POLITICAL, ECONOMIC AND SOCIAL FRAMEWORK

POLITICAL DEVELOPMENTS

Canada held an uneventful 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, marking eight years in power. By 2023 his popularity had decreased significantly from the highs of his early days.

The Conservatives form Canada’s Official Opposition, with 119 seats in the House of Commons. In the summer of 2022, the party elected right-wing populist Pierre Poilievre as leader. He opposes climate change measures, including the federal carbon tax, and has proposed dramatically cutting government spending to tackle inflation. The Conservatives have been steadily gaining in the polls, as voters grow tired of the governing Liberals.

Canada’s social democratic party, the New Democratic Party (NDP) finished the 2021 election with 25 seats, an increase of one, and is currently the fourth largest party in Parliament. They have managed to use that position to their advantage by negotiating a formal confidence and supply agreement to support the Liberals until 2025 in exchange for progress on key files like subsidized dental care and a ban on replacement workers (“scabs”).

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, and are politically marginal.

On the labour law front, 2023 saw the largest strike in Canadian history and a number of changes to legislation impacting workers. In April 2023, over 110,000 federal public servants walked off the job in a dispute over wage increases and work from home. The strike lasted 12 days and resulted in an agreement to increase wages in line with inflation, and allows workers to have their requests for remote work assessed individually.

Legislative developments impacting workers include measures to make it easier to join a union and steps towards banning replacement workers in labour disputes. In June 2022, British Columbia (a large province with a social democratic government) amended its Labour Relations Code to allow the automatic certification of workplaces where 55 per cent or more of employees sign union membership cards. The governing agreement between the Liberals and social democratic NDP requires the government to table “anti-scab” legislation to ban replacement workers. Such legislation will not only protect workers, but will also limit the chance of work stoppages becoming long, embittered, and costly for all sides.

With respect to vaccine mandates in the workplace, a significant number of cases on vaccination policies across Canada were tested in court in 2022, and judicial decisions generally supported the imposition of such required vaccination policies.

ECONOMIC AND SOCIAL SITUATION

Inflation and the rising cost of living is a significant problem in Canada. Inflation hit 8.1 per cent in June 2022, a thirty-year high, and while it has dropped a good deal since last year – roughly by half, to just over 4 per cent in the middle of 2023 – Canada’s household economic outlook remains troubled.

Canada’s central bank maintains a 2 per cent target for inflation, and it is determined to hike interest rates until that is achieved. This means two things are happening simultaneously: one, the cost of living is rising and price increases are hitting especially hard in consumer basics like food and rent; and two, because Canadians are heavily indebted as a nation (highest in the G7 for personal debt) and coming off a red-hot housing market, the central bank’s interest rate hikes are pinching people servicing debt and paying variable rate mortgages.
For this reason, inflation remains a big concern and a major driver of the cost of living crisis in Canada. Two thirds of Canadians have cut back spending in 2023, and a third of Canadians say that they are in a bad or terrible financial situation.

Canada also faces a serious housing crisis, with extremely limited housing supply and sky-high prices. Young people are struggling to find affordable places to live in major cities, where rents rose quickly during the pandemic. Homeowners are not faring any better: the International Monetary Fund has recently warned that Canada has the highest risk of mortgage default in the OECD.

The Canadian labour market has been on solid footing through the beginning of 2023, with the working-age employment rate rising to a record high in January, boosted in part by relatively low layoff rates. Wage growth has lagged behind inflation over the last year, and job growth has been mostly in part-time work. The key economic question hanging over the Canadian labour market today is whether the Bank of Canada can cool inflation significantly without bringing on a recession. If rate hikes are too aggressive, the potential for rising layoffs is a threat – and the impact of job losses on heavily indebted Canadians will be serious.

With respect to working conditions, remote and hybrid work continue to be a challenge in Canada as more workers demand flexibility in workplace location. As of early 2022, almost half of all Canadians were working from home at least some days every week, and almost 8 in 10 prefer it to working in the office. Younger workers, women and those with young children at home are among those who most want the possibility to work from home.

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 the 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, however, mainly due to an acute transport infrastructure bottleneck, which currently enables limited exports only to the USA. Consequently, Canadian oil (Western Canadian Select) regularly trades at a steep discount compared to benchmark world prices. However, by mid-2023 higher oil prices are finally lifting the outlook for Canada’s oilsands, and this year Canada is expected to continue to post new record production and export levels. Canada’s largest fossil fuel industry group has forecast that investment in oil and gas production in Canada will jump by 11 per cent to hit 40 billion US dollars in 2023.

By far the largest trading partner in all sectors is the USA (Canada-US trade in goods and services was over 1.2 trillion US dollars and represented about two thirds of Canada’s total global trade in 2022), followed by the EU (Canada-EU combined goods and services trade was valued at 146.4 billion US dollars in 2022) and China (100 billion US dollars in goods and services trade in 2022). The USMCA (US-Mexico-Canada) agreement, which replaces 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 under former President Trump.

The EU is Canada’s second biggest trading partner after the United States, and among EU member states, Germany is Canada’s largest export market in the EU, and its fifth largest trading partner globally, with two-way merchandise trade totalling 30 billion US dollars in 2022. The 2015 Trade Agreement with the EU (CETA) provides the framework for trade between the EU and Canada and was provisionally implemented in 2017. In the five years since the provisional application of CETA in 2017, two-way trade has increased by over 30 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. The level of union organisation in the public sector is high, at well over 70 per cent, while the private sector unionisation rate is on average less than 20 per cent. The degree of organisation in the various sectors of the private sector also varies greatly.

With respect to the labour law, unions continue to face considerable political headwinds in some provinces, e.g. Ontario, Manitoba and Alberta. In Ontario, the governing Conservatives over-reached with anti-labour legislation that violated the right to strike for public sector education workers in late 2022. They were forced to repeal the legislation after a public outcry and united opposition from public and private sector unions in the province.

At the federal level, as well as in the Atlantic provinces and British Columbia, more union-friendly governments are in office. That has not prevented major labour disputes, however. The spring 2023 strike by over 110,000 federal public sector workers was the largest in Canada’s history, and a summer strike by 7,000 port workers in British Columbia impacted billions in goods that move through critical west-coast ports. The CLC has called for legislation to make it easier to join a union and to ban replacement workers during labour actions (“scabs”), and for an overhaul of Canada’s outdated employment insurance system.
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 public sector labour unions in Québec have formed a common front representing 420,000 workers during the negotiation of collective agreements in the public sector that began in 2023. Their priorities include raising wages in line with inflation to address worker shortages, and improving working conditions. Little progress has been made at the bargaining table to date, and the unions have requested mediation, which is a prerequisite to potential strike action in the fall of 2023.

The Canadian 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. For example, government employees who were initially excluded from entering into collective agreements (e.g. the Royal Canadian Mounted Police in spring 2019) have been granted the right to fair and free collective bargaining.

**TRADE UNIONS IN CANADA – FACTS AND FIGURES**

**HISTORICAL OVERVIEW**

The Canadian Labour Congress (CLC) is Canada’s federation of trade unions. It is currently led by Bea Bruske, who was newly elected in the role in 2021. She is the first female leader of the CLC and comes from a long background of involvement in Canada’s social democratic movement.

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 Trade Unions (Confédération des syndicats nationaux, CSN), founded in 1921, and the Québec Central of Trade Unions (Central des syndicats du Québec, CSQ), founded in 1946. The Federation of Québec Workers (Fédération des travailleurs et travailleuses du Québec, FTQ), founded in 1957 as a non-religious association.

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. American) unions had rather loosely coordinated at the provincial level and then (analogous to the union of the AFL and CIO in the USA) did a merger at the Canadian level later.

More in theory than in practice, there is 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.

**UNION LANDSCAPE**

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

Even if those “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.

**Table 1**

<table>
<thead>
<tr>
<th>Trade Union Confederation</th>
<th>Chair and Vice Chair</th>
<th>Members</th>
<th>International memberships</th>
</tr>
</thead>
</table>
| Canadian Labour Congress, CLC | Chair: Bea Bruske  
Vice Chair: Lily Chang | 3.3 million | ITUC |
| Fédération des travailleurs et travailleuses du Québec, FTQ | Chair: Magali Picard  
Vice Chair: Denis Bolduc | 600 000 | ITUC (via CLC) |
| Confédération des syndicats nationaux, CSN | Chair: Caroline Senneville  
Vice Chair: Nathalie Arguin | 320 000 | ITUC |
| Central des syndicats du Québec, CSQ | Chair: Éric Gingras  
Vice Chair: Luc Beauregard | 200 000 | – |
The construction sector is very well organised with almost half a million union members (and in Québec it is also covered by a collective agreement). These are also mainly signed to the CLC or the CSN, but the sector is organisationally very fragmented. The largest section in construction is the FTQ Construction in Québec City with 77,000 members, followed by the International Union of Electricians (IBEW) with 57,000 members, the largest single union.

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, but rather 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 66 per cent as of May 2023. 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 representative in an organised workplace (similar to 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 is decreasing in Canada since the 1980s (from just under 40 per cent in 1984 to 33 per cent in 2000), but remains remarkably stable since the turn of the century (decrease from 33.2 per cent in 2000 to

---

Table 2
Main sector federations and individual trade unions in Canada

<table>
<thead>
<tr>
<th>Trade union association / trade union</th>
<th>Confederation</th>
<th>Chair and Vice Chair</th>
<th>Members</th>
<th>International memberships</th>
</tr>
</thead>
</table>
| Canadian Union of Public Employees, CUPE | CLC | Chair: Mark Hancock  
Vice Chair: Candace Rennick | 700 000 | PSI |
| National Union of Public and General Employees, NUPGE | CLC | Chair: Bert Blundon  
Vice Chair: Jason MacLean | 390 000 | PSI |
| UNIFOR | independent | Chair: Lana Payne  
Vice Chair: Len Poirier | 310 000 | industriAll, ITF |
| United Food and Commercial Workers, UFCW | CLC, AFL-CIO | Chair: Paul Meinema  
Vice Chair: Antonio Filato | 250 000 | UNI |
| Canadian Federation of Nurses Unions | CLC | Chair: Linda Silas  
Vice Chair:  
Angela Preocanin | 200 000 | International Council of Nurses (ICN) |
| United Steelworkers, USW | CLC, AFL-CIO | Chair: Marty Warren | 190 000 | IMF |
| Public Service Alliance of Canada, PSAC | CLC | Chair: Chris Aylward  
Vice Chair: Sharon DeSousa | 180 000 | PSI |
| Service Employees International Union, SEIU | CLC, Change to Win | Chair: Sharleen Stewart  
Vice Chair: Tyler Downey | 130 000 | UNI |
| International Brotherhood of Teamsters, IBT | CLC, Change to Win | Chair: François Laporte | 125 000 | ITF |
30.9 per cent in 2021). With just under 5 million (or 3 in 10) 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, of course, obscure the fact that many thousands of unionised jobs have been lost in the private sector, and particularly in the 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 now more unionized (33.2 per cent) than men (28.6 per cent). There is also a regional gap here. The second largest, and largely francophone province of Québec (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 at 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 vs. British Columbia, legislative intervention of the government in collective bargaining in the public sector is 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 vs. Saskatchewan. The result is now almost unbridled vigour of the unions in the public sector, which is also reflected there in the high (and still increasing) degree of organisation. The most recent success was the 2019 decision of Mounted Police Association of Ontario vs. Canada that now allows the iconic, red-clad Canadian police officers, the Mounties, to unionise.

In addition, Canadian unions have undertaken skilful negotiation strategies or political pressure in a certain centralisation in the semi-public (e.g. care services in Ontario and crèches in Québec) and even in the private sector (e.g. supermarkets and automotive industries in Ontario and construction in Québec) agreements. 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 Québec, there are the innovative “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.

In addition, 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 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.

Internationally, Canada appears as a union-friendly country, and 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). Number 98 – “Right to Organize and Collective Bargaining” (1949) and number 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.

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 is 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 this issue of balancing work and family time that is increasingly the object of collective bargaining. In general, four weeks of annual leave or more are only available in unionised companies.

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 independent 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 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 the 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 Québec in the 2000s, and the expansion of the public pension system CPP at the federal level in 2015. More recently, unions have been part of discussions to tie government subsidies to clean technology and electric vehicles to good wages and employment standards.

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 co-founded the CLC in 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 Fondations 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: Since 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 for the local NDP or Bloc Québécois 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 is key to improving life for workers, as well as advancing progress on labour-friendly legislation. In particular, the expansion of Canada’s state coverage of prescription drugs and dental benefits are 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.

In addition, following the federal government’s large-scale pandemic investment to revitalise Canadian industry, Canadian unions are positive about 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.

Jordan Leichnitz, Program Officer for Transatlantic Relations and Canada Liaison of the Washington office of the Friedrich-Ebert-Stiftung for USA and Canada, based in Ottawa.