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CUPE NB bargains forward to break wage mandate

CUPE New Brunswick is leading the charge to win real wage increases for public sector workers, after a decade of provincially-mandated wage constraints.

This spring, members at a bargaining conference and the CUPE NB division convention resoundingly approved “Breaking the Mandate,” an action plan to coordinate bargaining, engage members and mobilize for better wages.

Both Liberal and Conservative governments have demanded that provincial public sector workers accept mandated minimal wage increases totalling just 10 per cent over the past decade. Inflation has increased by 18 per cent over the same period, leaving most workers with a significant decline in their real wages and standard of living.

Average wage increases of one per cent per year over several years, and some years with zeros, mean CUPE members are finding it hard to make ends meet. Living from paycheque

to paycheque is not sustainable.

The provincial government claims a lack of revenue as their excuse for austerity. But at the same time, they’ve cut taxes and wasted money on public-private partnerships. After a decade, CUPE members in New Brunswick have had enough. They’re committed to organizing for a real wage increase at the bargaining table and in their communities as the province prepares for an election this September.

Public sector workers in other provinces have also suffered real wage losses from provincially-mandated wage freezes, cuts or minimal increases. The first step in fighting back is helping members understand exactly how their real wages have fared. Fighting real wage losses is consistent with CUPE’s no-concessions bargaining policy. CUPE National has developed tools to calculate how much members have gained or lost in real dollar terms, available at cupe.ca/real-wage-calculator.



ECONOMIC BRIEFS

CUPE NL calls for public auto insurance

CUPE NL is calling on the Newfoundland and Labrador government to introduce low-cost, non-profit public auto insurance. It would be a home-grown solution to premiums that are among the country's highest but deliver fewer benefits than systems in other provinces.

Private insurance companies in Canada have a captive market, since drivers are legally required to be insured. This delivers a secure stream of profits to a handful of corporations that dominate the industry. Most companies are headquartered outside the province.

CUPE's submission to the

province's public utilities board calls for a publicly-owned automobile insurance system that delivers comprehensive no-fault insurance to all licensed drivers in the province. Quebec, Manitoba, Saskatchewan and British Columbia have long-standing public insurance programs.

Cannabis creates CUPE jobs

Legalization of cannabis is leading to a number of positive economic benefits, including more good public sector jobs.

Workers at Cannabis NB, the provincial agency responsible for retail sales of legal marijuana and cannabis products in New Brunswick, will be members of

CUPE 963. CUPE could also gain members in Quebec with the establishment of the Société québécoise du cannabis, joining the 850 members of CUPE 3535 working in handling and delivery, as well as trades and maintenance, at the Société des alcools du Québec.

In other provinces, unions representing liquor board workers are gaining members, as provinces take responsible control of cannabis production and sales. Legalization of cannabis is also expected to generate hundreds of millions of dollars in public revenues, with the provinces receiving 75 per cent of pot taxes that are collected.

Trump rolling back child labour laws

U.S. President Donald Trump wants to weaken decades-old child labour protection laws and is planning to allow 16 and 17-year-olds to work extended hours in hazardous occupations. Apprentices under the age of 18 are currently only allowed to work for very limited periods in particularly hazardous occupations. The Trump administration claims that removing current restrictions will help to launch "more family-sustaining careers." Injury rates continue to be high among young workers, but these rates had declined with the introduction of stronger labour protection laws.



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ECONOMIC DIRECTIONS

Economic growth

Canada's economy is now expected to grow by 2.0 per cent this year and by 1.8 per cent in 2019 following strong growth of 3.0 per cent last year.

Jobs

The number of jobs in Canada is expected to increase by 1.3 per cent this year and by 0.9 per cent in 2019. The jobless rate is expected to be 5.8 per cent in both years, the lowest it's been since 1974.

Wages

Despite a historic low in the jobless rate, base wage increases in major collective agreements settled in the first quarter of 2018 averaged just 0.8 per cent, well below the rate of inflation.

Inflation

Consumer price inflation has been pushed higher by rising fuel prices. It is expected to average 2.3 per cent this year, the highest in seven years, and 2.1 per cent in 2019. However, measures of underlying inflation remain close to the Bank of Canada's target rate of 2.0 per cent.

Interest rates

The Bank of Canada has already hiked its key lending rate three times in the past year, bringing it up to 1.25 per cent, from 0.5 per cent last summer. The bank is keeping the rate stable for now with Canada in a "sweet spot" of low unemployment, decent growth, and inflation at target rates. The central bank's lending rate is expected to rise by another full percentage point over the next year with longer-term mortgage rates up by half a percentage point.



SPOTLIGHT ON SNOW-WASHING



Canada may have an excellent reputation as a safe and ethical place to live and do business. Unfortunately, Canada's also developing a reputation as a great place to dodge taxes and launder money. According to Transparency International, Canada has the weakest corporate transparency laws among G20 countries, tied for last place with South Korea and worse than other countries like Russia, Saudi Arabia, China, Turkey and Indonesia.

Lack of transparency attracts and enables money laundering, tax evasion, and other illegal activities known together as "snow-washing." Canada's weak laws let owners of

companies remain anonymous through shell companies, aided by the lack of a central registry for companies and corporate owners. This makes Canada an attractive location for laundering money, which happens frequently through the resource and real estate sectors. Lawyers, accountants and real estate agents aren't required to disclose who they are acting for in a transaction, unlike many other jurisdictions.

About half of the world's mining companies are headquartered in Canada, in part because there's expertise here. But our weak corporate transparency, accountability and responsibility laws, especially in

the Yukon, are another significant factor. Corporations that are nominally based in Canada, sometimes just at a lawyer's office, have engaged in human rights abuses overseas, including targeted deaths, tax evasion, environmental crimes, money laundering and corruption.

Canada must act to improve our corporate transparency, accountability and responsibility. As a first step in ending snow-washing, Canadians for Tax Fairness is calling for a centralized, public registry that would stop the real owners of corporations from hiding behind shell companies.

Pharmacare: the public solution to rising drug costs

Rising prescription drug prices are putting increased pressure on household budgets, workplace health plans, and public drug programs. Fortunately, there's a public solution: a universal public pharmacare program.

Most Canadians have some prescription drug coverage through workplace or public plans. But coverage varies widely, and some have no plan at all.

Even with some coverage, the out-of-pocket costs leave one in four Canadian households with someone who can't afford to take their medication as prescribed. On average, Canadian households spend \$450 a year on prescription drugs and \$550 on private health plan premiums, a combined average of over \$1,000. Private premiums have risen rapidly in recent years, thanks largely to escalating drug prices, and are taking a growing bite out of workers' take-home pay.

Canada's current patchwork of public and private insurance

plans is inefficient, expensive, and unfair. Lower-income workers are much less likely to have workplace health insurance, and when they do, there's less coverage than for higher-income workers. This means lower-income workers pay more in out-of-pocket costs for prescription drugs, and much more as a share of their income. Lower-income workers and their households are much more likely to not take necessary medications, which leads to further sickness and additional pressure on our health care system. It's estimated that one in six hospitalizations and hundreds of premature deaths could be avoided with affordable prescription drugs.

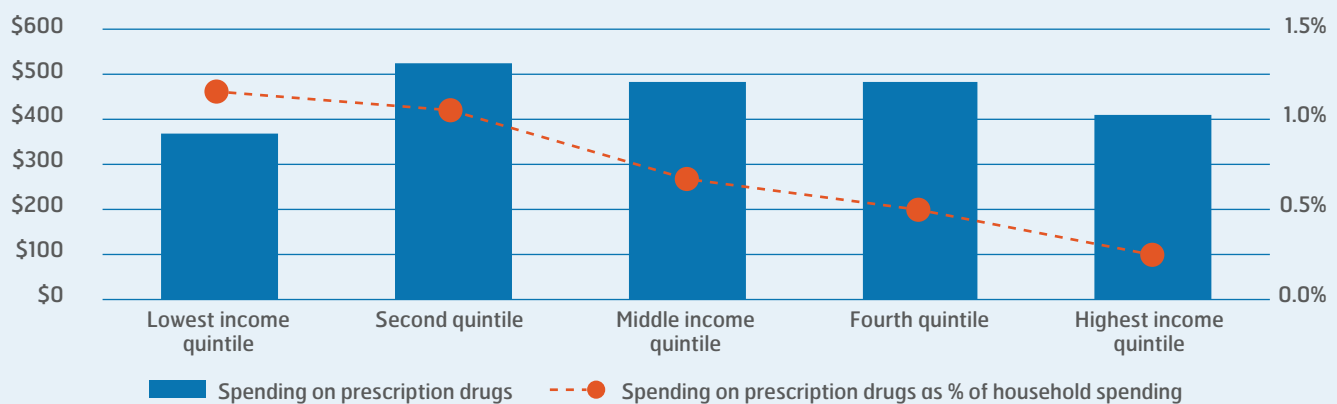
Canada is the only developed country in the world with universal health care that does not cover prescription drugs. Canada has the second-highest prescription drug prices per person in the world (after the United States), and one of the highest rates of people who can't afford to take their medicine as prescribed.

The federal government could provide Canadians with universal access to necessary prescription drugs and save \$5 billion or more annually by moving to a national public pharmacare program. It's a solution that CUPE and other unions, many experts, and the federal New Democratic Party have long proposed.

Canadian families and employers would see significant savings with national pharmacare. Canadian families now spend about \$5 billion on prescription drugs each year. Private workplace plans spend another \$11 billion annually. Workers pay about half of the cost of these private plans through their plan premiums. It's estimated a national public pharmacare plan would reduce these costs to households and employers by over \$10 billion every year. Employers would have more money to invest in higher wages or improving other benefits.

Federal and provincial governments will need between \$5 and

Low-income households spend largest share of income on prescription drugs



Source: Statistics Canada Survey of Household Spending 2016, Cansim Table 203-0022



\$7 billion a year in new revenue to pay for a universal public pharmacare program, depending how the program is designed. These funds could be generated through corporate, personal, or modest payroll taxes. These modest tax increases would be offset by lower drug costs for employers and workers, especially lower-income workers, and much better coverage.

The benefits of universal pharmacare include large savings on administrative costs, lower drug costs thanks to bulk purchasing power, and greater use of generic drugs. These savings will help offset the costs of delivering increased public drug coverage.

However, to achieve these savings, the federal government must work with the provinces and territories to create a national drug plan that provides Canadians with universal, equitable access to prescription drugs. A program that just fills gaps

in the patchwork of our costly private system by covering people who don't have insurance will provide uneven coverage and won't reduce costs.

Countries with universal pharmacare have negotiated far lower prices from pharmaceutical companies. Canada needs a national formulary (a comprehensive list of prescription drugs eligible for coverage), and a central agency that negotiates aggressively with manufacturers on prices. Sweden has lowered costs even more by setting up a publicly-owned generic drug manufacturer, which helps develop affordable treatments for rare conditions that private manufacturers don't find profitable.

In their 2018 budget, the federal Liberals announced the establishment of an advisory council to implement national pharmacare, chaired by former Ontario health minister and pharmacare advocate Dr. Eric Hoskins. But there's

deep concern the federal Liberals will cave to the multi-billion dollar interests of private benefits insurers and pharmaceutical companies and introduce a patchwork system that costs more and covers less than an efficient, public, universal program.

Public pharmacare is a critical step in achieving better public health care, and a major part of the unfinished business of Medicare. More than 50 years ago, Canada's Royal Commission on Health Services recommended that Canada introduce a universal public pharmacare program after our public medical care program was established. Fifty years is a long time to wait. It's time we moved forward with a universal public pharmacare program to replace our costly and unfair patchwork system. Learn more at cupe.ca/health-care-public-solutions.



Pricing carbon: making it progressive

Canada is moving to put a minimum national price on carbon, as part of our efforts to address climate change. Some provinces already have a price on carbon dioxide (CO₂) and other greenhouse gas (GHG) emissions. These taxes aren't consistent, and many provinces don't apply a specific tax or price to carbon and other GHGs.

CUPE's national environmental policy supports putting a price on carbon, but it must be done in a progressive manner that enhances public services and environmental justice and doesn't hurt lower-income, working and Indigenous peoples.

The federal government will require all provinces to introduce a minimum tax of \$10 per tonne on GHG emissions by the end of 2018, rising to \$50 per tonne by 2022. A carbon tax at these rates would add about 4.4 cents to every litre of gasoline next year, rising to 11 cents a litre after 2021. A carbon tax at \$10 per tonne will increase costs for each Canadian by about \$90 a year, and a rate of \$50 per tonne will increase costs by about \$450 annually. These costs will vary by region and by the circumstances of each person.

It's important to ensure the substantial revenues raised from pricing carbon and GHG emissions are spent in ways that help households, workplaces and communities reduce their GHG emissions, with a focus on helping lower and middle-income households. These households face the highest increase in costs as a share of their income from putting a price on carbon. Alberta's climate change policy helps achieve fairness with its investments in complementary environmental measures and rebates for lower- and middle-income households.

British Columbia was the first province to bring in a carbon tax at \$10 per tonne of CO₂, or its equivalent in 2008. Today, the tax is \$35 per tonne. The tax applies to fossil fuels, including gasoline, diesel, natural gas, coal and other GHGs. Rates are set according to a fuel's potency as a greenhouse gas. BC's current carbon tax adds 7.78 cents to the price of a litre of gasoline. This is significant but is still only between five and seven per cent of the price at the pump. On average retail gas prices swing by more than this percentage from one month to the next.

A carbon tax on its own will slow short-term economic growth by taking money out of the economy. But if the revenue is spent in productive ways that stimulate the economy, pricing carbon can boost economic growth and create additional jobs, while also protecting the environment.

Despite being the first to introduce a carbon tax, BC has significantly exceeded all other provinces in economic growth over the past decade, growing 40 per cent faster than the national average. The province is expected to top the economic growth leaderboard again this year and next.

Putting a price on carbon is only part of what is needed to reduce emissions and address climate change. A carbon tax alone would have to be over \$200 per tonne to achieve the reductions we need to make, which could be devastating for the economy. It's far more effective to use a variety of tools, including direct regulation of polluting industries, public investment in climate-friendly initiatives, education and research and development.

Inflation rising, wages lagging

Inflation is rising but wage increases are still lagging behind increases in the cost of living. Workers are in this position despite the unemployment rate being close to a record low, which should lead to higher wages.

Lower unemployment rates should push wages up, as employers compete to hire qualified workers, but that's slow to happen this time. Canada's unemployment rate recently declined to 5.8 per cent and is expected to average 5.8 per cent this year and next. Canada hasn't had this low a jobless rate since 1974.

The last time Canada's joblessness came close to this was 10 years ago, when the unemployment rate fell to 5.9 per cent. Even though inflation was at comparable rates of just over two per cent at that time, wage increases averaged over 3.5 per cent, which meant workers were seeing

decent real wage increases. It's a different situation today. In the first three months of this year, consumer price inflation averaged 2.1 per cent, but wage settlements have averaged just 0.8 per cent. Workers are experiencing real wage losses and, consequently, a decline in their standard of living.

Inflation has climbed in recent months, mainly due to rising gas prices. Gas prices in March and April of 2018 were 17 per cent higher than a year ago, or about 20 cents per litre higher. This pushed consumer price inflation up to 2.3 per cent in March. Excluding gasoline, inflation would have been just 1.8 per cent, which means there aren't a lot of underlying inflation pressures. This may be a relief to people at the Bank of Canada, who have a mandate to keep underlying inflation under control, but it isn't much relief to

working families who still have to pay higher prices at the pumps.

While gas prices are notoriously volatile, they will stay high and continue rising. The federal government's climate change plan includes a carbon pricing backstop for provinces that don't meet the federal standard, which would increase the price of gasoline by 2.2 cents per litre each year for the next five years.

Inflation has increased the most in Saskatchewan, where it averaged 2.7 per cent in the first three months of this year. Quebec and Newfoundland and Labrador had the smallest increase in inflation, averaging 1.4 per cent and 1.5 per cent, respectively. Meanwhile wages in the first three months of this year have increased by the most in Quebec, averaging 2.4 per cent, and by the least in Newfoundland and Labrador, where they've been zero.

WAGE AND PRICE INCREASES BY JURISDICTION

	Canadian average	Federal	NL	PEI	NS	NB	QC	ON	MB	SK	AB	BC
Average base wage increase in major settlements 2018 1 st quarter	0.8%	1.6%	0.0%	1.5%	1.3%	–	2.4%	2.1%	1.5%	1.1%	0.1%	1.9%
Inflation average 2018 1 st quarter	2.1%	2.1%	1.5%	2.3%	2.1%	2.4%	1.4%	2.1%	2.2%	2.7%	2.0%	2.4%
Inflation average forecast 2018*	2.3%	2.3%	1.8%	1.9%	1.7%	2.1%	1.9%	2.3%	2.1%	2.2%	1.9%	2.2%
Inflation average forecast 2019*	2.1%	2.1%	1.9%	1.9%	1.9%	2.0%	1.9%	2.1%	2.1%	2.1%	2.0%	2.1%

* Based on latest forecasts by TD Bank, RBC and BMO banks to 4 May 2018, and wage settlements from Labour Canada <http://www.labour.gc.ca/eng/resources/info/datas/wages/index.shtml>

Bitcoin and blockchain: what's all the fuss?

There's been much hype about, and financial speculation in, cryptocurrencies like Bitcoin and Ethereum and the blockchain technology that underlies them. Prominent futurist Don Tapscott says they represent "a profound technological shift that will transform the way the world does business—and everything else." Legendary billionaire investor Warren Buffett characterizes private cryptocurrencies as "rat poison squared."

But what are they? Will private cryptocurrencies replace our public national currencies, and how could blockchain technology affect public services? Are cryptocurrencies revolutionary, or over-hyped rubbish?

A cryptocurrency is a digital or virtual currency that is encrypted for security purposes. Cryptocurrencies are used only through electronic fund transfers and can be issued independent of a central bank.

Cryptocurrencies are virtual currencies that use "blockchain" technology (a series of encrypted records of each transaction). These computer records independently verify the authenticity of the currency, the asset being bought or sold, and each transaction. This means that instead of using a centralized ledger system, such as a land titles office or a central currency payments system, digital currencies make use of a secured, encrypted "distributed ledger."



This blockchain technology provides the security that the currency isn't counterfeit, but because it is encrypted, it does so at the loss of a centralized ledger and the guarantees that are provided by public and private authorities through banks, stock and bond registries, deposit insurance, credit card and other payment system safeguards. Unlike with other forms of currency, there is no public record. If someone's cryptocurrency is stolen or lost, it's gone. While blockchain technology has useful applications, there's a reason we have centralized and publicly regulated ledger systems to guard against corruption and fraud.

Cryptocurrencies are now largely being used to facilitate illegal transactions that people want to keep secret, and more recently for profit-seeking speculation. Because there's no centralized, public transaction record, cryptocurrencies can also be used to avoid paying taxes and other debts.

Private cryptocurrencies have another downside: they're very energy intensive. Their value isn't backed by a trusted central authority,

such as a central bank. Instead, the value of cryptocurrencies relies on the enormous amount of computer power expended in creating them. In Iceland, more energy is now used in "mining" or creating cryptocurrencies than in powering its homes. Central banks are exploring introducing cryptocurrencies with blockchain technology that could be used more legitimately and without the waste in resources involved in producing them.

Blockchain technology has many other applications that could not only significantly affect the financial services industry, but also the way we deliver public services and engage with government. Electronic blockchain records could be used to significantly speed up land registration, provide a digital identity for accessing government services, record health records, and for voting. As with any technology, there's positive and negative potential. The challenge will be to harness blockchain technology for the public good, and not just for private profit.