

Canada's government accelerating drive to cut off support for workers made jobless by pandemic

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Prime Minister Justin Trudeau and his Liberals are scheming with big business to curtail and phase out the meagre makeshift benefits the federal government is providing the millions of workers who have lost their jobs as a result of the COVID-19 pandemic.

Canada's ruling elite considers the Canada Emergency Response Benefit (CERB), at least in its current form, to be a major obstacle to its reckless campaign to force workers back on the job, with little to no protections, amid a pandemic that continues to rage across North America and the world.

In recent weeks, tens and possibly hundreds thousands of workers across the country have seen their CERB payments temporarily suspended without warning.

Introduced in late March in lieu of the more restrictive Employment Insurance program, the CERB initially provided \$2,000 per month for a maximum of 16 weeks to workers, including gig economy and self-employed workers, who lost their incomes as a result of the pandemic.

Applications for the CERB quickly surpassed 7.5 million, representing close to 40 percent of Canada's labour force. But in mid-June, the government without warning withheld two weeks' worth of CERB payments to an as yet unknown number of jobless workers.

Jane Derowin, a former airport worker in Calgary, Alberta, gave voice to the distress caused by the Liberals' action. In a television interview with CTV, Derowin shows the camera her nearly empty fridge. Visibly distraught, she tells the interviewer, "This is going to leave me with nothing to live on. I can't pay my rent, I can't pay my bills, I can't buy groceries. What am I supposed to do?"

The transparent aim of this callous measure, which was justified by the government as necessary to claw back the extra payments it purposely made in March and April, was to leave workers with no option but to return to work or go without food and shelter.

The unannounced benefit "suspension" came just days after the Liberal government failed to secure a parliamentary majority for Bill C-17, legislation aimed at goading workers into returning to work despite the pandemic.

Under Bill C-17, workers deemed to have "improperly" claimed CERB benefits, including by refusing to return to work when ordered by their employer or to accept a "reasonable" opportunity for work or self-employment, would be liable to punitive fines. The legislation would also threaten workers with massive fines and a six-month jail term if they "fraudulently" obtained CERB benefits, including by misrepresenting their income. However, the legislation's definition of "fraud" is so all-encompassing workers and youth who refuse to work under unsafe conditions could face jail time. The bill remains on the parliamentary order paper and the government could well seek to pass it at a later date.

Following their failure to enact Bill C-17, the Liberals made a deal with the New Democratic Party (NDP) to extend the CERB program by another two months to October, and the maximum eligibility to 24 weeks, but with stricter conditions. NDP leader Jagmeet Singh trumpeted this extension, which had been expected given the continuing Depression-level jobless numbers, as a boon to workers and on that basis he and his New Democrats once again rallied to the minority Liberal government's support in parliament.

Left out of Singh's charade was the fact that with the NDP's blessing, the government is tightening the eligibility requirements for the CERB. As of July 5, workers must sign an affidavit when reapplying for CERB benefits, acknowledging that they should return to work as soon as possible, and must now reapply for the CERB every two weeks, instead of every month.

Despite these changes, big business is adamant that the Liberal government has not gone far enough. For weeks, business organizations have been denouncing the CERB as a "disincentive" to work, because the income it provides is higher than the poverty-level wages paid by corporate Canada to millions of super-exploited workers.

These denunciations reached fever pitch last week as Finance Minister Bill Morneau presented a "snapshot" of the government's fiscal position. It projected a deficit of \$343 billion for the current 2020-21 fiscal year, due to a collapse in tax revenues and levels of emergency government spending not

seen since World War II.

While the corporate media churned out commentary claiming that the “gains” from years of austerity are fast disappearing, Goldy Hyder, head of the powerful Business Council of Canada, demanded the Trudeau government “pivot” from providing “support” to people, to promoting “economic growth”—i.e., business profits.

The sentiments within the ruling class were summed up by Pedro Antunes, chief economist at the Conference Board of Canada, who complained in a *Globe and Mail* comment, “The CERB as a disincentive for workers to re-enter the labour force is a real risk. Currently, at \$2,000 a month, the CERB is equivalent to an average hourly wage of just less than \$15 for an average 33-hour work week—well above the minimum wage in most Canadian jurisdictions.”

In other words, the CERB must be slashed and phased out so workers can be press-ganged into low-wage jobs; jobs, moreover, that provide few if any protections from the potentially lethal coronavirus. This system of ruthless exploitation is to be enforced on the one hand by cutting off state support, and on the other by mass unemployment, which will facilitate the driving down of wages and working conditions.

As Rebekah Young, director of fiscal and provincial economics at Scotiabank, put it, “There will be significant unemployment across Canada for the duration of the recovery. The [Employment Insurance system] was not and is not sufficient to cover all Canadians that will be out of work, but the [Canadian Emergency Response Benefit] clearly is too expensive for that duration.”

The Conservatives, echoing the concerns of big business, have proposed a Back to Work Bonus, which would temporarily pay workers 50 cents per dollar earned over \$1,000 so as to make low-wage employment more attractive.

A similar scheme has already been implemented by Manitoba’s Conservative government. The Manitoba Job Restart Program pays out a one-time benefit of up to \$2,000 to Manitobans who leave the CERB and return to work for at least 30 days—the better to “kick the CERB to the curb,” gloated Manitoba Premier Brian Pallister.

The campaign to phase out the CERB is connected to big business’ insistence that there must not be a second lockdown, even if COVID-19 cases and deaths surge. This point was made bluntly by the Business Council of Canada. Canada, it declared, “cannot afford another shutdown.”

The slashing of wages by companies across the country as they call workers back to their jobs is being facilitated by the government’s Canada Emergency Wage Subsidy (CEWS) program. In last Wednesday’s fiscal update, Morneau almost doubled planned expenditure on the CEWS from \$45 billion to \$82.5 billion. Under the CEWS, the government pays 75 percent of workers’ wages if employers keep them on the payroll. However, there is no requirement for companies to pay

the remaining 25 percent. In effect, the dramatic expansion of the CEWS program, which has accounted for just \$18 billion in government spending to date, will institute a 25 percent pay cut for large numbers of workers, even as they risk their lives by returning to work amid the pandemic.

The gutting of workers’ wages is a key objective for big business, which is preparing for even more ruthless competition with its global rivals. The corporate press has been full of articles and commentary in recent weeks warning that competition over investments, markets, and raw materials will only intensify amid the ongoing economic crisis.

The fact that the ruling elite can proceed so ruthlessly is above all due to the role played by the trade unions and the New Democratic Party (NDP). They have worked to suppress working class opposition during the pandemic, and forged still closer ties with the Liberal government.

Both the NDP and trade unions have maintained a deafening silence on the more than \$650 billion in bailout funding the Trudeau government and Bank of Canada have funnelled into the financial markets, banks and big business in order to guarantee the investments of the rich and super-rich.

Since April, the unions have worked hand-in-glove with employers’ organizations, including the Canadian Chamber of Commerce, to implement a return to work amid the pandemic. In a joint statement co-authored by Canadian Labour Congress President Hassan Yussuff and Chamber of Commerce head Perrin Beatty, the two organizations appealed for the creation of a “national economic task force” to promote “economic recovery” and tackle the “challenges for a trading nation like ours,” including “substantial new public and private debt.” Such a corporatist alliance was necessary, the pair continued, “to stop stakeholders going off in different directions.”

The *World Socialist Web Site* noted at the time that this and other such statements were meant to send a message to the ruling class: the unions intend to partner with big business to boost the “competitive” position—that is, profitability—of Canadian capital, and will block and sabotage all working class resistance. Less than two months later, the intensification of the campaign to phase out the CERB and force workers back to work on the basis of lower wages and worse conditions of employment underscores how correct that warning was. (See: **Canadian unions cement anti-worker corporatist alliance with government and big business**)



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