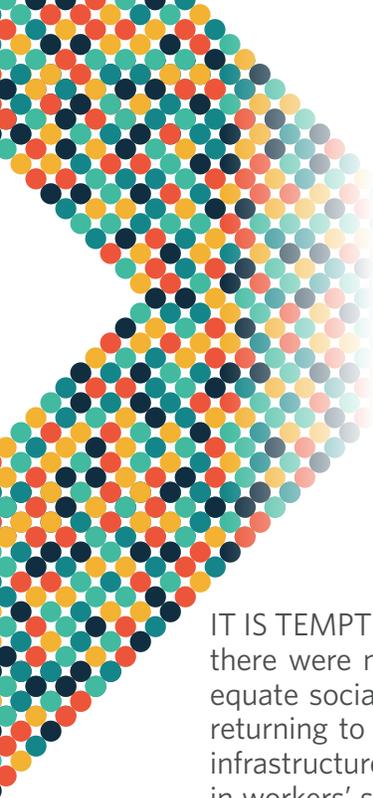
This crisis has intensified existing inequities and had disproportionate negative effects on historically marginalized groups. In the first months of the pandemic, the majority of workers who lost their jobs or the majority of their working hours were women and young workers. Over half of all workers earning less than \$16 an hour, a group of workers disproportionately represented by black, Indigenous and people of colour, lost their jobs or the majority of their hours while those making more than \$48 an hour saw gains. Furthermore, workers in the care sector, a group over-represented by women and workers of colour, became essential workers and put their lives on the line to care for the sick and the elderly.

The government response to the crisis has been swift and unprecedented. Within weeks of the lock-down, the federal government reworked Canada's income security system to prevent millions of individuals and families from experiencing financial collapse. Following that, the government put in place a wage subsidy program designed to keep workers connected to their job. Eventually, government issued pandemic pay, increasing the wages of the lowest paid workers now deemed essential. By the middle of May, the federal government had committed nearly \$150 billion in spending to prevent short-term economic damage from becoming long-term pain.

Even with the steps government has taken to protect people and business from financial ruin in the first phase of this pandemic, much more will be required in order to put the economy and Canada's workers on a trajectory towards health and prosperity.



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THE OPPORTUNITY TO BUILD BACK BETTER

IT IS TEMPTING TO WANT to return to what was—and to do so as quickly as possible. However, there were numerous structural crises afflicting workers, including income inequality, an inadequate social safety net and climate change, in desperate need of attention. More than simply returning to what was, it is imperative that Canada redesign its economic programs, its social infrastructure and public services to build an inclusive, fairer and more resilient economy. Investing in workers' shared prosperity and economic justice for historically marginalized groups, must be governments' objective.

Government has proven it can act swiftly and nimbly in order to prevent economic ruin. This lesson must not be lost. Government investment and changes to income security and employment systems will help Canada rebound from this crisis faster than other countries and simultaneously ensure everyone is included. The country is facing an important choice: continue down a path of inequality and greed or turn our collective effort towards addressing today's pressing challenges. As Canada moves toward economic recovery, it must be economic recovery for all, not just for select private corporations.

From the beginning of the pandemic, government took bold action to provide income and credit relief to businesses and affected individuals. However welcome, the sad truth is that many lived in or near poverty already.

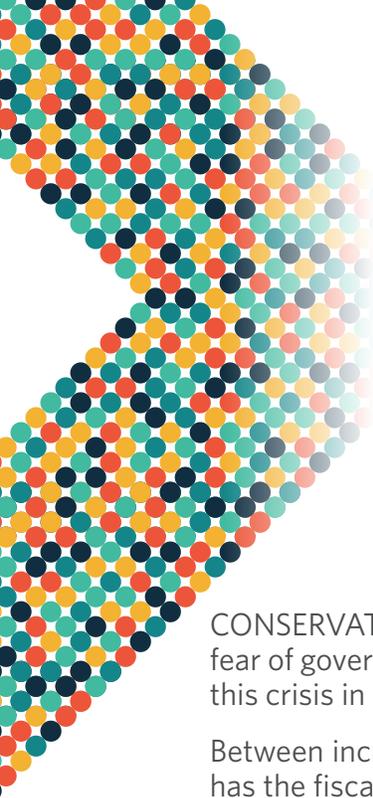
The fact is that income inequality has hit disgracefully high levels over the past 40 years, underpinned by a gender and racial wage gap and the prevalence of precarious work. In 2019, 43% of Canadians were incapable of coming up with \$2,000 in case of emergency. Nearly half of all workers were experiencing some form of precarity and many families with working parents struggled to afford or find the child care they required in order to go to work.

Low-wage workers, primarily women and people of colour, are experiencing this pandemic in two distinct ways: First, they are delivering the life-sustaining work required during this pandemic and, second, many have lost their jobs and are staying home to protect public health. While not perfect, emergency measures, like the Canada Emergency Response Benefit (CERB), helped patch up a frayed social safety net. Without it, many would be without income.

While exact numbers are difficult to predict, there is an emerging consensus among economists and policy-makers that it will take at least 18 months, if not longer, for the economy to regain the level of economic activity achieved in 2019. Industries will experience different paths to recovery. Some, such as Air Transportation and Tourism, may take much longer than 18 months. Others, including grocery stores and cargo and delivery services have experienced a surge in activity during the pandemic and are contributing more to GDP when was previously the case. Overall, shortening the path to recovery will require concerted government action. Governments will need to deploy additional investment and soon, not only to get the wheels of the economy turning, but to create a more stable and resilient economy that can better withstand such crises in the future.



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FISCAL CAPACITY AND COVID-19

CONSERVATIVE-LEANING ECONOMISTS and policy makers have already started to drum up fear of government spending, arguing government will have to engage in austerity coming out of this crisis in order to maintain financial sustainability. They are wrong—there are other options.

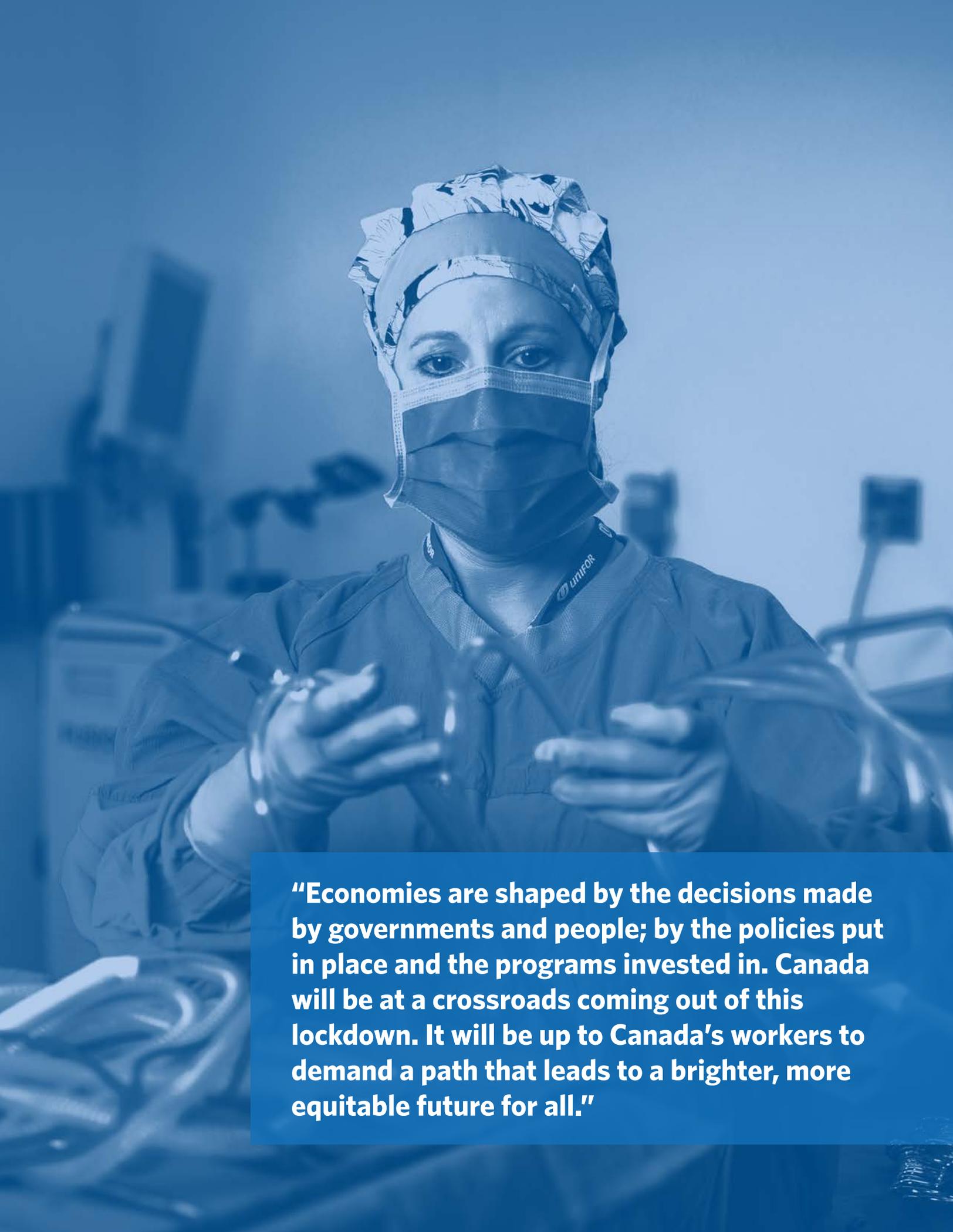
Between increased borrowing and higher taxes on wealthy individuals and businesses, Canada has the fiscal capacity to build a fair, inclusive and resilient economy.

Prior to this crisis, Canada was in an enviable state of relative fiscal health. At the beginning of 2020, Canada's debt-to-GDP ratio stood at just over 30% of GDP. It was the lowest of all G7 nations. Add to that the continued record low interest rates and continued borrowing is both sustainable and necessary to avoid further economic collapse. Even with a deficit topping \$200 billion this year, the debt-to-GDP ratio will still be much lower than all but one of Canada's G7 peers prior to the recession. Those countries were not failing before the crisis and neither will Canada.

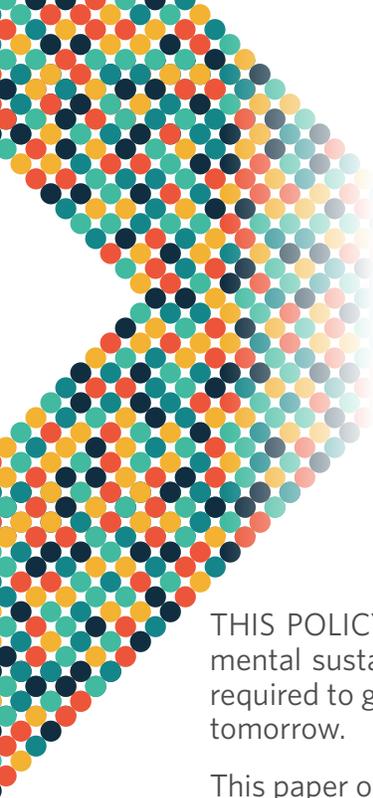
Through a mix of tax policy changes and regulation, Canada must also engage in a redistribution of wealth that generates tax revenue for social programs from those well-positioned to pay. Government must require foreign online service providers to pay sales tax, for instance. These measures must be coupled, at minimum, with a wealth tax, enforcement of CRA penalties on tax evaders and actions to close tax loopholes.

It is widely recognized that austerity through tax and spending cuts is counterproductive. Fiscal stimulus after crises actually has a substantial positive effect on economic growth. As early as 2011, the International Monetary Fund (IMF) estimated that government spending during the 2008–09 recession response had a positive effect on economic growth while tax and spending cuts were actually self-defeating and had a depressive effect on economic activity.

Economies are shaped by the decisions made by governments and people; by the policies put in place and the programs invested in. Canada will be at a crossroads coming out of this lockdown. It will be up to Canada's workers to demand a path that leads to a brighter, more equitable future for all.



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ROAD MAP FOR A FAIR, INCLUSIVE AND RESILIENT ECONOMIC RECOVERY

THIS POLICY DOCUMENT SETS OUT a road map to achieve resilience, equity and environmental sustainability in the years ahead. The list of policy changes and program investments required to get Canada moving in a better direction is long and is necessary to build for a better tomorrow.

This paper organizes policy recommendations into five themes. Each theme considers a priority set of policies and all of the themes are focused on fairness, equity and environmental sustainability.

The themes are as follows:

Income Security

Government must build a robust income security system that repairs Employment Insurance, strengthens employment standards and increases employment security. Canada's workers deserve better now and in the future, including permanent paid sick days and a minimum wage that is at least \$15 an hour and moves in step with the median wage.

Green Jobs and Decarbonization

Canada needs a massive, historic investment in clean technology, green infrastructure and associated job creation. We can get there by focusing a permanent transit fund on emissions-free technology, building and retrofitting affordable housing to reduce environmental impact, investing in clean innovation in auto and other sectors and establishing a targeted just transition fund.

Critical Infrastructure

Governments must move rapidly on long-overdue investments in public infrastructure, including by expanding the health care, child care and public transit systems, along with investments in wastewater treatment, road construction, public utilities, and other vital public works projects. They should use this opportunity to end long-term drinking water advisories on First Nations reserves. Requiring that tools, materials and equipment are sourced from Canadian suppliers, wherever possible, would catalyze domestic production.

Rebuilding Domestic Industrial Capacity

The ability to build and create in Canada matters. A renewed policy environment with a dual focus on incentivizing technological advancement and requiring job creation all along the supply chain is required. Engaging in industrial policy to rebuild Canada's industrial capacity will put the country in a more resilient and self-reliant position for the future.

Strong, Enforceable Conditions on Corporate Support Packages

The depth of this crisis indicates corporations large and small will be in need of loans and grants in order to withstand the sharp decline in demand for products and services. Government must ensure any rescue packages are accompanied by strong, enforceable conditions that direct benefits to workers, not executives and shareholders.

Repairing our social safety net and ensuring greater income security for low-income and precarious workers, developing equity programs that ensure priority training and hiring of historically marginalized workers, investing in critical areas of child care, pharmacare and affordable housing, and tying Community Benefit Agreements into large public infrastructure projects to prioritize local hiring of equity-seeking groups are just some of the concrete examples of how Canada can create the conditions to support stronger economic resilience and improved quality of life for vulnerable communities.

While much more is required to identify and dismantle the policies, practices and systemic barriers that reproduce socio-economic inequality, this document provides a critical foundation to building a path towards economic justice for all. A full economic recovery cannot happen if large segments of the population continue to be left behind.

The policy recommendations in this document are wide ranging. Some fall under the federal jurisdiction, and others provincial. Many require partnership between multiple levels government. When federal funding is delivered for programs in provincial jurisdiction, provincial autonomy must be recognized and federal funding must be robust enough to accomplish the policy goals.

This crisis has highlighted the important role the state plays in emergency preparedness—at the individual and societal level. Government must retool systems and build the programs and infrastructure needed to withstand whatever crises may come next.



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RECOMMENDATION

1 BUILD INCOME SECURITY PROGRAMS THAT PROTECT ALL WORKERS

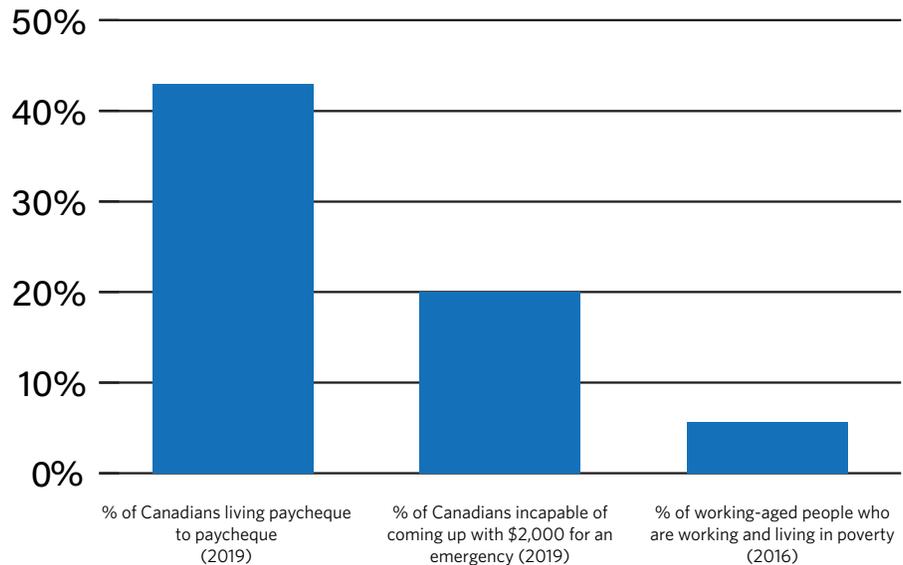


THE COVID-19 PANDEMIC HAS CAUSED a tremendous amount of social and economic upheaval and has exposed the glaring economic inequalities and lack of income security millions of Canadian workers face. It has revealed the critical gaps in the social safety net that advocates have warned political leaders and policy-makers about for decades.

Despite repeated research showing the growing income gap in Canada, increasing income insecurity facing workers and families, and greater job insecurity and precarity, little has been done to ensure those facing economic hardships are able to weather uncertain times. Last year alone, survey results showed how 43% of Canadians were living paycheque to paycheque, while one in five Canadians reported being incapable of coming up with \$2,000 in case an emergency arose.¹ In 2016, 5.6% of working-aged people lived in poverty² and a full 10.3% of the entire population lived with incomes under the poverty line.³

With limited options to make ends meet and rising tuition fees, many end up shouldering greater levels of personal debt by way of lines of credit, loans and credit cards. This has resulted in average non-mortgage consumer debt levels for Canadians reaching nearly \$24,000.⁴ Even in the aftermath of the 2008-09 recession, which caused widespread unemployment and economic devastation across the globe, neo-liberal and free market proponents were not deterred from weakening income security and destabilizing the economy in order to siphon more gains for themselves. Right-wing politicians, corporations and business groups fought hard to ensure that labour laws and employment standards remained weak and that income security programs incentivized workers to return to employment, even if it meant accepting low-wage and precarious jobs.

Select Income Security Statistics, Canada



1. McClaren, M. (2020, March 31) COVID-19 disruptions could send many Canadian households into a financial tailspin. *The Globe and Mail*. Available from: <https://www.theglobeandmail.com/canada/article-covid-19-disruptions-could-send-many-canadian-households-into-a/>

2. Stapleton, John. (2019) The Working Poor in the Toronto Region: A closer look at the increasing numbers. *Metcalfe Foundation*. Available from: <https://metcalfeoundation.com/site/uploads/2019/11/Working-Poor-2019-NEW.pdf>

3. Statistics Canada. Table 11-10-0135-01 Low income statistics by age, sex and economic family type. Available from: <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1110013501>

4. Equifax. (2020, March 5) Canadian consumer debt is feeling the chill: Non-mortgage growth slowing considerably. Available from: <https://www.globenewswire.com/news-release/2020/03/05/1995617/0/en/Canadian-consumer-debt-is-feeling-the-chill.html>

RECOMMENDATION 1

BUILD INCOME SECURITY PROGRAMS THAT PROTECT ALL WORKERS

Income Security during COVID-19

Canada is now witnessing the grave impacts of years of political actions that eroded income security. In March alone, more than one million jobs were lost—erasing more than three years of job gains.⁵ Another 2.1 million workers lost a majority of their hours. In response to the devastating job losses and loss of people's incomes, the federal government created the CERB. This benefit provides affected workers with a monthly benefit of \$2,000 for a (current) maximum of 24 weeks.

As of May 13, more than 7.8 million Canadians had applied for emergency benefits and more than \$30 billion in benefits had been paid out.⁶ These figures continue to increase. Most notable is that without the CERB's looser qualifying rules, many precarious workers including part-time, contract, and temporary, seasonal and self-employed (those ineligible for regular Employment Insurance benefits, and the most negatively affected by this crisis) would have been left wanting—with no income support to weather this storm.

COVID-19 has also reminded us which workers are most essential to our economy and revealed the poor working conditions they face. When it comes to worker pay, government has more control than simply setting the minimum wage. Long-term care workers, child care workers and health care workers are all directly or indirectly paid by government. Government should enact living wage policies that require contracts with service providers to ensure workers in these sectors are earning enough to thrive instead of barely survive.

Once the pandemic subsides, businesses will slowly begin to reopen, workers will begin going back to work, and the long road to economic recovery will begin. The question becomes whether workers will have access to the income supports they need when future emergencies arise. On any given day, thousands of Canadian workers and families experience planned or unplanned life events that require income support, such as losing a job, needing to care for an elderly parent, or choosing to enter into new education and training to develop and enhance job skills. The question is how income security programs can modernize to reflect the current realities of the labour market to ensure full access to workers regardless of status.

With strong federal policy intervention, this goal is doable. Canada has been able to curb rates of senior poverty in Canada through instruments such as Old Age Security (OAS) and Guaranteed Income Supplement (GIS). The Canada Child Benefit (CCB) has curbed rates of child and family poverty. In fact, the child poverty rate dropped by nearly five percentage points after the introduction of the CCB.⁷

Unfortunately, paid employment today is less likely to provide stable income, making it difficult for workers to manage household expenses and debt. Jobs are increasingly precarious and, without proper checks and balances, risk becoming more precarious in the course of Canada's recovery. Some have grown less accessible to workers over time, including through underfunding and shifting policy priorities.

5. Evans, P. (2020, April 9) Canada lost more than 1 million jobs last month as COVID-19 struck. *CBC News*. Available from: <https://www.cbc.ca/news/business/canada-jobs-march-covid-19-1.5527359>

6. Government of Canada (2020, May 13) Canada Emergency Response Benefit statistics. Retrieved on May 13, 2020 from: <https://www.canada.ca/en/services/benefits/ei/claims-report.html>

7. Statistics Canada. Table 11-10-0135-01 Low income statistics by age, sex and economic family type.

Governments must ensure workers have access to more robust income security programs that are resilient in the face of economic challenges—both large and small.

Employment standards and labour law

For the majority of workers in Canada, employment is the main source of income. Even when working, many live paycheque-to-paycheque. Some work multiple jobs or face tremendous instability in their working and personal lives. Strong employment standards and labour laws are needed to ensure that workers earn enough to maintain a decent standard of living and turn precarious jobs into stable jobs.

Employment Insurance

The Employment Insurance (EI) program has been the cornerstone of Canada's income security system since 1940. The program underwent radical reform in the 1990s under consecutive Conservative and Liberal governments after it was wrongly criticized for being too generous and acting as a disincentive for unemployed workers to find work.

Reforms included the end of federal financial contributions, workers voluntarily leaving their jobs becoming ineligible for benefits, slashed and reduced benefits and tighter eligibility criteria. These changes resulted in a significant drop in EI coverage for unemployed workers from 80% in 1990 to 44.5% in 2008. Since that time, the coverage rate hovers around 40% (the share of unemployed workers who can access EI benefits) signalling an abandonment of the majority of people experiencing joblessness.



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RECOMMENDATION 1

BUILD INCOME SECURITY PROGRAMS THAT PROTECT ALL WORKERS

EI remains a critical income security program in Canada and it needs fixing. As was evidenced in the early days of this pandemic, in a time of national emergency and massive job loss, the EI system crumbled due to unnecessarily complex and punitive rules and outdated eligibility criteria.

More Leisure Time and a Four-Day Work Week

If there is one thing that workers have in common, it is the need for more time for leisure and work-life balance. The Canadian Index of Wellbeing reports that Canadians are spending more time working and commuting and less time socialising, vacationing or participating in other enjoyable activities⁸ leading to a decline in overall well-being. Achieving work life balance means different things for different groups. Some workers are working too much, grinding out 50 or 60+ hours each week with long commutes and work cell phones and laptops that are never turned off. Some have mandatory overtime requirements that never seem to ease up. Other workers are cobbling together as many hours as possible with sporadic shifts or even working multiple jobs in numerous locations trying to earn a living. Workers are stressed and burnt out either from too many hours or too little pay. At both ends of the spectrum, the frantic nature of workers' lives is a struggle that needs to be alleviated.

Strengthening Housing Affordability

Income security must be directly linked with housing access and affordability. Today, around 40% of Canadians are spending more than 30% of their income on housing rent and housing related expenses.⁹ Despite federal efforts in 2017 that launched Canada's National Housing Strategy, this ten-year plan (according to housing advocates) fails to address the crisis of housing affordability and homelessness plaguing the country.¹⁰

Raising the income floor for low wage workers and people living in poverty

The creation of the Canadian Emergency Response Benefit (CERB) has implicitly acknowledged that \$2,000 per month is a minimum income level required for an individual to make ends meet. As a result, discussion around providing affected Canadians with a flat weekly/monthly income has reignited debate around what it means to be income secure in Canada.

Canada must do more to help workers with disabilities, and those with disabilities who cannot work, become more income secure. The chronically low rates of disability assistance rates and punitive rules put into place in some jurisdictions if people try to secure employment income are painfully inadequate. In Ontario, for example, the Ontario Disability Support Program (ODSP) provides a meagre income rate to a single individual of \$1,169 a month, and only allows people to work and earn \$200 extra per month before facing a punitive claw back of benefits.

8. Canadian Index of Wellbeing. (2016). How are Canadians Really Doing? The 2016 CIW National Report. Waterloo, ON: Canadian Index of Wellbeing and University of Waterloo. Available from: https://uwaterloo.ca/canadian-index-wellbeing/sites/ca.canadian-index-wellbeing/files/uploads/files/c011676-nationalreport-ciw_final-s.pdf

9. Mathieu, E. (2019, September 17) How much do Canadians spend on rent? Ontario 'hit harder than anywhere else,' says new housing tool. *The Toronto Star*. Available from: <https://www.thestar.com/news/canada/2019/09/17/interactive-map-gives-voters-a-tool-to-find-out-how-much-income-canadians-spend-on-rent.html>

10. Young, M. (2019, September 6) Policy Brief: National Housing Strategy. *The Broadbent Blog*. Available from: https://www.broadbentinstitute.ca/margotyoung/policy_brief_national_housing_strategy and Hoytema, J. (2019, September 6) National Housing Strategy not enough to stop Ottawa's housing crisis, advocates say. *Ottawa Citizen*. Available from: <https://ottawacitizen.com/news/local-news/national-housing-strategy-not-enough-to-stop-ottawas-housing-crisis-advocates-say/>

Canada needs stronger income security measures to ensure that no one who works, or who cannot work, lives in poverty.

Additional Components of Income Security

In addition to the items above, it is imperative for governments to recognize the important contributions to income security made by universal health care, universal child care, public transit and other public goods.

UNIFOR'S RECOMMENDATIONS

To be most effective, a common understanding of income security is required. Broadly speaking, income security means that any individual in Canada has their basic needs met at all times. To achieve this result Canada's income security programs must develop around a set of common values and guiding principles based on universality, accessibility, equity, fairness, compassion, flexibility, and simplicity.

These values and guiding principles include:

- **Universality:** make benefits available to all without means or income testing.
- **Accessibility:** remove barriers that inhibit people from income support programs including how to apply and receive them. Barriers include access to technology, language skills, immigration status, employment status, housing status, etc.
- **Equity:** recognize and remove inequities in income supports. Economic insecurity, poverty and unemployment does not affect everyone equally. These structural deficits fall disproportionately harder on historically marginalized groups including low-wage workers, racialized and Indigenous peoples, women, youth, migrants and people with disabilities.
- **Fairness:** programs must distribute benefits fairly and eliminate economic and social inequalities.
- **Compassion:** receipt of benefits must acknowledge the anxieties people face during stressful life transitions and not be punitive. Excessively monitoring and policing benefits for possible fraud (which is uncommon) only further stigmatizes income support recipients.
- **Flexibility:** income security programs must be responsive to the external realities that people are living and conditions they are facing.
- **Simplicity:** avoid unnecessarily complex program and administrative designs. An unnecessarily complex program to develop, administer and understand leaves recipients frustrated and needlessly increases stress and anxiety.

Unifor recommends that government:

- **Immediately boost the minimum wage to a rate that is equivalent to 60% of the median hourly wage of full-time workers, but no less than \$15.** Annual increases should be indexed to the CPI or the annual average wage increase, whichever is higher. Governments' must establish an independent 'low-wage commission' to research the impact of minimum wage policy on workers.

RECOMMENDATION 1

BUILD INCOME SECURITY PROGRAMS THAT PROTECT ALL WORKERS

- **Continue working at both the federal and provincial levels to identify areas of improvement in employment standards and labour legislation and work to create a common standard across the country** including on:
 - paid sick days and personal emergency leave;
 - portable benefits;
 - employment standards for non standard workers;
 - equal pay for equal work;
 - pay equity;
 - on call pay;
 - fair scheduling provisions;
 - paid pregnancy leave with no penalty to maternity or parental leave pay;
 - proactive government workplace inspections to ensure employers are adhering to all labour laws and regulations and stricter financial penalties when employers are found guilty of employment standards and labour law violations (e.g. unpaid wages, overtime violations, interfering in union drives, etc.);
 - improved access to unionization by adopting card-check certification processes and neutrality agreements throughout the country, in every province, jurisdiction and sector; and
 - improved worker bargaining power in smaller workplaces through broader-based or sectoral bargaining provisions.
- **Introduce permanent changes to the EI program to expand eligibility, access and benefits.**

A revitalized EI program must:

 - Replace and lower the variable entrance requirement and eligibility threshold to a standard 360 hours across the country.
 - Reintroduce federal contributions.
 - Increase the income replacement rate to 75% from the current 55%.
 - Eliminate all waiting periods.
 - Extend the period of accruing hours for workers who have been on leaves in connection with protected grounds under human rights legislation, including pregnancy, parental or disability leave. This ensures they are not left ineligible for EI in the event of a layoff.
 - Increase the duration of EI sick leave to 26 weeks and regular benefits to 50 weeks.
 - Eliminate the allocation of separation payments, including the assignment of severance and termination monies to the front end of an EI claim, as well as social assistance clawbacks. These monies act as shock absorbers for workers on lay off. Workers should receive all of what is owed to them and face no penalty or claw back.

- Loosen rules for workplace separation and enabling unemployed workers to receive even partial benefits (e.g. for those who voluntarily quit with just cause) rather than be fully disentitled.
- Ensure access for migrant workers, who pay into the program, but face significant barriers accessing benefits.
- **Facilitate more leisure time and work life balance.** Work with employers, workers and their unions to build stability and balance into the lives of workers. Measures can include implementing a four-day work week and associated redistribution of hours, increasing vacation time and making it mandatory, improving scheduling practices to create more full-time jobs for workers who are chasing full-time work, allowing older workers to participate in programs of semi retirement through reduced work weeks, and adding personal days and more break time at work.
- **Implement the Canada Housing Benefit across the country** to ensure immediate financial relief through direct payment or other funding instruments for those paying a substantial portion of their income towards rent in both the private and social housing rental market. The benefit must be portable and tied to people as opposed to particular housing units.
- **Design an income security system that ensures no individual or family lives with an income under the new benchmark set by CERB, while adjusting for family size.** The system can include programs such as Employment Insurance, fiscal measures (including Negative Income Taxes), access to immediate emergency funding in the event of economic shock, social assistance and disability assistance, and the Canada Child Benefit, following the criteria set out above. This system should be designed in collaboration with a multi-stakeholder group of advocates who have been calling on these changes for decades.
- **Promote retirement security** by introducing pension and benefit insurance in consultation with provinces and territories and by ensuring priority to pension beneficiaries in terms of secured creditor status in the event of bankruptcy.

Conclusion

Through its response to this crisis, government has shown that income security and poverty reduction are largely acts of political will. Canada has the means to achieve income security for all people in Canada. The federal government took bold action to establish income security measures to protect as many as possible from financial ruin. Provincial governments, in certain cases, developed complementary income support measures too. Governments, along with civil society, must act together to foster the political will to end poverty and continue to advance income insecurity efforts long after the acute phase of the crisis has waned.

RECOMMENDATION

2 REBUILD THE ECONOMY THROUGH GREEN JOBS AND DECARBONIZATION



DURING THE FIRST TWO MONTHS of the COVID-19 crisis, governments at all levels demonstrated their immense capacity to provide workers and industries with financial support and strategic guidance to prevent disaster and uphold human health and well-being. The next decade is a critical phase where governments must maintain and expand that level of support and guidance, as Canada embarks on a path towards a greener economy while prioritizing the needs of workers.

Just a few weeks into the COVID-19 crisis, pictures of environmental recovery began flooding social media. Images of crystal-clear water in Venice's canals, smog-free views of Los Angeles and New Delhi, and wildlife spotting across the world lent credence to the idea that the restoration of the environment might prove to be a silver lining to the crisis.

However, this apparent unseen benefit has come at a terrible cost. The economic damage and the toll inflicted on workers across the globe by the COVID-19 pandemic has been incalculable. The reprieve in carbon dioxide emissions will only be temporary. At some point, the economy will begin to rebound and industrial output will ramp up once more.

The fact remains that global warming accelerated from 2015 to 2019 leading to extreme weather events and unprecedented wildfires across all four corners of the globe.¹¹ The year 2019 was the second warmest on record¹² and the first few months of 2020 saw temperatures in Antarctica rise above 20°C for the first time in recorded history.¹³ The effect of accelerated warming will be dire for Canadians, since Canada's climate is currently warming at a pace that is twice the global average.¹⁴ Ultimately, the ramifications of climate change may prove to be worse than the current pandemic unless global leaders simultaneously step up to the climate challenge, which scientists have suggested requires reaching net-zero emissions by 2050 to limit the global temperature rise to 1.5°C.

The COVID-19 crisis therefore gives workers a critical preview of what might happen if governments and policy-makers subscribe to the false choice between rescuing the environment and sustaining the economy. Leaders must strive to overcome this narrative in order to meet climate targets and simultaneously avoid economic catastrophe for workers everywhere. Now is the time for the government to put in place the measures necessary to spark a virtuous cycle that benefits both the environment and workers.

As the country begins to chart a course towards economic recovery, Unifor is well-positioned to provide long-term policy guidance on how to meet environmental targets while making sure that good jobs are not lost in the process. The goal must continue to be to provide a clear path forward for workers who are in sectors that will experience structural dislocation and long-term unemployment unless there is strategic intervention.

11. World Meteorological Association. (2019) Global Climate in 2015-2019: Climate change accelerates. Available from: <https://public.wmo.int/en/media/press-release/global-climate-2015-2019-climate-change-accelerates>

12. Vinas Garcia, M-J. (2020) 2019 was the Second Warmest Year on Record. *NASA Earth Observatory*. Available from: <https://earthobservatory.nasa.gov/images/146154/2019-was-the-second-warmest-year-on-record>

13. Watts, J. (2020, February 13). Antarctic temperature rises above 20C for first time on record. *The Guardian*. Available from: <https://www.theguardian.com/world/2020/feb/13/antarctic-temperature-rises-above-20c-first-time-record>

14. Government of Canada (2019, April 2) Canada's climate is warming twice as fast as global average. Available from: <https://www.canada.ca/en/environment-climate-change/news/2019/04/canadas-climate-is-warming-twice-as-fast-as-global-average.html>

RECOMMENDATION 2

REBUILD THE ECONOMY THROUGH GREEN JOBS AND DECARBONISATION

For example, the combined impact of depressed demand due to COVID-19 restrictions and the oil price war between Russia and Saudi Arabia has changed the landscape of the oil and gas industry in a fundamental way. This new landscape, coupled with the urgent need to address the climate crisis, leaves workers in the oil and gas sector highly vulnerable to structural dislocation and unemployment. As government ponders making further investments in the oil and gas sector to prevent total collapse, saving jobs and workers' livelihoods must lie at the centre of any rescue plan.

Workers in the energy sector will face the most immediate and obvious climate-related challenges given the impact of the COVID-19 crisis and the recent price war.¹⁵ There has been widespread pressure on the federal government to abandon the oil and gas industry to its own devices and use the crisis as an opportunity for the Canadian economy to move away from its dependence on the energy sector in order to jumpstart the green transition. Abandoning workers in the oil and gas sector, and its workers, is not an option.

Without a comprehensive plan, government will struggle to provide industries (such as oil and gas, but also manufacturing, forestry, mining, transportation and other services) with the needed support to advance emissions-reduction efforts and, in certain cases, transition away from carbon-intensive energy use. Any meaningful plan must provide workers with the training and skills they need to work in a green economy as governments become preoccupied with reviving aggregate demand and consumer spending.

Surviving the Crisis: The Energy Sector

The Canadian energy sector has been caught between plummeting demand for oil due to the pandemic—down to levels last seen a quarter of a century ago—and a glut of oil caused by the price war. Already in late March, the price of a barrel of Western Canadian Select crude oil cost less to purchase than to ship.¹⁶ In late April, continued supply pressures and a lack of storage saw global oil prices briefly dip into negative territory, which has never happened before in modern history.¹⁷ Those who held contracts for oil delivery in May were essentially willing to pay others to take them off their hands.

The rapid decline in the oil markets has left many wondering whether the Canadian oil and gas industry will outlast the current crisis. Given the range of vital industrial goods and consumer products that rely on petroleum inputs, it likely will. What matters most is ensuring the survival of the nearly one million workers who depend on the energy sector for their livelihoods. On April 17, the federal government announced a support package for the sector, comprising \$1.7 billion to clean up orphaned wells and a \$750 million emission reduction fund, including \$75 million to help reduce methane emissions in the Newfoundland and Labrador offshore oil industry.¹⁸ This is a modest step, but certainly in the right direction. It incentivizes the energy sector to maintain jobs while reducing pollution and carbon intensity.

15. Meliksetian, V. (2020, April 27) Saudi Arabia and Russia Fight Bitter Market Share Battle As Oil Prices Collapse. *Oilprice.com* Available from: <https://oilprice.com/Energy/Crude-Oil/Saudi-Arabia-And-Russia-Fight-Bitter-Market-Share-Battle-In-Collapsing-Oil-Marke.html>

16. Tuttle, R. (2020, March 26) Canadian Crude Is So Cheap It Costs More to Ship Than to Buy. *Bloomberg*. Available from: <https://www.bloomberg.com/news/articles/2020-03-26/canadian-crude-is-so-cheap-it-costs-more-to-ship-it-than-buy-it>

17. Bajaj, V. (2020, April 22) What Negative Oil Prices Mean and How the Impact Could Last. *The New York Times*. Available from: <https://www.nytimes.com/article/negative-oil-prices-facts-history.html>

18. Harris, K. (2020, April 17) Trudeau announces aid for struggling energy sector, including \$1.7B to clean up orphan wells. *IPolitics*. Available from: <https://www.cbc.ca/news/politics/financial-aid-covid19-trudeau-1.5535629>

However, more needs to be done to ensure the energy sector survives the current crisis and is able to maintain existing jobs while transitioning work to the low-carbon economy. The Canada Energy Regulator (CER) has projected industrial and commercial demand for fossil fuels in Canada will remain steady over the next two decades, even as its use in transportation declines.¹⁹ This projection suggests domestic demand may be sufficient to support existing jobs in the sector once the COVID-19 crisis subsides. Attaching job guarantees and skills training requirements to the deployment of investments in clean technology and carbon intensity reduction to these support packages is necessary and warranted, especially as threats of job loss through automation and other cost-cutting measures loom. There must also be rigorous oversight of disbursed funds to guarantee that firms do not use capital investments to automate existing carbon-intensive operations and to lay workers off.

Energy companies that are in distress and that are able to demonstrate a commitment to viable decarbonization projects—which deploy renewable energy and increase energy efficiency while generating green jobs—should be able to access interest-free loans or receive assistance in the form of a troubled asset relief program (TARP), subject to strict controls. The federal government must impose stringent conditions banning executive pay increases and share buybacks, similar to rules established under the Large Employer Emergency Financing Facility (LEEFF) for short-term, interest-bearing loans.

19. Canada Energy Regulator. (2020) Canada's Energy Future 2019: Energy Supply and Demand Projections to 2040. Available from: <https://www.cer-rec.gc.ca/nrg/ntgrtd/ftr/2019/rsrts/index-eng.html>



“more needs to be done to ensure the energy sector survives the current crisis and is able to maintain existing jobs while transitioning work to the low-carbon economy.”

RECOMMENDATION 2

REBUILD THE ECONOMY THROUGH GREEN JOBS AND DECARBONISATION

Generating Green Jobs through Decarbonization

Over the longer term, the government must not let the current crisis distract from the need to continue decarbonization efforts and to support the transition to a greener economy by creating green jobs. Recent examples of facilities temporarily idled by the crisis that later switched to manufacturing medical and personal protective equipment (PPE) show the viability of converting existing industrial operations to match prevailing economic conditions and demand. As Ontario's experiences with the Green Energy and Green Economy Act (2009) has shown, targeted government support holds real potential to develop a thriving green economy with competitive clean technology and significantly reduced carbon intensity. Solar power was negligible in Ontario prior to 2009, but by 2016 Ontario had the third highest solar generation in North America while its wind generation climbed to fifth overall.²⁰

Implementing a countrywide green economy strategy would go a long way towards stimulating the production of clean energy, zero-emission vehicles (ZEVs) and other forms of clean technology in Canada. Government support, however, must be accompanied by firm commitments to hold large companies such as automakers to account. This matter is of particular concern when automakers profess their interest in manufacturing green technology such as electric vehicles (EVs) but simultaneously shift production to low-wage jurisdictions, while dragging their feet on domestic EV investment.²¹

The federal government's carbon tax and proposed Clean Fuel Standard (CFS)²² are two notable policy levers intended to help Canada reach its greenhouse gas (GHG) emissions reduction targets by 2030 (a promised 30% below 2005 levels). However, both measures are market-oriented, using a combination of taxes and credit trading to put a price on emissions without providing real policy guidance or financial support for emissions reductions themselves. While a certain degree of flexibility in allowing consumers and suppliers to determine how they will reduce emissions is desirable, there are no guarantees that the costs of such programs, borne primarily by producers, will not lead to job losses as carbon-intensive industries find it difficult to manage the transition to clean energy and the deployment of green technology.

What this ultimately implies is that government will have to make significant new investments that incentivize both the transition to economic activities that are environmentally beneficial and the adoption of clean fuels—i.e. low-carbon liquid fuels, including renewable biofuels and petroleum-ethanol blends—and green technology. The economic recovery from the COVID-19 crisis will provide a unique opportunity for the government to spur on job growth and aggregate demand through such kinds of targeted investments all along the energy supply chain and in areas such as transportation, housing, building materials and energy infrastructure.

Expanding investment in zero-emission public transit infrastructure in both large and small urban settings is particularly effective, as transit projects will drive demand for electrification, which will have ripple effects throughout the economy.

20. Environmental Defense. (2019) Getting FIT: How Ontario Became a Green Energy Leader and Why it Needs to Stay the Course. Available from: https://www.cansia.ca/uploads/7/2/5/1/72513707/geaprimer_final-may19-finalweb_2_.pdf

21. Dubitsky, W. (2019, December 31) As electric vehicles proliferate globally, the U.S. Big 3 are idle. *National Observer*. Available from: <https://www.nationalobserver.com/2019/12/31/analysis/electric-vehicles-proliferate-globally-us-big-3-are-idle>

22. Government of Canada. (2020, April 24) Clean Fuel Standard. Available from: <https://www.canada.ca/en/environment-climate-change/services/managing-pollution/energy-production/fuel-regulations/clean-fuel-standard.html>

Likewise, encouraging government agencies and companies to ‘green’ their fleets will further motivate EV-related production, including the development of a Canada-wide charging network to support mass EV adoption. Requiring the purchase of government fleet vehicles from domestic manufacturers, with sizeable levels of Canadian-content, is critical to help spur needed local production. The clean transportation sector projects to be the largest job generator in Canada’s emerging green economy followed by clean buildings and clean energy.²³

No amount of investment in a green transition will be successful unless workers receive adequate training and upskilling. The current framework for federally-funded training is limited by a narrow focus on skills gaps and sectoral shortages rather than preparing workers for green jobs. The government must also take a much greater lead in providing guidance and financial incentives to workers interested in seeking training. For example, the Canada Training Benefit announced as part of Budget 2019 is entirely reliant on workers to take the initiative to pursue training and provides no guidance for what kinds of programs might be useful, while providing a paltry \$5,000 lifetime maximum in training credits.²⁴ Finally, the current certification system may lack flexibility and efficiency by preventing workers from transferring existing skills to green jobs rather than having to pursue an entirely new trade through retraining and recertification.

UNIFOR’S RECOMMENDATIONS

The government must ensure that any economic recovery package builds a foundation for a green economy that encourages the deployment of clean and renewable energy while creating good jobs throughout the economy. At the most basic level, this means reducing the carbon intensity of the energy, transportation and housing sectors through a green infrastructure plan that becomes a primary pillar of the Pan-Canadian Framework on Clean Growth and Climate Change.²⁵

The government must also take the lead in supporting zero-emission vehicle manufacturing and preparing the economy for electrified transportation through targeted subsidies and investment in battery technology innovation. A long-overdue National Auto Strategy, for instance, would help merge Canada’s innovation agenda, trade policy, skills training and infrastructure development to foster a modern supply chain for EV components and parts, leading to final assembly. This need not only apply to light duty, passenger vehicles but other modes of surface transportation, including mass transit, commercial trucking and logistics, student transportation, taxis and light rail. Once in place, such a strategy could serve as a rubric for all transportation sectors and industries.

Finally, workers in carbon-intensive industries will need both income and training support in order to transition to green jobs, which means retooling current labour market institutions, including potentially expanding access to skills training programs funded through Employment Insurance and establishing a just transition fund to provide income security to workers impacted by the green transition.

23. Clean Energy Canada. (2019, October 3) The Fast Lane: Tracking the Energy Revolution 2019. Available from: <https://cleanenergycanada.org/report/the-fast-lane-tracking-the-energy-revolution-2019/>

24. Government of Canada (2019) Budget 2019: The Canada Training Benefit. Available from: <https://www.budget.gc.ca/2019/docs/themes/good-jobs-de-bons-emplois-en.html>

25. Government of Canada. (2016) Pan-Canadian Framework on Clean Growth and Climate Change: Canada’s plan to address climate change and grow the economy. Available from: <https://www.canada.ca/en/services/environment/weather/climatechange/pan-canadian-framework/climate-change-plan.html>

RECOMMENDATION 2

REBUILD THE ECONOMY THROUGH GREEN JOBS AND DECARBONISATION

Unifor recommends that government:

- **Establish targeted industry support programs, and a federal Just Transition fund.** The Pembina Institute has called on the government to implement a Green Transformation Program in line with the 2009 program from the pulp and paper industry, which financed capital projects that generated measurable environmental benefits.²⁶ Such a program could support an expansion of the recent orphan well clean up and methane reduction initiatives, for instance. The program can also support projects that lower carbon intensity, improve energy efficiency and expand renewable energy development. Where practicable, projects can operate under Community Benefit Agreements to ensure community input, fair wages, and increased jobs. A Just Transition fund can provide retraining, income security and early retirement allowances to workers displaced from jobs as industries evolve. If TARPs are made available to distressed companies, stringent conditions must be put in place to ensure benefits to the environment and workers, while banning share buybacks and executive compensation increases.
- **Expand the Public Transit Infrastructure Fund as part of a National Public Transit Strategy.** Canada is the only G7 nation without a national public transit strategy in place, which speaks to the limited role that public transit funding has played in the federal government's policy commitments. The Federal government must convene a special committee, bringing together key transit and passenger rail stakeholders such as municipalities, labour unions, private and public transit agencies, academics, urban planners and transit rider groups to develop a National Public Transit Strategy. Permanent and sustainable funding and coordination with the provinces and territories is crucial to ensuring the strategy is implemented. As part of a comprehensive National Public Transit Strategy, Infrastructure Canada and the Public Transit Infrastructure Fund must increase the amount of funding available to support the construction of transit projects, particularly given the potential impact of declining oil prices on funding projects out of the federal Gas Tax Fund. Funding should target transit projects that achieve environmental objectives including encouragement of greater ridership, accessibility of services, deployment of zero-emissions vehicles such as subways, LRTs, or electric buses, and incorporate domestic content requirements to encourage local manufacturing and investment.
- **Support zero-emission electric vehicle (ZEV) manufacturing in Canada through a National Auto Strategy and build charging infrastructure.** The government must accelerate the conversion of passenger and commercial vehicles to ZEVs by providing financial support and tax credits to firms engaged in the manufacture of EVs, for instance, including final assembly and the production of EV component parts in Canada. EV promotion efforts must be coordinated within a new National Automotive Strategy for Canada, intended to promote sustainable growth, attract investment and expand of the industry's production capacity across the domestic supply chain. Consumer incentives must support these industry development objectives, and government must take the lead in building a fast-charging network that can support the widespread deployment of EVs.

26. Pembina Institute. (2020) Green Stimulus: Principles and recommendations for a 2020 economic stimulus package. Available from: <https://www.pembina.org/pub/green-stimulus-principles-and-recommendations-2020-economic-stimulus-package>

- **Establish a funding mechanism for green retrofit projects.** The government should establish a permanent funding mechanism to provide full interest-free financing for refurbishing and retrofitting both commercial and private buildings to improve energy efficiency and resilience in the face of extreme climate events. Projects that are able to achieve significant carbon reductions should be eligible for loan forgiveness and/or grants.
- **Leverage Canada's strength in strategic green and lightweight materials** including wood, metal and composites. Make it mandatory for public calls for tender to include green materials such as wood and aluminum. Advocate for significant public investment by all levels of government in the use of new wood building technologies in public buildings and infrastructure. Support initiatives to modernize building codes to reflect advances in wood construction allowing for taller and larger buildings with higher wood content. Invest in strategic and value-added composite materials for the manufacturing sector including auto and aerospace.
- **Develop a green jobs training system with labour unions.** Many unions have significant training capacity and have long-standing access to educational facilities. The government should work in conjunction with unions to develop and fund an accredited series of training programs to prepare workers for green jobs that will work in concert with other transition efforts.
- **Institute a tripartite model for advisory groups and oversight bodies in relation to green transition and climate issues.** The government should ensure that any initiatives to develop climate/green transition policy frameworks or oversight bodies that monitor the progress of sectoral and industry developments involve labour unions. Given their broad sectoral engagement and frontline experience, unions are well placed to provide critical policy guidance and oversight in these areas.
- **Reorient employment support systems and accreditation towards green jobs.** Labour Market Development Agreements (LMDAs) with provinces and territories should expand their focus beyond labour shortages and skills gaps to preparing workers for the green economy. Likewise, accreditation of training programs and skills recognition/assessment should facilitate barrier free entry to green jobs.

Conclusion

Canada's workers must continue to reject the false choice that is so often posed between the climate and jobs and continue to demand accountability from governments and employers whose actions or inaction over the past half-century have caused the climate crisis. The COVID-19 crisis does not change the fact that workers must never be forced to bear the burden of failed economic and environmental policies. The current moment has placed an unbearable toll on so many workers but it also presents us with a vital opportunity to use the economic recovery as a launching pad towards a green economy that works for all Canadians.

RECOMMENDATION

3 EXPAND AND BUILD CANADA'S CRITICAL INFRASTRUCTURE



INVESTING IN PUBLIC INFRASTRUCTURE is one of many types of investments essential to Canada's recovery from the pandemic. Past investments in critical infrastructure have often focused on roads and bridges, hospitals, power lines and electrical grids, among others. Expanding the definition of critical infrastructure to include the social infrastructure that supports a higher quality of life for people in Canada is necessary.

During any economic downturn, infrastructure investments serve multiple purposes. In the case of COVID-19 and the subsequent recovery period, the purposes are no different:

- to provide immediate support for those who need it during difficult times;
- to minimize the economic damage and duration of a recession by working as effective fiscal stimulus, in part, to create jobs;
- to establish robust and inclusive programs and initiatives that benefit all individuals in Canada—during both good and bad economic times;
- to strengthen the foundations of the Canadian economy and society, which will extend across generations and make the economy resilient to global economic challenges; and
- to provide economic stimulus in a way that addresses climate goals and economic justice.

Critical Infrastructure in the COVID-19 Era

The COVID-19 pandemic has dramatically highlighted the inadequacies in Canada's current health, income support and infrastructure systems.

Efforts to contain the spread of the virus have placed an incredible strain on the health care system. There have been urgent calls for retired medical professionals, volunteers and students in health care programs to be on the front line. A severe shortage of personal protective equipment (PPE) has plagued the system across the country, leaving many health care and essential workers at risk on the job. Meanwhile, the devastating outbreaks of COVID-19 in long-term care homes—that have quickly taken the lives of many residents and some workers—have illustrated how broken the long-term care (LTC) system has become, particularly those homes that operate for-profit.

As schools and child care facilities across the country closed, parents working in essential services struggled to find proper care for their children. Many parents across the country have struggled to work from home while taking on child care duties. At the same time, those commuting to work have struggled with limited transit services. This crisis has reinforced affordable, regulated, public child care as an essential component of a strong economy. It has also highlighted the important role transit plays in getting essential workers to and from work safely and in a timely manner.

Meanwhile, millions of people laid off during the pandemic continue to struggle to pay the bills. Many have lost, or at risk of losing, access to workplace health benefits, including drug and extended health care coverage. Some jurisdictions across the country have implemented various measures to prevent evictions and assist renters, but the crisis has revealed that many individuals live paycheque-to-paycheque and are unable to meet their most basic needs in an emergency.

RECOMMENDATION 3

EXPAND AND BUILD CANADA'S CRITICAL INFRASTRUCTURE

Learn from the past, prepare for the future

In response to the Great Depression of the 1930s, the United States (under the Leadership of Franklin Roosevelt) implemented “The New Deal”—a set of active, direct government policies, including infrastructure investments, social security reform and financial reforms. The success of these direct investments proved that free market forces and the profit-seeking motives of the private sector alone are not sufficient to help an economy recover. The US government injected huge amounts of money into social programs, new public agencies and public works projects and the economy came roaring back to life.

The focus on active government policy as a response to economic recessions began to accelerate in Canada during the Second World War and the post-war recovery. The fact that workers in Canada need government spending now to create and sustain jobs and build for the future is not a new concept. As governments contemplate responses to today's crisis, it is important to consider the notion of critical infrastructure in the broadest possible sense—to ensure people are cared for, and have access to the basic means by which they can learn and prosper at every stage of their life.

The Economic and Societal Turnaround after the Second World War

The commitment to New Deal-style policies and subsequent increases in financial security occurred in Canada and beyond due to the extraordinary spending associated with the Second World War. By embracing the idea that investing in social infrastructure was crucial to a modern economy, the Canadian government initiated an unprecedented injection of money into program and services—but also in a way that required wide-scale planning that would create long-lasting improvements to physical infrastructure, cultural development and people's everyday lives.

The planning governments undertook to win the war involved industrial manufacturing, transportation and agricultural production. The planning for social infrastructure was equally important and considered vital to the war effort and national economy.

Despite concerns about an economic crisis after the War, economic planning and the development of new social institutions helped stabilize the economy in subsequent years. The emergence of a social security system was critical in redistributing income and reducing individual economic vulnerability.

This new system included formal structures and institutions like the Canada Pension Plan, Old Age Security, public health care, social assistance, unemployment insurance and minimum wages. Meanwhile, there was government support for new and extensive housing initiatives, expansion of public post-secondary institutions, and new Crown corporations that invested in key economic areas where the private sector would not. There were also new systems of labour relations that led to increased unionization throughout the country over the ensuing decades.

Canada's response to the 2008-09 recession

In recent decades, governments in Canada moved in a different direction when dealing with economic recessions and government intervention. Many of the post-war systems and institutions that were set up and enhanced over the decades suffered in recent years due to ideological hostility and short-term political priorities.

The response to the 2008-09 recession in Canada fell into the hands of a Conservative federal government and a number of right-wing provincial governments. Although there were some industry support measures that helped the economic recovery, the corporate sector was able to recover more quickly compared to workers and families faced with a transformed labour market.

Governments, largely, did not prioritize investing in people—instead, austerity measures led to widespread cuts to public programs and infrastructure to secure balanced budgets. The result was structural unemployment, low labour market participation (particularly among young workers), stagnant wages, precarious work and wealth inequality that have persisted over the past decade. In terms of social infrastructure, financially-drained public services and social programs are less able to meet the needs of people, particularly those struggling with low-income, the elderly, Indigenous and racialized communities, and people with disabilities.

UNIFOR'S RECOMMENDATIONS

Governments across Canada must choose policy options that will both alleviate short-term pain and ensure a strong recovery from the COVID-19 pandemic. This includes bold investments in critical infrastructure that will establish a strong foundational support system for Canada's workers, create good jobs, and position the country for stability and prosperity in a newly transformed economy.

Policy-makers must take a broad view of what constitutes critical infrastructure, including social programs that focus on improving the quality of life for those that use them and for those who deliver them.



"Governments across Canada must choose policy options that will both alleviate short-term pain and ensure a strong recovery from the COVID-19 pandemic."

RECOMMENDATION 3

EXPAND AND BUILD CANADA'S CRITICAL INFRASTRUCTURE

This approach will require a dual focus on quality employment within the system and ensuring programs and projects are built to provide robust service for people.

Unifor recommends that government:

- **Institute a national, universally accessible pharmacare program.** Canada remains the only country with a national Medicare program that does not have a national pharmacare program. The federal government has continued to talk about its commitment to universal pharmacare and the skeleton of the program is already in place through the Advisory Council on the Implementation of Pharmacare. The federal government must institute a national, universally accessible pharmacare program with no more delays.
- **Build a universal child care system.** Canada must establish a pan-Canadian child care system that ensures the establishment of high quality, universal, affordable and inclusive child care across the country. Creating spaces that provide care for children with diverse needs is crucial, as is allowing workers with diverse needs the space to provide care. This framework must be supported by the appropriate amount of 'strings attached' funding to achieve an increase in the supply of licensed child care, raising the wages and conditions of the child care workforce, and reducing parent fees through directly funding child care services.
- **Build a high quality and accessible long-term care system.** The pandemic has demonstrated that Canada's long-term care system is completely broken and has failed so many seniors and their families. The federal government, in partnership with the provinces, must establish minimum standards of daily care, including staff to resident ratios, for long-term care homes that are clear and enforceable. Proper funding needs to be allocated to not only achieve this minimum care objective, but to also address the widespread staffing shortages and enhance wage standards and access to full-time jobs for workers. Governments must also take measures to phase out for-profit long-term care homes and transition toward community-based, publicly-owned or non-profit homes.
- **Declare access to internet as a basic necessity and build the pan-Canadian infrastructure to ensure everyone has access.** Basic telecommunications services play an essential role in participation in modern society. As such, Canadians should have access to high-quality and affordable services, no matter where they live. The Canadian Radio-television and Telecommunications Commission (CRTC) has already declared voice services and broadband internet access services on both fixed and mobile wireless networks as a universal service objective. Given the public utility and importance of telecommunications services—as well as ongoing technological advancements such as 5G wireless—efforts must continue to ensure that these services are accessible and affordable to all Canadians.
- **Dramatically enhance Canada's affordable housing strategy.** The federal government must increase funding and coverage of the affordable housing strategy, with commitments from provincial and territorial governments. This includes building and retrofitting housing infrastructure that targets those most in need of affordable, quality housing stock—renters, Indigenous communities and those with supportive housing needs including the homeless, people with disabilities and people living with addictions and mental health concerns. Effective incentives for new purpose-built, low income rental housing construction, subsidies for cooperative housing and integration with social programs for vulnerable communities should remain a priority.

- **Rebuild, repair and enhance existing public infrastructure.** The Federation of Canadian Municipalities (FCM) has estimated it would cost \$50 billion to renew municipally-controlled water and wastewater facilities that are in poor or very poor condition. The country's physical infrastructure deficit estimates to be approximately \$150 billion. Local governments bear much of the economic burden for maintaining physical infrastructure—approximately 60% of the country's core infrastructure.

Therefore, federal and provincial governments must provide direct support to municipal governments for physical infrastructure investments. These investments must ensure that infrastructure remains in public hands and not reliant on public-private partnerships. Projects must also have strict sourcing guidelines on materials from Canadian suppliers to ensure public funds help create Canadian jobs.

- **End drinking water advisories on reserves across Canada.** Critical infrastructure investments must include ending drinking water advisories in Indigenous communities. Projects must include proper training and oversight for continued quality maintenance and upkeep. Canada has recognized the right to safe drinking water as a basic human right and must meaningfully acknowledge that governments have discriminated against First Nation communities on reserve by failing to provide the same level of services that exist elsewhere in the country.
- **Implement a robust and comprehensive, federally-funded skills and training program.** New technology and the transition toward more renewable sources of energy were issues requiring attention and robust economic planning long before the pandemic. There will be a need for government to facilitate a fair and just transition to new jobs for many—a need that may accelerate due to the pandemic. A federally-funded skills and training program is an important element for a robust economic future. Such a program should include access to public post-secondary education, be integrated with Employment Insurance (EI), and should include various components like skills assessments, worker-focused training requirements and income supports while people receive training.
- **Ensure that high quality, stable employment in Canada underpins all government programs and investments.** Government must lead in building good jobs into all organizational operations. Instead of creating precarious work, government must ensure stability, security, decent income and access to benefits. It must also make every effort to ensure equity and diversity in hiring and operations across the country. To that end, government must:
 - Mandate entry-level pay in any broader public sector (BPS) job must not be lower than a living wage.
 - Ensure all workers are covered by strong health benefits agreements either through public programs such as medicare and pharmacare (which includes portability of benefits) and/or through privately-purchased supplemental health benefits.
 - Consider implementing Community Benefit Agreements (CBAs) in forthcoming infrastructure projects to increase local employment opportunities and skills development, including among vulnerable and disenfranchised communities. These agreements must include robust training and apprenticeship programs to ensure equitable access to employment opportunities.

RECOMMENDATION 3

EXPAND AND BUILD CANADA'S CRITICAL INFRASTRUCTURE

- Ensure programs consider the needs of people with disabilities—both in terms of employment opportunities and client services. Accessibility must be treated as a top priority in all new critical infrastructure development.
- Encourage job growth throughout the economy in diverse sectors and regions.

Conclusion

Lessons from previous economic recoveries including the New Deal of the 1930s and the tepid approach of the late 2000s indicate that government investment in critical infrastructure is an important component in any recovery plan. Investments create jobs at a time when they are desperately needed and build the backbone of the economy for generations to come. The vision of critical infrastructure must be expanded in order to ensure the needs of all economic actors are considered. This crisis has shown child and health care, housing and public transit are of critical importance for the functioning of both the systems that protect us from the novel coronavirus and those that get us to work and other activities on a daily basis.

Government must focus on building critical infrastructure and ensuring the jobs created through any critical infrastructure program are stable and inclusive for all.



“Investments create jobs at a time when they are desperately needed and build the backbone of the economy for generations to come.”

RECOMMENDATION

4 REBUILD DOMESTIC
INDUSTRIAL
CAPACITY



THE RESPONSE TO THE COVID-19 PANDEMIC triggered an almost immediate economic collapse in Canada and left workers and families without essential goods and services to protect their health and well-being. This hardship includes a lack of goods like personal protective equipment (PPE), such as ventilators and facemasks, but also essential consumer goods like soaps, sanitizers, cleaning materials as well as growing concerns around food shortages and food security.

Services in critical sectors like health and long-term care, supermarkets and pharmacies, public transportation and government administration are facing staffing shortages. Developing industrial strategies to rebuild Canada's industrial capacity in both goods and services sectors will put the country in a more resilient and self-reliant position for the future and grow good jobs in Canada.

Canada's shrinking domestic industrial capacity

Canada's manufacturing sector has contracted over the past four decades, not unlike other OECD nations. As global supply chains grow more sophisticated, consumers increasingly rely on industrial and commercial goods imported into Canada instead of those produced domestically. Motor vehicles (cars and trucks) as well as oil and gas top Canada's list of imported products. However, that list also includes medicines, vaccines, telecommunications equipment, computers, data processors and other high value-added goods. Canada exports many of its own goods and services; however, exports are over-represented by raw materials, like wood, minerals and other resources.

Part of this contraction in manufacturing has resulted in permanent job loss. Between 2004 and 2019, Canada lost more than 560,000 manufacturing jobs, according to Statistics Canada. Perhaps more telling is that manufacturing, as a share of total employment in Canada, has shrunk from nearly 20% in 1976 to just 9% today. Since the 2008-09 recession, manufacturing capacity utilization in Canada has averaged just 80% per quarter and has not recouped higher average levels experienced in periods prior. Despite these losses, manufacturing is still a major economic driver in Canada.

The manufacturing sector is not the only sector to have experienced upheaval due to offshoring and contracting out. Over the last 20 years, Unifor has witnessed firsthand the unfair treatment and under-recognition of the vital work done in call centres and clerical services across the country. At the national level, the overall reliance on the offshoring of IT services has come under scrutiny during the pandemic. Curfews in India and the slow response in Russia have lent to uncertainty and instability in the provision of IT and customer support services in Canada and around the world.

Globally, the customer support centre market is worth at least \$68 billion (US). Unifor members at Bell Canada have been in a decades long battle to protect their jobs, wages and working conditions in an environment fraught with international competition and outsourcing that puts downward pressure on wages and working conditions. As many as 3,000 jobs in Bell call centres have been outsourced in the last decade, undermining the quality and value of customer service work across the Country. Unifor members report increased stress and mental health pressures due to the working conditions imposed by Bell during this transition. At Air Canada, the union recently corrected nearly two decades of work quality erosion by eliminating a two-tier wage structure and significantly raising the wages for lower tenured workers. This showed that call centre work can be improved even in the face of aggressive offshoring by competitors. Even while unions have successfully challenged employers, workers continue to witness the offshoring of this work that is vital to Canada's economic functioning.

RECOMMENDATION 4

REBUILD DOMESTIC INDUSTRIAL CAPACITY

The free market approach to economic development has utterly failed its biggest test in the post-war era, and Canada must provide bold, ambitious policy recommendations that will help build a better, more effective economic system. This is not a new problem. Unifor has for years called on governments to support multi-stakeholder collaboration to create industrial strategies that serve the needs of Canada's workers. In short, governments need to re-think their role in initiating, supporting and promoting the domestic production of goods and services.

The Effect of International Trade on Domestic Industrial Capacity

International trade and unfair free trade agreements have contributed to the erosion of Canada's industrial capacity. Global trade rules incentivize the flight of factories and investment capital in real production to low-cost jurisdictions. Absent meaningful industrial strategies that tie factory output to domestic supply chains and jobs, Canada has grown over-reliant on global imports to satisfy local needs. A skyrocketing trade deficit in manufacturing goods is proof of that.

Sadly, multinational employers often follow exploitative labour standards, negligent health and environmental regulations, favourable tax treatment and other distortive measures. To compete, many firms in Canada consolidate operations and hyper-specialize their products for the global market, not to mention drag down wages and working conditions to cut costs. Altogether, these conditions create dangerous chokepoints in the domestic economy, leaving governments, businesses and consumers vulnerable to supply chain shocks as evidenced during the current COVID-19 crisis.

These conditions are of special concern in Canada's food production sector, where foreign-owned companies control huge swaths of the production and distribution of Canada's food supply. For example, 95% of Canada's beef supply comes from just three facilities controlled by two foreign food conglomerates.

Virtually all modern bilateral and multi-lateral trade agreements aim to restrict governments' ability to engage in active economic development. Most trade pacts will deem regulatory efforts to attach public spending to local production and local jobs out-of-bounds. Additionally, efforts to reclaim abandoned productive capacity are sometimes subject to challenge, under strict investor protection rules, enforced by special dispute settlement mechanisms.

Industrial Capacity in the Face of COVID-19

As demand for essential goods and services skyrockets and border restrictions tighten, the over-dependence on globalization, free trade and global supply chains—for everything from food to face masks—has failed Canada. Decades of outsourcing have eroded Canada's skills-base, shuttered plants and wiped out hundreds of thousands of good-paying manufacturing jobs—jobs that could have been redesigned quickly to produce the goods and services needed now. Global trade requires the free flow of people, goods, and services between nations. When entire regional or national economies shut down due to natural disasters, pandemics or political instability, this free-flow seizes and the entire global system shuts down.

Now, governments are realizing that creating industrial capacity out of thin air takes time and costs lives, whether in manufacturing or service-delivery. Rebuilding the capacity to build things and deliver essential services in Canada does not mean gearing the economy exclusively toward disaster preparation. Not every company in Canada must make ventilators or N-95 masks. The problem is that the less we build now in Canada, the harder it is to build anything in the future.

For example, the Bombardier Plant in Thunder Bay has been under threat of closure for many years. Thanks to the efforts of Unifor, the local community, and some progressive elected officials, the plant has continued to manufacture trains and streetcars despite global pressures to shut it down and trade agreements virtually prohibiting its existence. That plant is now re-tooling to produce made-in-Ontario ventilators that will improve the ability of the health care system to respond to the pandemic and save lives. The particular skills and abilities of Bombardier plant workers lend well to the task at hand, namely assembling pieces to send for final assembly.

On the services end, the federal government has struggled to meet the demand for client support and services in Service Canada and other government call centres. Help lines for those struggling to understand new and changing income support programs are in place but many have spent hours or even days trying to access call centre support to get answers about employment insurance and CERB claims. Call centre capacity in government services has been under scrutiny for some time. In 2019, the Auditor General found that nearly half of the 16 million Canadians trying to reach an agent in a government call centre could not get through.²⁷ Much like in the manufacturing sector, more capacity to perform client support work in Canada could have played a pivotal role in the provision of client support services during the pandemic and in the future.

27. Office of the Auditor General of Canada. (2019) 2019 Spring Reports of the Auditor General of Canada: Report 1—Call Centres. Available from: http://www.oag-bvg.gc.ca/internet/English/parl_oag_201905_01_e_43338.html#hd2b



“Now, governments are realizing that creating industrial capacity out of thin air takes time and costs lives, whether in manufacturing or service-delivery.”

RECOMMENDATION 4

REBUILD DOMESTIC INDUSTRIAL CAPACITY

Government officials have the opportunity—and the moral obligation—to create a more equitable, fair, resilient and sustainable economy. The coronavirus crisis has shown us that maintaining and promoting domestic industrial capacity is as much a public good as anything else.

Canada needs a renewed policy environment with a dual focus on incentivizing technological advancement and requiring job creation all along the supply chain. This dual focus ensures government investment creates the high-quality employment opportunities necessary for a strong middle class and the innovation to keep industries viable in the future.

UNIFOR'S RECOMMENDATIONS

The initial phase of the pandemic required a massive, coordinated public health response as well as massive and historic economic 'life support' measures for corporations and individual Canadians. As officials slowly transition to the economic recovery phase, there are a number of general principles and specific measures and policies governments should implement to rebuild Canada's domestic production capacity for goods and services: Government must play a more direct role in initiating, supporting and promoting the domestic production of goods and services. This role applies to the provision of public services, such as in long-term care and food retail as well as manufacturing and goods production.

Unifor recommends that government:

- **Undertake a critical review of international trade and investment obligations.** Such a review must be done with the aim of easing restrictions and prohibitions on local content rules, offsets and other measures intended to support economic development through the utilization and expansion of domestic production capacity.
- **Develop comprehensive industrial strategies** to incubate and expand critical domestic manufacturing capacity and supply chain infrastructure. The strategies must be comprehensive meaning not only for immediate needs such as medical supplies and personal protective equipment, but also for pharmaceuticals and medicines, construction materials, aerostructures, ship-building and the tools and materials needed to support clean energy production, including mass transit and zero-emission vehicles (ZEVs) among others. In addition, government should develop comprehensive strategies for the service economy including telecommunications and media. These industrial strategies must be developed in partnership with workers and their unions, academia, and local communities.
- **Enact measures to protect the supply chains for critical goods and services, especially the food supply chain.** These measures could include re-assessing issues like ownership concentration—especially by foreign companies, the geographic concentration of production capacity, and the excessive concentration and centralization of production and processing capacity.
- **Invest and engage directly in targeted growth sectors like health care, biomedicine and agri-food.** Canada has to look for opportunities to re-plant the seeds of its domestic industrial capacity and think creatively about what role government can play in kick-starting ventures left fallow.

- **Identify particular opportunities to reactivate 'vacant capacity.'** Private corporations close individual facilities for a variety of reasons, not all of which have to do with the relative productivity or profitability of the plant in question. In these instances, the facility is already there, often strategically situated near arterial road and railways, and clustered alongside existing facilities and skilled workers who are waiting and ready to work. This untapped potential should not be wasted. The role governments can play in harnessing this capacity to produce socially-useful goods must be explored in earnest, including in certain cases the direct appropriation of facilities and industrial lands.
- **Expand the Industrial Technological Benefits (ITB) program and commit to Canadian content requirements** in all public procurement projects related to transit, transportation, defence, security and the coast guard including subway cars, LRVs, trains, buses, and aircraft. In the short- and long-term, ensure trade agreements do not place restrictions on governments' ability to require public investment to deliver direct benefits to Canada's economy.

Conclusion

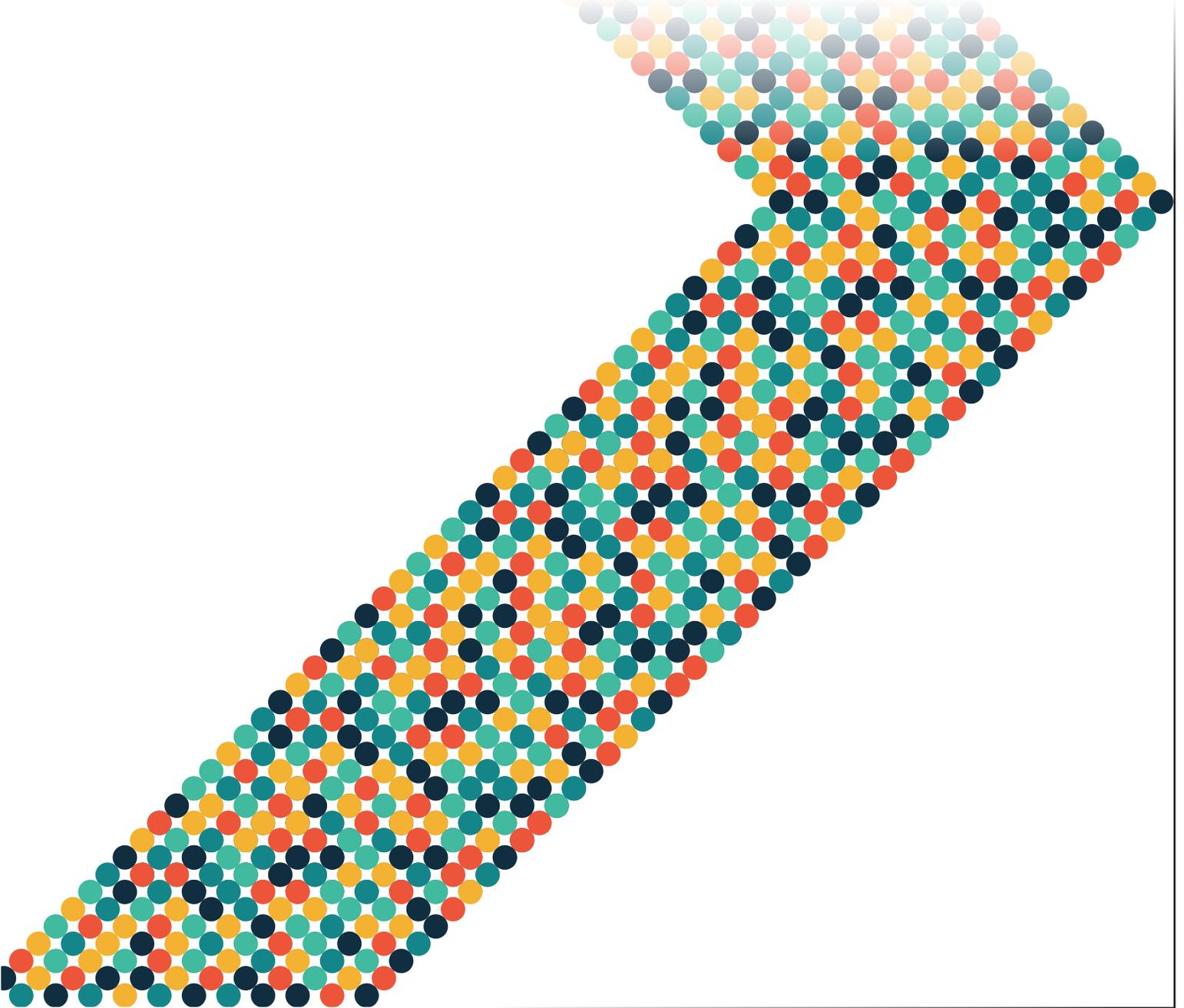
Through this crisis, the laissez-faire approach to economic development has proven weak and left Canada vulnerable. In the future, workers can expect more crises, either in the form of pandemics, climate-related disasters or other unforeseen events. Canada needs to ensure the industrial capacity necessary to respond is ready and available to re-tool if needed. When not needed to respond to a crisis, Canada can use the capacity to produce other socially-useful goods and services and high quality employment for people across the country. A made-in-Canada program for goods and services production is not only a matter of economic prosperity, skills development and job creation, but it is also a public good in and of itself.



“A made-in-Canada program for goods and services production is not only a matter of economic prosperity, skills development and job creation, but it is also a public good in and of itself.”

RECOMMENDATION

5 STRONG, ENFORCEABLE CONDITIONS ON CORPORATE SUPPORT PACKAGES



IN RESPONSE TO THE ECONOMIC fallout from COVID-19, federal and provincial governments announced financial measures to support workers, businesses and communities including through emergency income supports, subsidies, loans and other cash, tax deferral and liquidity programs. These measures were (and continue to be) necessary to stave off a worsening economic crisis resulting from the COVID-19 restrictions on business and the movement of people and goods. Statistics Canada estimates GDP fell by 9% in March 2020 alone.²⁸ The IMF projects that over the course of the year global economic output will contract by 3% and Canada's economic output is expected to fall by more than double that rate (6.2%)—a level far worse than the 2008–09 recession when GDP declined by about 3% over nine months.²⁹ With so much still uncertain, the real impact could be far worse and require additional economic support.

Any future corporate or industry support measures must protect jobs in Canada. As governments contemplate additional financial aid packages for hard-hit sectors, these initiatives must be accompanied by strong, enforceable conditions that ensure aid is tied to enhanced employment standards including domestic job creation, job security and income maintenance. There must be strict regulations preventing firms from using public monies intended to boost liquidity and avoid bankruptcy to pad profits, pay dividends to investors and bolster executive compensation.

28. Statistics Canada. (2020, April 15) Gross Domestic Product by Industry: Nowcast, March 2020. *The Daily*. Available from: <https://www150.statcan.gc.ca/n1/daily-quotidien/200415/dq200415a-eng.htm>

29. Gopinath, G. (2020, April 14). The Great Lockdown: Worst Economic Downturn Since the Great Depression. *IMF Blog*. Available from: <https://blogs.imf.org/2020/04/14/the-great-lockdown-worst-economic-downturn-since-the-great-depression/>



“There must be strict regulations preventing firms from using public monies intended to boost liquidity and avoid bankruptcy to pad profits, pay dividends to investors and bolster executive compensation.”

RECOMMENDATION 5

STRONG, ENFORCEABLE CONDITIONS ON CORPORATE SUPPORT PACKAGES

Conditions on Corporate Rescue Packages

Targeted corporate rescue packages played an important role in Canada's recovery from the 2008–09 recession. The United States and much of Europe also relied heavily on so-called 'bailout' measures, most notably in the hard-hit finance and banking sectors. Public funds helped stop housing foreclosures and initiated housing starts (bolstering the construction industry), backstopped loans and stimulated economic activity by unfreezing business and consumer credit.

Rescue packages and support measures also targeted certain critical and hard-hit sectors, like auto, resulting in a range of policy initiatives from simple consumer purchase incentives to government equity stakes in automotive firms. These were unprecedented and necessary investments to keep firms operating, and people employed.

It is possible that industries and specific firms, most heavily and negatively affected by the pandemic will require similar measures. Governments must carefully consider this possibility as the economic fallout of COVID-19 deepens, especially if such moves can ward off potentially catastrophic bankruptcies and massive job losses. However, unlike 2008, governments must establish far stricter conditions on firms governing the use of public money to ensure it achieves its intended objectives.

Corporate Support in the COVID-19 Era

In addition to broad-based programs, such as the Canada Emergency Wage Subsidy (CEWS), industries and employers are reaching out for targeted help. In response, the federal government introduced the Large Employer Emergency Financing Facility (LEEFF). This facility offers bridge financing to Canada's largest employers who are unable to maintain operations during the pandemic through conventional financing. Helpfully, the federal government established conditions on firms accessing this money, including limits on executive pay, dividends and share buy-backs, commitments to publish annual climate-related disclosure reports, and respect for collective bargaining among others. The media, cultural and charities sectors are among the first to receive targeted sector support funding outside of the LEEFF.

It is important to note that many businesses closed their doors by order of the government—an important distinction between today's crisis and the 2008–09 recession. These companies have understandably turned to those same governments calling for support. As the length of time required for physical distancing and isolation grows longer, the calls for government rescue packages to save individual businesses and entire industries will grow louder.

Lessons Learned from Previous Corporate Support Programs

The Government of Canada and many provincial governments have used corporate support packages in the past including during the 2008–09 recession. Overall, the federal government spent between 2–2.5% of GDP on direct fiscal stimulus between 2008–10.³⁰

Those measures included tax relief, training and benefits for unemployed workers, infrastructure spending and pension relief—particularly to firms in the financial, air transportation and auto manufacturing industries.

30. Government of Canada (2009). Budget 2009: Chapter 3: Canada's Economic Action Plan. Available from: <https://www.budget.gc.ca/2009/plan/bpc3a-eng.html>

Canada's 2009-10 stimulus program arguably led to a stronger recovery compared to other G7 nations. It is, however, widely-recognized that the corporate sector recovered far more quickly than the labour market overall. While shareholders and corporate executives recovered their lost value, workers and families experienced long bouts of unemployment, stagnant wages, precarious work and an insufficient income security system. This time the process must be different. Stimulus funds must have specific reference to monies earmarked to firms for financial relief and enforceable conditions established up front.

This crisis is already very different from the 2008-09 recession. For starters, this economic contraction is a response to government-mandated shuttering of businesses, closing of borders and stay-at-home orders as much as possible to protect public health. Secondly, the contraction is likely to be larger than the 2008-09 recession. The size of the contraction will largely depend on how long the lockdown lasts and the size of government stimulus that is provided.

Support for the Auto Industry (2008-09): Governments in Canada provided more than \$13 billion, through loans, debt relief and equity purchases, after the 2008-09 recession to prevent bankruptcy at General Motors (GM) and Chrysler (now Fiat Chrysler). The creation of additional credit facilities in the broader industry helped spur consumer demand in the auto sector as well.

Time-limited commitments to domestic productive capacity (i.e. 'manufacturing footprint' commitments) by both GM and Chrysler were required in order to receive government aid. Despite those commitments, employment in the auto industry only ever partially recovered. Furthermore, in subsequent years, assembly and parts production capacity has further contracted, including in 2018 when GM abandoned auto production at the Oshawa Assembly Plant.

Clearly, it was a short-sighted decision by both the Federal and Ontario governments to sell their equity stakes in GM and Chrysler as the industry recovered. Governments could have leveraged the power they held as shareholders to entice further investment in the Canadian auto industry. Instead, they used the proceeds to balance their own budgets.

Another major difference is the extraordinary action government has taken to prevent individuals and families from financial insolvency due to job and income loss. From the CERB to the CEWS, workers are receiving much-needed financial support that is mitigating the economic damage on businesses and households. Delays in program rollouts, however, continue to cause financial hardship. It is unknown how effective these early-release programs will be in limiting the size of corporate rescue packages or other national stimulus measures.

Arguably, even with these extraordinary measures, more will be asked of government to fend off an economic collapse. Government must look back at the 2008-09 crisis and improve upon the rescue packages offered to ensure Canada's workers are benefitting. Policy-makers can also look to other developed economies for inspiration on how such rescue and recovery programs should look, including the United States. In fact, in late March, the US government negotiated a sweeping economic recovery bill known as the CARES Act, to avert the worst of an economic crisis and support people and business. That bill included specific supports for the air transportation sector as well as broader loan programs for a wider swath of the economy.

RECOMMENDATION 5

STRONG, ENFORCEABLE CONDITIONS ON CORPORATE SUPPORT PACKAGES

The bill puts strict conditions on companies receiving government support including the following requirements:

- an equity stake in any company that receives a direct investment;
- limits on executive compensation;
- prohibits share buy backs;
- demands no layoffs for one year; and
- requires a union neutrality pledge from companies.

UNIFOR'S RECOMMENDATIONS

In order to ensure future investments benefit workers, governments must focus on maintaining and creating good jobs by implementing the following conditions on any corporate support package.

Unifor recommends that government:

- **Limit rescue packages to include debt instruments or equity purchases.** Government must make reasonable efforts to ensure investments are ultimately recovered utilizing debt instruments or through equity stakes, including ownership shares (that may later be sold).
- **Establish Job protection guarantees from employers who receive a rescue package.** To protect jobs, governments must impose a moratorium on restructuring-related layoffs on condition of payments made to firms. This requirement does not prevent a company from making operational changes but does require a focus on retraining and upskilling as opposed to offshoring and contracting out.
- **Restrict wage reductions for hourly and salaried non-executive employees.** Any company propped-up by government money must ensure workers do not have their wages or total compensation packages reduced. Any restructuring, retraining or reskilling cannot result in wage reductions.
- **Impose strict limits on executive compensation and restrict dividend payments as well as share repurchases.** Strict limits on executive compensation (for example no bonuses, raises or stock options) and restrictions on dividend payments and share repurchases must be enforced to ensure companies in receipt of government funding are able to pass the proceeds on to all Canadian workers.
- **Require an environmental sustainability plan.** Companies receiving government aid must commit to an environmental sustainability plan in order to reduce emissions and environmental degradation resulting from operations.
- **Require investments in productive capacity in Canada including production and service delivery.** Any company in receipt of government aid must be required to demonstrate sustained and incremental investments in productive capacity in Canada for a pre-determined period (e.g. for the duration of government support). This action is required for both goods and services production including, for example, call centres, maintenance facilities, and manufacturing facilities.

- **Require Canadian content in capital investment enabled by government support.** Link investments in capital equipment and machinery to local economic development criteria, including domestic material content, labour content and local preferential hiring agreements (e.g. Community Benefit Agreements).
- **Require firms adopt union neutrality clauses.** Companies receiving government funding must sign a pledge to remain neutral in any union organizing effort that may surface during or after the crisis.
- **Protect pension funds.** Prohibit grant and loan recipients from using employee pension funds as a source of liquidity.
- **Time requirements.** These conditions must be in place for at least the duration of the government support or potentially a pre-determined period after the support ends.

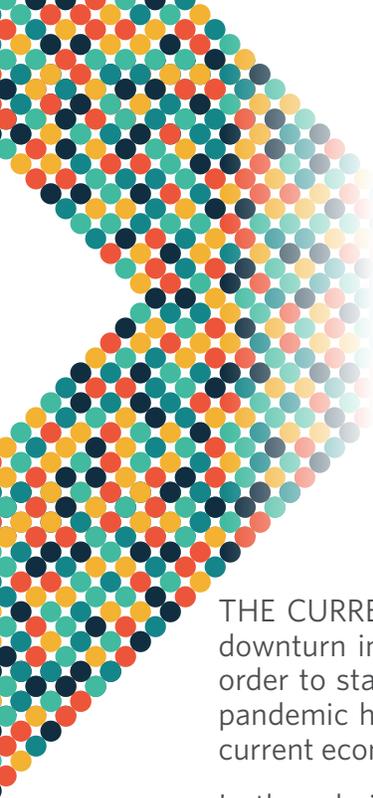
Conclusion

Prior to the current economic crisis, income and wealth inequality were already hovering at unacceptable levels, wages had stagnated (though had recently started to rise), precarious work was pervasive, the gig economy was growing ever larger, and many companies used the threat of offshoring and contracting out as tools to siphon financial return from workers into the hands of capital.

As government considers corporate and industry rescue packages, it must also turn its collective energy towards building a more just and equitable future by ensuring workers are not cut-off from the benefits of the investments being made today. Workers across the country must be counted as partners that will return numerous industries back to financial health—they deserve equal reward for their efforts.



“Workers across the country must be counted as partners that will return numerous industries back to financial health—they deserve equal reward for their efforts.”

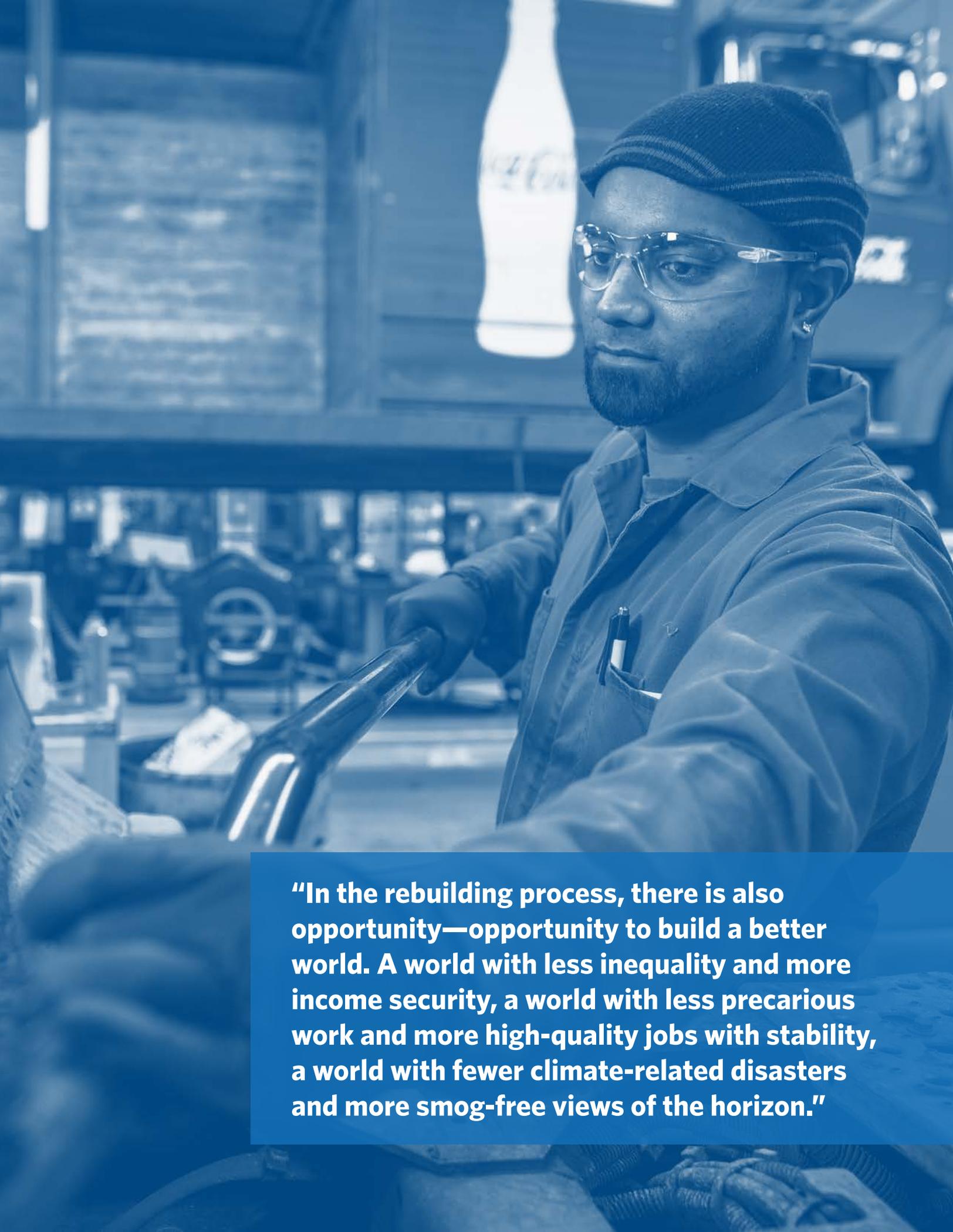


IT'S TIME TO BUILD BACK BETTER

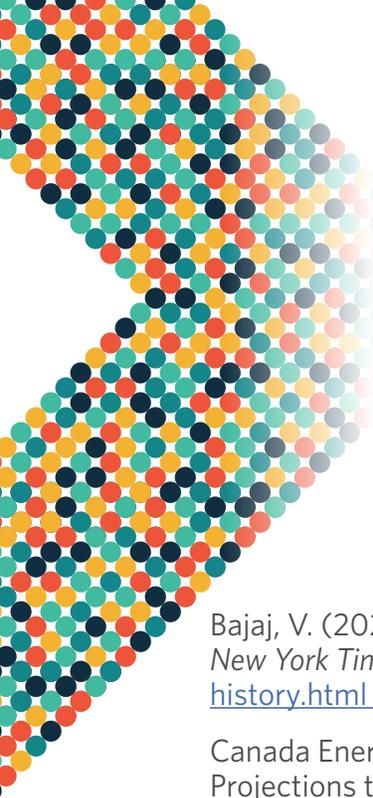
THE CURRENT ECONOMIC CRISIS WILL almost certainly prove to be the worst economic downturn in modern history. The response to this crisis must be equally unprecedented in order to stave off the worst effects a downturn can bring. The devastation of the COVID-19 pandemic had opened many eyes to the inequality and unfairness that is at the root of our current economic system.

In the rebuilding process, there is also opportunity—opportunity to build a better world. A world with less inequality and more income security, a world with less precarious work and more high-quality jobs with stability, a world with fewer climate-related disasters and more smog-free views of the horizon.

Research from past recoveries suggests strong government action and concerted effort to build programs and infrastructure can guide the economy back to health at a faster pace than would otherwise be the case—this must be the path Canada takes once again. Government must build a recovery that benefits all people.



“In the rebuilding process, there is also opportunity—opportunity to build a better world. A world with less inequality and more income security, a world with less precarious work and more high-quality jobs with stability, a world with fewer climate-related disasters and more smog-free views of the horizon.”



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