CANADA

Trade Union Monitor

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POLITICAL, ECONOMIC AND SOCIAL FRAMEWORK

POLITICAL DEVELOPMENTS

In Canada, 2021 was dominated by a slow return to normal despite the ongoing COVID-19 pandemic. Canada held a general election in September 2021, returning Justin Trudeau and the centrist Liberal party to power with a minority government. This is his third term as Prime Minister.

The Conservatives form Canada's Official Opposition, with 119 seats in the House of Commons, largely unchanged from the previous election. The lacklustre result cost the Conservative leader his job in early 2022. The party is now in a leadership race to select the second new leader in as many election cycles, with a vote among members to be held in September 2022. The leading candidate is right-wing populist MP Pierre Poilievre, an outspoken critic of vaccine and mask mandates. He opposes climate changes measures including the federal carbon tax, and has proposed dramatically cutting government spending to tackle inflation.

Canada's social democratic party, the New Democratic Party (NDP) finished the 2021 election with 25 seats, an increase of one, standing as the fourth largest party in Parliament. They have managed to use that position to significant advantage by negotiating a formal confidence-and-supply agreement to support the Liberals until 2025 in exchange for progress on key files like dental care and prescription drug coverage. Led by a young and charismatic Sikh lawyer, Jagmeet Singh, the party has been able to secure gains for working class Canadians during COVID-19 crisis (including a wage subsidy and emergency income support). Singh has enjoyed high favourability ratings in public opinion polls since his election as leader in 2017.

The separatist Bloc Québécois remains the third largest party in the House of Commons (32 seats). Despite their standing, they have had limited impact on public debate.

Finally, the Greens hold two seats in the House of Commons. They have spent the year mired in disastrous internal party struggles after publicly turfing their leader in the immediate aftermath of the 2021 election.

There were a number of legislative changes in labor law in 2021 impacting workers. For federally regulated employees and workers in Ontario, Canada's largest province, the minimum wage went up to 15 Canadian Dollars (CAD) an hour – a critical increase at a time when workers are feeling the pinch of significant increases to cost of living. New Brunswick and Nova Scotia are also set to raise their minimum wage in 2022.

At the federal level, Canada's emergency wage subsidies and pandemic layoff benefits for workers ended as of May 2022. Workers will no longer be paid by the government should they need to self-isolate due to a positive COVID-19 test, or if they have to leave work to care for a child due to sickness or pandemic-related school closures.

2022 also saw the expansion of paid sick leave, detailed later in this report.

ECONOMIC AND SOCIAL SITUATION

Despite a strong rebound in job growth and a record low in unemployment, 2022 remains a mixed bag when it comes to Canada's economic and social situation.

Inflation and the rising cost of living is a growing problem. Inflation hit 6.8 per cent in April 2022, which is roughly double the target that Canada's central bank typically wants to see, and cost of living has risen to the highest rate in 30 years. The increase in inflation is costing the average Canadian an additional CAD 2,000 a year, affecting more vulnerable members of society the most because prices of essential items like food and gasoline have risen sharply. By early 2022, more than half of Canadians reported that they could not keep up with the cost of living. The central bank has hiked interest rates to try to rein in inflation, a move that will have a serious impact on Canada's overheated housing market.

Employers face a tight labour market as employment surpasses the level it was at before the pandemic, and there are now more job openings than workers willing to fill them. From September 2021 to March 2022, Canada has added 463,000 new jobs, even as the population of working-aged people only grew by 263,000. This labour pressure has pushed up average wages by 3.4 per cent in the year up to March, about half the inflation rate.

Yet there is no question that COVID-19 has exacerbated existing social and economic inequalities in Canada. Many self-employed workers, a segment of the Canadian workforce that was growing strongly until the pandemic, fell through the cracks in government support. Women in the workforce were hit hardest by layoffs and lockdowns over the last two years, The rates of employment for low-wage women have yet to recover. A large number of older women workers have left the workforce entirely.

With respect to working conditions, the public debate has focused on the need for universal paid sick leave for workers. Canada currently lacks a universal paid sick leave policy and only 4 in 10 Canadian workers are in jobs that can plausibly be done from home. For those that cannot work from home, the ability to take a paid sick day is crucial to preventing workplace outbreaks of COVID-19.

When the pandemic began, only two Canadian provinces offered paid sick leave to workers. Now, most jurisdictions in Canada have implemented some form of COVID-19 sick leave program, and six of 13 governments afford workers the opportunity to take paid time off. The federal government has announced plans to convene the provinces and territories in early 2022 to develop a national action plan to legislate paid sick leave for all workers across the country.

Pandemic aside, the general economic structure of Canada has changed little. Canada's three major industries are the service industry, manufacturing and natural resource sectors. Technology, health and medicine are growing sectors. Foreign direct investment inflows are most significant in energy and mining, manufacturing, management of companies, finance and insurance, and trade and transportation.

Canada's largest companies can be found in the financial sector (Toronto Dominion, Power Corporation, Royal Bank of Canada) and in industry (e.g. the automotive supplier Magna). The »Ontario Teachers« investment fund and commodity companies such as Talisman, Goldcorp, Imperial Oil and Suncor Energy are also known internationally.

Oil production in Canada is mainly characterised by unconventional and very heavy bitumen. Although some of this is refined in Canada, more than three quarters of it is exported for refining and upgrading in the USA. A greater emphasis on domestic added value is lacking, mainly due to an acute transport infrastructure bottleneck, which currently only enables limited exports to the USA. Consequently, Canadian oil (Western Canadian Select) regularly trades at a steep discount compared to benchmark world prices. However, in recent months oil and other commodity prices have soared in the wake of the Russian invasion of Ukraine and the associated global energy crisis.

By far the largest trading partner in all sectors is the USA (74 per cent of all exports and 64 per cent of imports), followed by the EU (eight and ten per cent respectively) and China (five and eight per cent respectively). The new USMCA (US-Mexico-Canada) agreement, which is intended to replace NAFTA, has few significant changes in terms of content, but has brought some calm after years of tense trade relations with Canada's southern neighbour. Canada's exports have rebounded from COVID-19, with the country's goods trade surplus with the United States reaching an all-time monthly high in March 2022.

The EU is Canada's second-biggest trading partner after the United States, among EU member states, Germany was both the largest importer of goods from and the largest exporter of goods to Canada in 2021. The 2015 Trade Agreement with the EU (CETA) provides the framework for trade between the EU and Canada and was provisionally implemented in 2017. Under this agreement, in 2021, Canada was the twelfth largest partner for EU exports of goods (1.7 per cent) and the 16th largest partner for EU imports of goods (1.1 per cent).

TRADE UNION CONTEXT

The situation of Canadian trade unions is rather stable compared to many other countries. The level of organisation is about 30 per cent of employees. It is high in the public sector, at well over 70 per cent, whilst in the private sector it is on average less than 20 per cent. The degree of organisation varies greatly in the sectors of the private sector.

With respect to the labour law, unions continue to face considerable political headwinds in some provinces like Ontario, Manitoba and Alberta. Divisions in the movement mean that a handful of trade unions in Ontario chose to support the incumbent conservative government during the 2022 election.

At the federal level, as well as in the Atlantic provinces and British Columbia, more union-friendly governments are in office. In the 2022 federal budget, policy wins included the creation of a labour mobility tax deduction to support tradespeople, allowing unions to independently file trade remedy complaints, as well as amending the Competition Act to outlaw wage collusion by employers.

The province with the highest level of union organisation, Québec, elected a conservative government in 2018 that slowly charted a clear anti-union course. The three largest labour unions in Quebec announced that they will be joining to form a common front during the negotiation of collective agreements in the public sector that will begin in 2023. Their priorities include raising wages in line with inflation to address shortages, and improving working conditions that have deteriorated since the beginning of the pandemic.

The Supreme Court, in its interpretation of the Canadian Charter of Rights and Freedoms, has consistently supported the fundamental right to free and fair collective bargaining and, most recently, even a general right to strike. Government employees who were initially excluded from entering into collective agreements (e. g. the Royal Canadian Mounted Police in spring 2019) have also been granted the right to fair and free collective bargaining.

TRADE UNIONS IN CANADA – FACTS AND DATES

HISTORICAL OVERVIEW

The Canadian Labour Congress (CLC) is Canada's federation of trade unions, founded in 1956. It is currently led by Bea Bruske, who was newly elected to the role in 2021. She is the first female leader of the CLC.

Canada's union landscape has historically been divided into two parts. The unions in English-speaking Canada are very similar to the USA and the »international« ones (read USA and Canada) that exist there, while in Québec there is additional trade union diversity through the former Catholic trade union confederations: the Confederation of National Unions (Confédération des Syndicats Nationaux, CSN), founded in 1921 and the Union Centre of Quebec (Central des Syndicats du Québec, CSQ) founded in 1946. The Federation of Workers of Québec (Fédération des Travailleurs et Travailleuses du Québec, FTQ) was founded in 1957 as a non-religious union.

It should be noted that national umbrella organisations in the English-speaking area of Canada did not really exist before 1956. Instead, so-called »international« (i.e. US-American) unions had rather loosely coordinated at the provincial level and then (analogous to the unions of the AFL and the CIO in the USA) did a merger at the Canadian level only later.

In theory, more than in practice, there is a trade union freedom, which certainly leads to a lively competition among the individual unions and confederations. In the private sector, however, this is curbed by a peace agreement among CLC unions, and only leads to sometimes absurd material battles among competing unions in companies that are not already organised, as well as in the public sector.

TRADE UNION LANDSCAPE

Organisationally there is one large umbrella organisation the CLC, which itself is asymmetrically divided into a pan-Canadian and a Québec offshoot, with 54 individual unions and networks, and multiple sector-based federations in Quebec. There are also some very large independent individual trade unions, both in Québec and English-speaking Canada, especially since UNIFOR split from the CLC in 2018.

Even if »international« unions have lost enormous influence in Canada over time, several of them are still in the lead in various sectors. In the automotive industry, the United Autoworkers (UAW) in the USA and the Canadian Autoworkers (CAW) separated as early as the 1980s. The CAW is currently the only independent large union, now within UNIFOR.

As the table of individual unions shows, the public service unions within the CLC are comparatively strong. Missing here are teachers and educators, which are each affiliated with a provincial trade union within the CLC. In addition, union members in the public sector are also the largest subgroups in the CSN and CSQ.

The construction sector is very well organised with almost half a million union members and in Québec also covered by a collective agreement. These are also mainly assigned to the CLC or the CSN, but the sector is organisationally very fragmented. The largest section in construction is the FTQ Construction in Quebec City with 77,000 members, followed by the International Union of Electricians (IBEW) with 57,000 members, the largest single union.

Table 1
The most significant trade unions confederations in Canada

Trade Union Confederation	Chair and Vice Chair	Members	International memberships
Canadian Labour Congress, CLC	Chair: Bea Bruske Sec.-Treasurer: Lily Chang	3.3 million	ITUC
Fédération des travailleurs et travailleuses du Québec FTQ (Federation of Workers of Québec)	Chair: Daniel Boyer Sec. General: Denis Bolduc	600,000	ITUC (via CLC)
Confédération des syndicats nationaux, CSN (Confederation of National Unions)	Chair: Caroline Senneville Sec. General: Nathalie Arguin	320,000	ITUC
Central des syndicats du Québec, CSQ (Union Centre of Quebec)	Chair: Éric Gingras Sec. General: Luc Beauregard	200,000	–

Table 2
Main sector federations and individual trade unions in Canada

Trade union associa-tion / trade union	Confederation	Chair and Vice Chair	Members	International memberships
Canadian Union of Public Employees, CUPE	CLC	Chair: Mark Hancock Sec.-Treasurer: Candace Rennick	700,000	PSI
National Union of Public and General Employees, NUPGE	CLC	Chair: Larry Brown Sec.-Treasurer: Bert Blundon	390,000	PSI
UNIFOR	independent	Chair: Vacant Sec.-Treasurer: Lana Payne	310,000	IndustriAll, ITF
United Food and Commercial Workers, UFCW	CLC, AFL-CIO	Chair: Paul Meinema Vice President: Antonio Filato	250,000	UNI
Canadian Federation of Nurses Unions	CLC	Chair: Linda Silas Sec.-Treasurer: Pauline Worsfold	200,000	ICN
United Steelworkers, USW	CLC, AFL-CIO	Chair: Marty Warren	190,000	IndustriAll
Public Service Alliance of Canada, PSAC	CLC	Chair: Chris Aylward Exec. Vice President: Sharon DeSousa	180,000	PSI
Service Employees International Union, SEIU	CLC, Change to Win	Chair: Sharleen Stewart Sec.-Treasurer: Tyler Downey	130,000	UNI
International Brotherhood of Teamsters, IBT	CLC, Change to Win	Chair: François Laporte Int. Vice President: Craig McInnes, Stan Hennessy	125,000	–

As already indicated, UNIFOR left the Canadian trade union confederation CLC in 2018. It should be noted that UNIFOR represents around a third of the unionised workers in Canada's private sector, so this was a bitter loss. Also notable is that UNIFOR is the only purely Canadian union among the large unions in the private sector (like the Canadian Auto Workers, CAW, and Canadian Energy and Paper Workers, CEP, which merged to form UNIFOR in 2013). The other unions in the private sector are international (i.e. Canada + USA). Usually this is not a problem, even more of an advantage, since the largest companies in Canada are US-based anyway.

WORKING CONDITIONS OF TRADE UNIONS

With a population of 38 million, Canada has a labour force participation of 65 per cent as of February 2022. Over the long term, Canada is a growing labour market where labour unions have a critical role to play in helping workers maintain economic and political power.

Because of Canadian legislation, the level of organisation and coverage of the collective agreements is almost identical: the »Rand Formula« (court ruling by Judge Ivan Rand from 1946) dictates that all workers who benefit from a collective agreement in Canada also must pay a membership fee to the respective union (and that this must be collected directly from the employer and then transferred to the union). Moreover, by law there can be only one trade union representation in an organised workplace (similar the Wagner Act in the US). This creates quasi compulsory memberships (»closed shops«) as soon as a collective agreement has been concluded in a company or sector. The relevant legislation was passed in the USA in 1944, nine years after the Wagner Act.

There is a labour law at the federal level, which includes the public administration of the federal government, as well as the employees in several core sectors of the economy (e.g. rail and air traffic, banks, telecommunications and postal services). However, only around 10 per cent of Canadian workers work in federally regulated sectors. All others are covered by labour law in their respective provinces, whereby the province of the place of work and not the place of residence of the employee (or even the origin of the employer) determines the law applied.

Historically, the level of organisation also fell in Canada since the 1980s (from just under 40 per cent in 1984 to 33 per cent in 2000), but since the turn of the century it remains remarkably stable (decrease from 33.2 per cent in 2000 to 30.9 per cent in 2021). With just under 5 million Canadians unionised or covered by collective agreements, more Canadians than ever in the history of the country are benefiting from a union. These broad trends, however, obscure the fact that many thousands of unionised jobs have been lost in the private sector, and particularly in industry. In the private sector union density is at 15.3 per cent (down from 16.4 per cent in 2017), while in the public sector, it is now at more than 77.2 per cent. Women are more unionised (33.2 per cent) than men (28.6 per cent). There is also a regional gap here. The second largest, and the majority Francophone province of Quebec (about 8.4 million inhabitants) is 39.9 per cent unionised, the highest rate in the country. The largest Canadian province of Ontario (14.4 million), is 26.8 per cent, below the Canadian average. In last place is the richest and fourth largest province, Alberta (4.4 million), with 25.6 per cent. Canadian unions continue to struggle in sectors including the financial sector (union density of 10.2 per cent), hotel and catering industry (5.1 per cent) and agriculture (3.8 per cent).

The relative success of the Canadian trade unions lies both in a gradual adjustment and progressive interpretation by labour courts and the Supreme Court on the one hand, and in the consistent and creative use of existing resources, both material and political, in order to develop new companies and sectors to tap into. The overwhelming success of the Canadian public sector unions stands in huge contrast to the anti-union neighbours to the south.

In general, labour legislation is based on the USA, but has developed further in several respects since the 1980s. In several ground-breaking decisions, the Supreme Court of Canada (SCC) has interpreted the freedom of association set out in Part 2 of the Canadian Charter of Rights and Freedoms in a consistently union-friendly manner. Due to the judgment of 2007 Health Services v. British Columbia legislative intervention of the government in collective bargaining in the public sector were generally contained. Restrictions on the right to strike for civil servants introduced in 2015 were turned back by the judgment of the Saskatchewan Federation of Labour v. Saskatchewan case. The most recent success in 2019 was the decision of Mounted Police Association of Ontario v. Canada by verdict that allow the iconic, red-clad Canadian police officers, the Mounties, to unionise. The result is now almost unbridled vigor of the unions in the public sector, which is also reflected there in the high (and still increasing) degree of organisation.

Canada is seeing progressive changes in legislation governing unionisation. The provinces of Québec, New Brunswick, Newfoundland and Prince Edward Island, as well as the federal government, have long-standing rules for a so-called »card check« – meaning that the workforce does not have to hold a vote on union membership if more than 50 per cent of the workforce signs up to become a member of the union. Certification is then automatic. Alberta also had this regulation for a short time under a social democratic government (2015-2019), with a clearly positive influence on the formation of new unions.

Most company pensions in the private sector have now been transformed into »defined contribution plans« (similar to a Riester pension) and only a few employees receive a traditional company pension (»defined benefit plans«). In addition, the latter are not protected by law. For example, when the department store chain Sears fell into bankruptcy in 2018, the employees there were not only unemployed, but also faced with an empty company pension fund. The courts put them last in line behind all other creditors.

Regarding holidays and sick days (»paid leave«), most employees in Canada get at least two to three weeks of vacation, and in some provinces, some paid sick days. Nevertheless, it is precisely these issues of balancing work and family time that are increasingly the object of collective bargaining. In general, four weeks of annual leave or more are only available in unionised companies.

Internationally, Canada appears as a union-friendly country, and has tried to assert this during the recent NAFTA renegotiation. The president of UNIFOR was even invited to be an advisor to the Canadian negotiating team. Canada has now ratified all eight core labour standards of the ILO (the USA has ratified only two). The ILO Convention 98, »Right to Organise and Collective Bargaining« and 138 »Minimum Age« were only added by Canada within the last decade.

TRADE UNIONS AND THEIR CORE TASKS

The success of trade unions in collective bargaining can only be measured indirectly. Even if most collective bargaining agreements are only marginally above the rate of inflation, unionised workers in Canada earn on average significantly more than non-union workers: the wage advantage averages 23 per cent. This benefit is statistically even greater for women and immigrants in Canada.

Since, in contrast to the USA, all employees benefit from public health care and also from a public pension system, other social benefits such as company pensions, supplementary health insurance and disability insurance are usually the only monetary items to be negotiated, but are viewed as less important in negotiations in comparison with wages.

Through skillful negotiation strategies and political pressure Canadian unions have succeeded in a certain centralisation in semi-public (e. g. care services in Ontario and crèches (nurseries) in Quebec) and even in private sector agreements (e. g. supermarkets and automotive industries in Ontario and construction in Québec). There are now some area collective agreements that apply to entire sectors, regions or at least to all companies of the same employer. In addition, in Quebec there is an innovative law on »collective agreement decrees« (Loi sur les décrets de convention collective), a regime unique in North America which makes it possible to extend the application of certain clauses of a collective agreement to non-unionised workers in certain sectors. This mechanism allows thousands of people to have access to social benefits (e. g. group insurance plan) that would never be available to them otherwise. However, these decrees do not normally come into existence without a certain amount of union organisation and the resulting political pressure.

Although dismissal without cause is generally not permitted in Canada, many collective agreements stipulate that job cuts may be made only on the principle of reverse seniority. Accordingly, 49 per cent of unionised employees have a job tenure of 10 years or more (otherwise only 35 per cent).

In addition, trade unions also set standards for industries and workers that are not covered by collective agreements. One example is unionised hotels, which dictate working conditions in hotels in major Canadian cities well beyond their workforce. The automotive industry in Ontario is a similar case. Of course, this can lead to the paradoxical situation that unorganised workforces no longer see the reason for being a union member, and accordingly become »unorganisable«. Attempts to organise the Toyota factory in Woodstock, Ontario, have failed miserably on several occasions.

Companies in Canada do not have works councils as in the German model. In Canada, as in many other countries, trade unions therefore have both the function of a collective bargaining party and the function of German works councils. The unions themselves thus exercise an important control function. It is their job to ensure that the employees' interests are represented in-house in day-to-day business, for example with regard to occupational safety, training and promotions, production processes and many other elements of everyday work.

In addition, the social dialogue between trade unions, employers and government is severely limited or only exists in individual provinces (especially Québec). The idea of social partnership is largely unknown or is rejected. This does not mean that trade unions have no influence on the shaping of social legislation; the most significant recent example is the adoption of equal pay in state child care in Quebec in the 2000s, and the expansion of the public pension system CPP at the federal level in 2015. Trade unions have been an important factor in pushing through these reforms.

TRADE UNIONS AND THEIR (POLITICAL) WEIGHT

In the political field, Canadian unions have historically worked closely with the social democratic New Democratic Party (NDP), which the CLC co-founded in the 1961. In recent years, however, this orientation has been called into question within the confederation of trade unions, both by public service unions and by the now split-off UNIFOR. Nevertheless, there have been many NDP MPs from various Canadian unions over the decades, and the NDP is still elected in constituencies of the traditional union strongholds, especially in Ontario.

In contrast, the trade union confederations in Québec in the 1990s and 2000s mainly pursued a policy aimed at provincial independence, and paid little attention to federal politics. Instead, the trade union confederations in Québec sought social partnership with the provincial governments and, at the local level, also with the employers. In addition, the two umbrella organisations FTQ and CSN own the world's largest independent and purely union investment funds (Fonds de Solidarité and Fondactions CSN), which enable employees to make socially committed savings for their retirement, and which are also supported with special tax write-offs in Québec.

At the federal level, the political division of the Canadian unions, which continues to intensify, needs to be explained: Sine the federal elections in 2004 at the latest, the CAW (the predecessor union of UNIFOR) has pursued a strategy of »strategic voting«, according to which its members vote against conservative candidates. In practice, this usually means blanket support for the Liberals (the current Prime Minister Trudeau), and only leads to a few recommendations to vote the local NDP or Bloc Quebecois candidate in select constituencies. Because of this attitude, and despite several active CAW members in the NDP parliamentary group, the then CAW chairman Buzz Hargrove was expelled from the NDP in 2006. CAW subsequently withdrew from all instances of the party.

The three other large member unions of the CLC are still represented within the NDP and have always campaigned for social democrats, although this was recently blocked by UNIFOR at the CLC level. The departure of UNIFOR from the CLC has had political consequences, leaving individual unions to their respective electoral strategies and sidelining the CLC. In the recent 2021 election CLC President Bea Bruske personally campaigned for the NDP and argued against strategic voting, although the CLC itself did not endorse a specific party.

Rank-and-file members continue to make thousands of »door-to-door« (canvassing) visits and support »get out the vote« campaigns to actually get union-affiliated voters to the polls on election day. Union employees are an important reservoir of experienced campaign managers, especially for the New Democratic Party.

The overall result of the 2021 elections is positive for Canadian unions, as a Liberal government with NDP support will focus on many of the demands to improve the social safety net that are core to improving life for workers. In particular, the expansion of Canada's state coverage of prescription drugs and dental benefits are likely outcomes of this agreement. These achievements rest on decades of work by Canadian unions, including through the labour-linked Canadian Health Coalition (CHC), which runs campaigns to expand the state health system.

Further, in the wake of large-scale pandemic investments from the federal government to revive Canadian industry, Canadian unions are looking to the future and the role of workers in a carbon-neutral economy. Union organisations such as »Blue Green Canada« are already playing a central role in driving these policy discussions, demanding a just transition for workers impacted by structural changes to a low-carbon economy. This will be a topic of increasing concern for Canadian unions, workers and policymakers at all levels.

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