

Newfoundland and Labrador Federation of Labour



**Priorities for Economic Recovery
Robust and Viable Options towards an Economy that Works for All
May 2020**

Executive Summary

Although we are still in the midst of a public health emergency, we are also aware of a growing economic crisis of unprecedented scale and impact. Experts agree, we are entering one of the worst unemployment crises since the great depression of the 1930's. People's household finances have been devastated. Without determined and coordinated action from governments, the high costs of lingering unemployment and underemployment will afflict families and dampen economic potential for years. Many workers face declining living standards and a descent into poverty, or deeper poverty.

The people of Newfoundland & Labrador (NL) understand, more than ever before, the important role that governments play in raising money to mobilize and stabilize the economy during tough economic times, to assist workers and businesses weather times of crisis and economic downturns; and the responsibility that government has, to lead our country into economic recovery. We understand this cannot happen overnight. Who but government is positioned to take the reins? Amidst general uncertainty, weak consumer demand and high levels of indebtedness, business investment will not by itself provide the engine of recovery. The need for government leadership in building the new economy has never been greater.

The union movement unequivocally refuses to return to the previous, outdated economic mindset of austerity, spending cuts and reduced public and social services that result in growing inequality, anemic job creation and low paying precarious work. We cannot cut and slash our way back to where we were; let alone to a more equal, fairer, more sustainable and more prosperous future. Austerity does not reduce the poverty or inequity that we see in our society, but rather exacerbates and intensifies it. Only strong public investment can lead the recovery, lifting incomes and economic activity that will in turn stimulate business investment.

Our province must address long-standing inequalities that have been exposed throughout the pandemic. Issues such as gender-based violence, poverty, income and gender wage gaps, living wages and precarious employment.

As the country discusses what kind of society we want, and how we rebuild our economy, it will be important to hear the many voices that represent our province and its citizens; including labour, business, community, academics and government. People's experiences have been varied, but all have been impacted. Bringing these voices to the table will ensure an inviting, open and transparent process, and help find viable solutions. Let's put democracy to work.

We believe that workers' voices are a critical piece in determining a strong economy in NL – one where no one gets left behind. Economic recovery must be centred on workers issues, insights and expertise. Their voices must be at the table, simply because economic recovery cannot happen without them.

Through consultation and cooperation with the Newfoundland & Labrador Federation of Labour (NLFL), sound economic solutions to deal with our current challenges of geography and demographics, outmigration, immigration, and urban and rural issues can be overcome. We are ready to play our part.

The NLFL is proposing the adoption of ambitious, feasible and necessary initiatives; which we believe will achieve a strong, sustainable and inclusive economic recovery.

The initiatives that we are proposing in our submission, support our long-standing vision of a sustainable economy that works for all of us. An economy that is rich in good jobs for all, one that invests in a strong public sector and quality public services, one that supports families and communities and one that respects our environment.

To achieve these goals, we expect the province to enter into a strong and productive partnership with the federal government.

Across the country, the labour movement is calling on coordinated action from both the federal and provincial/territorial governments; to address the high costs of lingering unemployment and underemployment that will afflict families, and that will contribute to diminishing economic potential for years.

This will require both to work together to ensure our economic and social well-being. There will be a need for federal leadership on bringing long term care under the *Canada Health Act*, a universal single payer pharmacare program, Employment Insurance (EI) reform, an affordable early learning and Child Care program and pay equity legislation. It will mean changes to the federal and provincial tax systems, cracking down on tax avoidance by individuals and corporations, and dealing with companies that use tax havens, and a more equitable and modern system for determining and dispensing equalization payments to the province.

As Canadians face an uncertain future together, an ambitious extension of the Bank of Canada's responsibilities is the most practical option, with more comprehensive support to the provincial government.

The Newfoundland and Labrador Federation of Labour goals are clear. We are demanding:

- **A full-employment strategy**

Along with the Canadian Labour Congress (CLC) and our provincial/territorial Federations of Labour, the NLFL believes that the only way to a strong recovery from this crisis, is with a full employment agenda to create good decent jobs, reduce all forms of inequality and strengthen economic security.

- **Investment in social infrastructure and human capital**

This strategy must be led by public investment in public infrastructure, along with the renewal and expansion of public services. This should take the form of investment in social infrastructure, including investments in acute health and long-term care, home care, early childhood education and care centres and post-secondary education.

Once again, administrative support by the Bank of Canada, along with federal equalization, will be key to needed public investment and investment in social infrastructure.

- **Investment in Public Infrastructure and the Green Economy to Spur Economic Growth**

At a time when private investment is at an all-time low, we can use public sector investment strategically; to encourage, facilitate and structure private-sector investment, to produce broad social benefits and create secure, well-paying, family supporting jobs, especially in our rural areas. Such investment should target alternative energy, and energy conservation including building retrofits and related labour market strategies. It could also include ensuring 100% broadband access across the province.

- **Decent, fair and safe work**

Our world of work is very different than when the province's labour laws were written. The work that we now understand is essential to saving lives, and providing us with the necessities of life, has been historically undervalued. 60,000 workers in NL earn less than \$15 an hour. Many have no benefits or pensions. Our province has among the highest income and gender gaps in Canada.

We need robust workplace health and safety programs, policies, laws and enforcement. All workers need to know their workplaces are healthy and safe. They need access to the proper personal protective equipment (PPE) when they need it. If workers get sick, they should be able to stay at home with pay. If workers contract COVID-19, directly or indirectly because of their work, it should be presumed to be work-related, and they should receive full benefits from Workers' Compensation.

The NLFL is demanding a \$15 minimum wage, access to 7 days paid sick leave and 14 days emergency paid days for all workers. No worker should fear losing their job as a result of getting ill or having to take care of a family member.

- **Community and social supports and programs for the people who need them**
We anticipate there will be a far greater need for community mental health and social supports for women, children, vulnerable populations and those who are affected by unemployment, financial distress, isolation and domestic violence.

Government must fix the years of underfunding and cuts that have eroded the programs and supports that many in our population desperately need.

A Productive Partnership with the Federal Government

Canadians do not want to focus on obscure issues in federal and provincial fiscal relations, they want both levels of government to work together to ensure the wellbeing of society. COVID-19 requires a level of federal leadership and funding that has not been seen in Canada for some time, but it is what Canadians need and expect. Not only has this crisis illustrated weaknesses in public programs that governments have been reticent to solve, but it has also demonstrated Canadian's deep commitment to caring for one another when adversity strikes.

Accelerating the Move to Universal Public Pharmacare

Because of COVID-19, workers with private drug coverage risk losing access to needed medications, simply because they have lost their jobs. Workers who have to pay for drugs out of pocket are also struggling with making rent, buying groceries and keeping the lights on.

As an emergency first step towards universal Pharmacare, the federal government should work with the provinces/territories to immediately provide public coverage for essential medicines, for everyone in Canada.

The federal government should establish a national essential medicines formulary, which would cover most major conditions, and inform the provinces/territories that Ottawa will reimburse them for Canadians needing prescription drugs, included in the essential medicines list.

This demand is consistent with the roadmap outlined in the Hoskins report on implementing national Pharmacare. Consistent with that report, over subsequent years, additional prescription drugs would be added to the national formulary as prices and supply arrangements are negotiated with manufacturers.

Employment Insurance (EI) Reform

This crisis has shown just how inadequate our current employment insurance (EI) system is to respond to an employment emergency of this scale. After years of making the system more punitive and increasingly difficult to access for unemployed Canadians, EI needs to be restored to its original purpose of supporting workers who lose paid work.

Currently, less than 40% of unemployed workers are able to access EI. COVID-19 is not the only broad systemic crisis that can cause large unemployment nationally or regionally. We should not be relying on the government to create what are in effect emergency EI programs, to compensate for the fact that the existing EI system no longer protects Canadians.

Reforming EI will require changes that include:

- A common national threshold to qualify and requalify;
- Easier qualification for benefits when leaving a job;
- A universal floor on minimum EI benefits;
- Access to maternity and parental benefits and a higher replacement rate; and
- The federal government should commit to a broad review of the EI program with full public participation.

Early Learning and Child Care

In Canada today, there is no national Early Childhood Education and Care program or policy. Each province/territory has its own approach, supported by a variety of funding arrangements.

Here in NL, licensed/regulated services are provided by self-governing, not-for-profit organizations whose volunteer boards hold legal responsibility, as well as by a smaller number of commercial operators. Most service providers receive minimal public funding and are dependent on revenues from parent fees. The very low compensation paid to the predominantly female workforce has created a crisis in recruitment and retention of qualified early childhood educators and other staff.

Especially evident throughout COVID-19 is the need for a common approach to emergency childcare. Both the federal and provincial government have taken many important steps to help workers and their families through the pandemic; including a coordinated, federally supported plan to provide safe, free, emergency licenced childcare to parents who are required to work, or who cannot make other childcare arrangements.

We know that clear evidence tells us that the public management of childcare, including public/non-profit, like we see in Québec, is a much more fair and effective way to deliver services. It also serves to boost the economy, and the participation of women in the labour market.

Our economic recovery will be in jeopardy if parents and guardians of young children do not have access to the childcare services they need to return to work. Canada needs a plan specifically designed to sustain this sector throughout the pandemic. It is critical the federal government is held to its promise to turn the fragile patchwork of services into a robust, fully effective, properly regulated and comprehensive high-quality system.

Fair and Progressive Taxation

Dealing with the impact of COVID-19 is going to be expensive, and it cannot be paid for through counterproductive austerity and budget cuts. The government must think more broadly about solutions to its financial difficulties.

The NL Government must roll back the tax breaks introduced in 2006 that benefitted high income earners. Despite the arguments at the time, the tax cuts have not “paid for themselves”. They have cost the province billions in lost revenue and have led directly to the current financial weakness inhibiting the government’s responses to COVID-19.

For far too long, NL has had the lowest income tax rates in Atlantic Canada. Both New Brunswick and Nova Scotia tax their high income earners more robustly. In her 2014 budget speech, then Minister of Finance Charlene Johnson bragged, *“Since 2006, our government has decreased taxes, putting hundreds of millions of dollars back into the hands of Newfoundlanders and Labradorians annually. This year, savings to residents will total approximately \$600 million.”*

NL has a revenue problem. These irresponsible tax cuts make it harder for NL to balance the budget. As the recovery gathers pace, we will need the revenues that a fairer tax system generates, to support rebuilding efforts.

Federally, we must also reverse the cuts made to income tax rates for large corporations and wealthier individuals over the last 20 years. Similarly, we need to close federal tax loopholes that benefit mostly large corporations and the wealthy.

A federal fair tax system also requires cracking down on tax avoidance by large corporations and the wealthy. The Canada Revenue Agency needs both the resources and the direction to deal with those with deep pockets who actively engage in tax avoidance. Gaps in legislation, and regulations that make it easier for large corporations and the wealthy to avoid paying their share, need to be closed. An important step in this regard is implementing a public registry of the beneficial owners of companies registered in Canada, to make it harder to use shell companies for dodging taxes and money laundering. No government financial support and bailout funds should be going to companies that are using tax havens.

Fiscal Stabilization

Economic recovery means working with the federal government for funding assistance for vital public services and jobs rich investment programs in cooperation with the province; setting conditions of transfers in order to achieve national standards and meeting national objectives for inclusivity and equity.

A Full Employment Strategy

The private sector has been especially hard hit by job losses and work reductions associated with COVID-19, and declining oil prices. Many private sector businesses have had to turn to government for financial support to stave off bankruptcy. The pandemic has demonstrated the volatility of the private sector to endure even brief periods of economic disruption.

Amidst general uncertainty, weak consumer demand, and high levels of indebtedness, business investment will not by itself provide the engine of recovery. Only strong public investment, federally and provincially, can lead the recovery, lift incomes and generate economic activity that will in turn stimulate business investment.

The NLFL believes it is possible to build a different kind of economy, one that focusses more on locally owned businesses that create good jobs; jobs that sustain families and communities.

Good jobs should exist for people at all stages of their careers and lives. Good jobs are local jobs, jobs that pay living wages, jobs that have opportunities for growth and that offer stability and security.

Good jobs will attract people to NL and keep them here. Good jobs help build the kind of economy we want in the future. Smaller sized and locally owned businesses tend to spend more of their revenues here in NL, creating more jobs and economic activity per dollar than large, externally owned businesses.

The NLFL has actively endorsed a buy local, support local campaign – championing employers and businesses that create decent work, and give back to the community.

Government targets for improving education, training and transitions can help build a workforce that is attractive to a diverse range of employers and help citizens in NL acquire available jobs and strengthen the economy.

In recognition of the inherent susceptibility of the private sector to economic shocks, like the pandemic, government can choose to expand public services and employment to provide further security to workers, and as a means of protecting the NL economy and labour force from future crises.

Public services are critical as they protect and support all of us. They are crucial supports that enrich life for all of us and establish a floor that no one can fall beneath. Reinvesting in and expanding quality public services, will reduce inequality and ensure a broad-based, inclusive economic recovery. Moreover, strategic public investment in public services

produces multiplier effects that create employment and support workers across all sectors as they return to their jobs.

As the post-pandemic economy works off an enormous overhang of underutilized labour, expanded public services will be an engine of growth, not just a “cost”. Public sector investment can be strategically used to encourage, facilitate and structure private-sector investment; which will produce broad societal benefits and create secure, well-paying and family supporting jobs – especially in rural areas throughout NL.

Public sector employees serve the entire province – both workers and non-workers; i.e. the elderly, children and unemployed. The public service provides a stabilizing employment counterweight that smooths economic ups and downs.

NL is challenged by both its geography and an aging demography. Our small population inhabits a large province. Quality public services are essential to help attract and retain young workers and families to NL. Industries throughout our province employ tens of thousands of workers. For example, fishing operations can be found in every bay along our massive coastline. Throughout the province, this \$1 billion industry requires strong public services, from road maintenance to schools and community health services.

The Bank of Canada will need to continue to lend to the provinces and territories and provide support to all levels of government. Above all, monetary policy must remain focused on an agenda of full employment supported by a fiscal plan of expanded public investment.

Investment in Social Infrastructure and Human Capital

We have seen throughout this pandemic that our public services have gaps that leave out many of the most vulnerable in our province. Government investment in public services and programs will help close those gaps, and ensure that no one in this province ever goes without critical resources.

COVID-19 has also highlighted the weaknesses in our health care system. We will need nation-wide investments in repairing and improving health-care facilities, long term care, training, staffing, and being better prepared for the next crisis.

A history of privatization, under-investment and poor regulatory oversight, have created a pattern of sub-standard care for residents and patients, inadequate staffing levels, low pay, shortages of personal protective equipment (PPE) and neglect of health and safety precautions, with catastrophic consequences right across Canada.

To address this, the federal government must take immediate steps to bring long-term care fully into the public system and regulate it under *The Canada Health Act*.

Private-for-profit services must be replaced with public not-for-profit services. This must be accompanied by increased federal health transfers to the provinces to deliver long-term, home and seniors' care, and to establish high national standards for regulatory oversight of the sector.

Other public services are also in need of investment and expansion, among them, early childhood education, disability services and aged care.

A NL economic recovery plan should prioritize investment in social infrastructure, including investments in acute health and long-term care, home care, early childhood education and care centres and post-secondary education.

Investment in Public Infrastructure and the Green Economy to Spur Economic Growth

Investing in public infrastructure, in times when the private sector cannot, is critical to job creation, economic sustainability and economic recovery. Building public infrastructure will prepare us to better handle the next crisis; whether it is health, economic or climate driven, and also contribute to a strong economic recovery.

Along with key investments in social infrastructure, investments in physical and green infrastructure will be key components of the province's economic recovery.

During the recession in 2009, following the collapse of the US financial system, the NL government implemented a significant program of public investment - building roads, and improving schools and health care facilities - which greatly helped the province endure the economic recession. Investment in public infrastructure and public services created work, and boosted local businesses and local economies throughout our province. This was followed by major tax cuts, whereby NL had the lowest taxes in all of Atlantic Canada year upon year.

The federal government has already expressed its intention to invest in job creating infrastructure improvements and the growing green economy.

NL should look to partner with the federal government to build and maintain our public facilities; from community health clinics, to water and waste treatment centres, to green energy facilities.

Developing a green energy economy also brings significant investment and employment opportunities. It also spurs substantial innovation activity in the economy.

Green and climate-resilient infrastructure projects should also be a focus, with regionally specific needs in mind. Green economy investments in public transit, green and renewable energy, energy conservation measures and home and building retrofits will generate decent jobs.

Now is the time for the NL government to address the need for more affordable and public housing for low-income, homeless and precariously housed populations.

The federal government should consciously use procurement policy that fosters domestic manufacturing capacity; to produce much needed steel and forestry products, light-rail transit, zero-emission vehicles and components, medical equipment and pharmaceuticals.

The pandemic certainly made clear the need for locally or Canada-made manufactured essential medical equipment.

The NLFL supports the establishment of Community Benefits Agreements (CBAs) with major infrastructure projects. CBAs can benefit local communities and its citizens; including women, Indigenous peoples and other marginalized groups.

CBAs can mandate skills training, apprenticeships and on-the-job learning opportunities, as part of infrastructure investments and building projects. A gender and racial lens can help address equity issues, with gender-equity and diversity targets to ensure women, Indigenous youth and equity-seeking groups have access to apprenticeships and on-the-job learning opportunities. These agreements should reinforce and ensure high wage floors, and solid protections for labour and health and safety rights at work.

The federal government should revisit any commitments made under international free trade agreements that limit the ability to expand domestic manufacturing and industrial capacity. This should include resisting any efforts of foreign investors and companies to bring investor-state dispute settlement claims against the Government of Canada, for measures taken during the pandemic.

Another issue highlighted by the pandemic is the lack of broadband access in many rural parts of Canada. This is an immediate challenge as more and more schooling will be done online. For a rural province such as NL, broadband access is critical and necessary. This crisis has magnified the existence of the digital divide in our province - between those who have regular access to the internet and cell phone use and those who do not, and the challenges that come with little or no access to the digital highway. Broadband access is critical in times of crisis, isolation or just for everyday life; and working with the federal

government, high-speed broadband access should be provided free to all parts of Canada, especially to low-income, isolated, rural communities.

Decent, Fair and Safe Work

The NLFL believes that a strong and sustainable economic recovery must be rooted in wage-led growth; based on lifting minimum wages and employment standards, reducing insecurity and precarity in work and strengthening workers' bargaining power.

We live in an economy where consumer spending is critical to business success and economic growth. A thriving economy requires more people with more money to spend. Clearly, poverty and our low minimum wage, act as a drag on the economy.

Economic recovery must be inclusive and focused on reducing inequality. It must address the precarity, poor working conditions and wage discrimination in women-dominated sectors that are essential to our communities and economy; including care work, retail and health services. We need economic measures that directly strengthen gender equity, inclusivity, and lift up economically marginalized and disadvantaged groups.

In NL there are 60,000 workers who earn less than \$15 an hour. The majority of these workers are women over the age of 20, often members of vulnerable communities, and many of them live in poverty. Pandemic or not – no worker deserves to live in poverty in this province. Yet we know, many of those earning minimum wage worked in jobs deemed essential during the COVID-19 crisis. These workers deserve wages and benefits that recognize their innate dignity and reflect the importance of their work.

If we are going to build strong consumer demand, then NL must increase its minimum wage. Currently we have the second lowest minimum wage in Canada.

Governments have mistakenly embraced the idea that keeping minimum wages low somehow supports small business. This is simply wrong. Raising minimum wages is good for everyone, not just those at the bottom of the income scale. Raising the minimum wage in our province to \$15 an hour would add an extra \$100 million a year into the local economy. This would create a significant and necessary boost for many local businesses, and an increase in tax revenues.

Poverty and inequality are two major drags on economic growth. We ask government to re-commit to a poverty reduction plan to address the 50,000 people in NL who live in poverty, and to introduce a progressive personal income tax system that is more in line with Nova Scotia and New Brunswick.

Changes to the province's antiquated labour laws are long overdue. Our world of work is much different now than when these laws were enacted. They need to be reviewed with an aim to actually reflect the needs of workers in the 21st century, as well as the changing nature of work today and beyond. Workers in NL deserve security and stability in their employment and every worker in our province should be covered by robust employment standards.

All workers should have access to 7 paid sick days and 14 additional emergency days, if required due to a health pandemic or other emergency situations. No worker should fear losing their job as a result of getting ill or having to take care of a family member.

We must ensure that every worker has the right to join a union and bargain for fair working conditions. We must establish fair standards for working conditions in sectors that have been undervalued and underpaid for far too long.

Workplace health and safety must be our first priority. We will continue to demand robust workplace health and safety programs, policies, laws and enforcement.

As our economy reopens, workers will play a central role and their health and safety is critical. We look to government to continue to set this tone.

The pre-condition for all efforts to increase employment and economic activity must be to ensure that adequate protections are in place as economic activity resumes. This means adequate personal protective equipment (PPE), workplace health and safety precautions, worker training on safety measures and paid sick leave, so that workers do not have to go to work sick.

In consultation with unions and public health officials; screening, testing, tracing and tracking COVID-19 must be expanded far beyond current levels, and workers must be given presumptive coverage for workers' compensation benefits and mental health supports if exposed to COVID-19.

Labour must have a role in providing guidance to sectors with respect to the workplace health and safety measures that need to be in place before work and business activity can resume.

Community and Social Supports and Programs for People Who Need Them

The lockdown has put women at increased risk of domestic violence and expanded their burden of unpaid care and domestic work; to make up for the closure of schools, child-care centres and other social services. There needs to be concerted government action

to ensure that women and their children have access to the necessary supports to allow them to live a violence-free life.

We anticipate there will be a far greater need for community mental health and social supports for women, vulnerable populations and those who are affected by unemployment, financial distress, isolation, and domestic violence. Government must fix the years of underfunding and cuts that have eroded the programs and supports that many in our population desperately need. Reinvesting in and expanding quality public services will reduce inequality and ensure a broad-based, inclusive economic recovery.

We support the position of the St. John's Status of Women Council (SJSWC), the Provincial Action Network on the Status of Women (PANSOW), and the Gender and Politics Lab-Memorial University, their 5-point action plan which includes:

1. Women in leadership roles, and a Gender Based Analysis;
2. A central phone line for the province for victims of domestic violence;
3. A task force on domestic violence;
4. A living wage; and
5. Childcare.

Conclusion

This crisis has renewed and strengthened the level of public and political awareness of the importance of public services and social protections, and that equal access to these is important in building a fair and sustainable society. It has also shown just how much Newfoundlanders and Labradorians depend on public services, and just how important the role that government plays, in ensuring the preservation of public health, workplace health and safety, and our overall social and economic wellbeing.

The priorities that are driving the economic and social measures that have been brought to bear on this pandemic, and made available to workers, families and business from government, will need to continue as we move from a health crisis to economic recovery.

Returning to the previous economic mindset of austerity, spending cuts, and reduced public and social services, are only going to produce the outcomes we now need to avoid; such as growing inequality, anemic job creation, precarious work, entrenched poverty and other characteristics that will ensure a slow and lethargic economic recovery and only put us back on the same path that we were on prior to this crisis.

Newfoundlanders and Labradorians need and deserve an economic recovery plan that benefits all working people, reduces gender inequality and poverty, and which ensures that no one is left behind. Returning to business as usual cannot be an option. We don't have to settle for high un-employment rates, low wage job creation, increasing inequality, poverty, or environmental degradation. We can have an economic recovery that will produce better outcomes and a better future for everyone.

During the crisis, provincial governments have been prepared to rely on federal funding to the provinces. The federal government should continue to lead with fiscal expansion, but with conditions on transfer to provinces and territories setting high and uniform standards. The Bank of Canada must remain accommodative, supporting expansionary fiscal policy rather than counteracting it. We need a strong full-employment agenda and a wage-led recovery, to escape the economic carnage of the pandemic. Not only is this achievable, it is essential if the recovery is going to benefit working-people and vulnerable and marginalized communities in NL.