



# Bargaining forward builds a stronger economy



Bargaining for decent wage increases doesn't just give workers, families and communities a boost. It also drives a strong economy. Household spending, which relies on healthy wages, has been a main driver of economic growth since the 2008 recession. But that's changing.

Stagnant wages are affecting the economy. In January, the Bank of Canada pressed 'pause' on an interest rate hike, thanks to weaker-than-expected consumer spending and housing investment.

When the Bank increases interest rates, the cost of borrowing for consumer spending and housing grows. Since Canadians owe nearly \$1.78 for every dollar of disposable income, the situation is becoming unsustainable without increases in wages.

There are several ways to track wage growth. The Bank of Canada uses four Statistics Canada measures to generate an estimate of average hourly wage growth, called the 'wage common.' Three per cent growth of the wage common is considered healthy. Since 2011, average wage growth has hovered between two and three per cent and only reached three per cent once, in the last quarter of 2017.

These averages don't tell the whole story. Faster wage growth for higher-paid workers has boosted the average, while most workers have had even lower wage growth. Looking at unionized workers in Canada, the national average for negotiated wage settlements in 2018 was 1.3 per cent. That's down from an average of 1.7 per cent in 2017. The three oil-producing provinces posted the weakest growth in wage settlements, with Alberta and Newfoundland and Labrador averaging 0.1 per cent increases. British Columbia is the only province where wage adjustments topped two per cent in 2018.

When we look at how much prices increased in 2018, and are expected to increase in 2019, the picture gets even worse for unionized workers (see page 3). Only in Quebec did wage adjustments keep pace with overall price increases.

So it's no surprise households are spending more cautiously. The puzzle is why wages are so weak in the first place. Given the strength of employment and Gross Domestic Product growth, wages should be rising faster.

Comparing the average hourly wage growth for all full-time workers in 2008 and 2018 shows just how much wage growth is lagging other

indicators. In 2008, the average hourly wage for full-time workers grew by 4.3 per cent. In 2018, with a lower unemployment rate, hourly wages for full-time workers grew by just 2.4 per cent, with most of that driven by increases for top earners. Low-wage workers have seen some improvement, thanks to increases to the minimum wage in several provinces, but workers in the middle have had much slower wage growth.

There are many factors behind stubbornly weak wage growth. These include employer demands for concessions and two-tier contracts at the bargaining table, the growth of precarious work, weaker labour legislation and worker protections, contracting out, as well as provincial austerity budgets mandating wage rollbacks or freezes.

CUPE's bargaining policy, *Moving Forward*, outlines our union's plan to resist concessions and two-tier proposals, including supporting locals bargaining for real wage increases. At the National Bargaining Conference, local leaders will develop their skills and share strategies to keep us moving forward. That's good news for CUPE members, many of whom are long overdue for a raise, and it's good news for the economy.

To see how much (or little) your wages have grown, check out CUPE's real wage calculator at [cupe.ca/real-wage-calculator](http://cupe.ca/real-wage-calculator).

# ECONOMIC BRIEFS

## US research shows growing racial wealth gap

New research from the Institute for Policy Studies shows the growing wealth gap in the US has a significant racial component. The report, *Dreams Deferred*, uses US central bank data to show how wealth shares have changed since 1983. The wealth of the median Black family has been cut in half over the past 30 years, while the wealth of the median white family has grown by one-third.

The report highlights the class and race biases in US public policy. Solutions to growing inequality will have to understand both dimensions.

The institute's recommendations include financial support for new parents, a tax on the top 0.1 per cent, and an audit of federal policies to understand their impact on growing racial wealth inequality.

Canada does not have the data to track wealth inequality for Black, racialized, or Indigenous households. CUPE and other unions have been at the forefront of calling for the federal government to collect this data, so we can understand and address this issue.

## Global inequality widens dramatically

The planet's billionaires got even richer last year, widening the wealth gap with the poorest 3.8 billion people



## PUBLIC GOOD OR PRIVATE WEALTH?

who make up half the world's population. Oxfam released its annual report on growing inequality, *Public Good or Private Wealth*, as the global elite gathered for the World Economic Forum in Davos, Switzerland.

Globally, billionaires' wealth grew by 12 per cent last year. That's \$3.3 billion every day. The wealth of Canadian billionaires grew by nearly \$20 billion from March 2017 to March 2018. That could provide affordable universal child care to all Canadian families, says Oxfam.

The report shows how the widening wealth gap hits women and girls hardest. Tax cuts, that overwhelmingly benefit wealthy men, leave public services that lift women and girls out of poverty underfunded and vulnerable to cuts. Oxfam's report pegs the combined yearly value of women's unpaid care work

around the world at \$13.2 trillion – 43 times the annual sales of Apple.

## Racial and gender inequality persist for Ontario workers

Racialized workers are overrepresented in precarious jobs (low-wage, part-time, and/or temporary), have higher unemployment rates, and experience significant wage gaps, according to a new Canadian Centre for Policy Alternatives – Ontario report. *Persistent Inequality: Ontario's Colour-coded Labour Market*, compares 2006 and 2016 census data to expose labour market inequality in Ontario.

The report finds racialized women have the highest unemployment rates of all groups and earn 58 cents for every dollar a white male earns. Poverty is also much more common for racialized households – 21 per cent of racialized households had after-tax income below Statistics Canada's low-income measure, compared to 11.5 per cent of white households.

The report highlights varying patterns among different racialized groups, showing the importance of understanding the many ways that discrimination impacts diverse groups. CCPA's recommendations include reforms that support all low wage workers, such as pay equity provisions that mandate equal pay and benefits for part-time, full-time, and temporary workers.

CUPE publishes *Economy at Work* four times a year to provide members and staff with news and analysis on economic issues, and to support our members at the bargaining table.

Find *Economy at Work* online at [cupe.ca/economyatwork](http://cupe.ca/economyatwork) with links to relevant materials. Subscribe to the email edition at [cupe.ca/subscribe](http://cupe.ca/subscribe).

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# ECONOMIC DIRECTIONS

<b>Economic growth</b>	Canada's economic growth was stronger than expected in 2018, but the Bank of Canada (BoC) anticipates slower growth this year. In January, the Bank cut its 2019 forecast for Gross Domestic Product growth from 2.1 per cent to 1.7 per cent, citing low commodity prices and global trade conflicts.
<b>Jobs</b>	The unemployment rate hit a 40-year low in 2018, staying between 5.8 and 6.0 per cent throughout the year. Job growth is expected to be slightly slower in 2019.
<b>Wages</b>	Average wage adjustments in collective agreements came in at 1.3 per cent for 2018, lagging overall average wage growth which was 2.3 per cent.
<b>Inflation</b>	Inflation is expected to remain close to 2.0 per cent throughout 2019 and 2020.
<b>Interest rates</b>	In January of this year, the BoC held its key lending rate at 1.75 per cent. The Bank was originally expected to increase rates up to three times over the course of 2019, but lower-than-expected oil prices, as well as a drop in household spending, may mean no interest rate hikes this year.

## WAGE AND PRICE INCREASES

Wage and price increases	Canadian average	Federal	NL	PEI	NS	NB	QC	ON	MB	SK	AB	BC
<b>Average base wage increase in major settlements 2017</b>	1.7%	1.5%	--	--	0.9%	1.0%	1.8%	2.0%	1.4%	1.6%	0.7%	2.0%
<b>Average base wage increase in major settlements 2018</b>	1.3%	1.8%	0.1%	1.5%	1.2%	--	1.8%	1.8%	1.9%	0.6%	0.1%	2.1%
<b>Inflation average forecast 2017*</b>	2.3%	--	1.6%	2.3%	2.2%	2.1%	1.7%	2.4%	2.5%	2.3%	2.4%	2.7%
<b>Inflation average forecast 2018*</b>	1.8%	--	1.9%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.7%	1.9%

Sources: wage settlements from Labour Canada (2018 wage settlements include data from January to November); \*Statistics Canada Table 18-10-0005-01 - Consumer Price Index, annual average; \*\*Based on the latest forecasts from TD Bank, RBC and BMO to January 15th, 2019.

# Fighting for equity at the bargaining table

Maybe you've heard about the concept of 'intersectionality.' But did you know that it comes from analysis of workplace discrimination?

Kimberlé Crenshaw, a leading scholar on race theory, coined the term in 1989 while she was examining a legal case in the United States where a group of Black women sued General Motors for discrimination based on race and gender.

The women showed that GM hired men for certain kinds of jobs (for example, the shop floor), and women for other types of jobs (for example, the secretarial pool). While Black men were hired for the predominantly male jobs, Black women were not hired for women's positions.

The court rejected their case, saying that they could not combine race and gender discrimination. There was no legal framework that recognized the interaction between race and gender discrimination that Black women faced, and how it differed from discrimination faced by white women or Black men.

Today, intersectionality has moved beyond the world of work, and has expanded to recognize and understand the multiple ways that people face discrimination. Bringing that awareness and analysis to our collective bargaining work helps advance CUPE's work for human rights and equity, including our work with workers who are women, Indigenous people, Black and racialized people, people with disabilities, and LGBTQ2+ people.

Intersectionality is an important approach for our locals and the broader labour movement. When we look at who's left out or left behind in our workplaces, we uncover ways to fight for change at the bargaining table. For example, looking at precarious

work with an intersectional lens helps us understand why there is a bigger wage gap for racialized women than for white women.

We need to pay attention to the different ways that different people are affected by systems of power and discrimination. To advocate for an economy that respects all workers, we must understand the barriers all workers face, and include those affected in our bargaining work to remove those barriers. An intersectional approach helps us build solidarity and take action for an economy that includes everyone.

CUPE has developed a *Bargaining Equality* kit to help locals build more equitable and inclusive workplaces. There are many ways to fight for equality at the bargaining table, including

negotiating for pay equity and employment equity, resisting two-tier contract provisions, requiring accommodation for workers with different needs such as child care, physical accessibility of buildings, supports for workers' mental wellness, or translation of important materials into a workers' first language; or anti-harassment language that protects workers from racism, Islamophobia, or transphobia on the job.

Some of CUPE's other online resources include:

- Employment equity: a workplace that reflects the community
- Workplace harassment and mental injuries: examining root causes
- Precarious work in the public sector report

