

Price increases for food and other basic necessities to squeeze Canadian workers' already hard-pressed incomes

Matthew Richter
20 December 2021

Workers in Canada face the threat of a sharp spike in prices for groceries and other basic necessities in the coming year, under conditions in which inflation is already running at levels unseen in three decades.

According to the most recent Consumer Price Index (CPI) report, released by Statistics Canada last Wednesday, inflation is running at 4.72 percent, its highest level since the recession of the early 1990s, which was Canada's deepest economic slump, up until that point, since the Great Depression. Inflation has well exceeded the Bank of Canada's target range of 1 to 3 percent throughout most of 2021.

Overall food prices have risen 4.4 percent this year, but there have been significantly higher increases for many types of meat and vegetables.

The Maritime provinces have seen steeper inflation than other parts of the country. Prince Edward Island is currently experiencing the highest rate of inflation in the country at 7 percent. A CBC report indicates that soup kitchens on the island have seen an increase in demand. In New Brunswick, inflation is at 5.7 per cent. Quebec and Ontario, the country's two most populous provinces, have experienced price rises of 5.2 percent and 5.0 percent respectively.

The rising cost of foodstuffs is especially devastating for workers and their families, many of whom struggle to put food on the table, never mind the foods necessary for a healthy and balanced diet. Demand at food banks has increased by 20 percent since 2019, according to a recent report from Food Banks Canada, a surge not seen since the depths of the 2008 recession.

Canada's Food Price Report, an annual report published by Dalhousie University and the University of Guelph, predicts that food prices will rise at the fastest pace in the coming year since the report's inception in 2010. Food

price inflation is expected to come in at between 5 and 7 percent. The average family of four is projected to spend \$14,767 on food in 2022, an increase of \$966 from this year's average expenditure of \$13,801.

The increase will have a disastrous effect on those on a fixed income and workers in the "gig economy." It is estimated that 2 million seniors live on an income of \$17,000 a year or less. "Gig economy" workers—workers who are hired as "independent contractors" for the likes of Uber and parcel delivery, and other services—represent at least 1 in 10, or 1.7 million, workers in the national workforce, according to data from Statistics Canada. Many gig workers seek to make ends meet by juggling several poorly paid "gig" jobs at once.

Other goods driving inflation include gasoline, which rose an astonishing 43.6 percent from 2020. Housing and transportation costs are also up significantly. The former is up 4.8 percent year over year, while the latter has increased by 10 percent. The red-hot housing market, particularly in major cities like Toronto and Vancouver, has received extensive attention in the corporate media over the past year. However, much more significant for large numbers of low- and middle-income workers is the substantial rise in rents in major urban centres. The average rent for all properties in Canada was \$1,817 per month in November 2021, an increase of 3.6 percent year-over-year, and up 1 percent from October.

Rental apartments, the most "affordable" housing for much of the population, increased by more than \$250 between November 2018 and November 2021 rising from \$1,403 to \$1,662—or almost 18 percent. This average masks the considerably higher cost of rent in major population centres like Toronto or Vancouver, where the average rent approaches \$3,000.

The most extreme increases in rent have taken place in

the Greater Toronto Area, where rents are up more than 11 percent year-over-year. Some cities within commuting distance of downtown Toronto have seen rental prices spike by as much as 14.95 percent during the past year.

The principal reasons for the mounting inflationary pressures are the vast, state-led enrichment of the financial oligarchy during the pandemic and the ruling elite's murderous response to COVID-19.

As a result of the pandemic bailouts implemented by Canada and every other major capitalist state in March-April 2020, trillions of dollars have been funnelled into the financial markets, massively swelling stock valuations and the balance sheets of the banks and financial elite. The drive to reopen the economy and schools amid the pandemic helped boost corporate profits, while placing workers' lives at risk.

Under these conditions, inflation is eating into the purchasing power of the working class. Data from November's Labour Force Survey shows that average wages rose only 2.8 percent year-over-year. When compared against the average 4.7 percent inflation, this translates into a hefty pay cut of 2 percent. The impact on many low-wage workers, who were already earning poverty wages prior to the pandemic, only finds a pale reflection in this general statistic.

Canada's billionaires, on the other hand, are more prosperous than ever. In a report published December 9, the Parliamentary Budget Office (PBO) released figures showing that the wealthiest one percent of Canadian families control almost 25 per cent of all wealth in the country. The top 20 percent owns as much as the bottom 80 percent of the population. Canada's 48 billionaires added \$78 billion to already obscene fortunes during the first year of a pandemic that has already killed more than 30,000 Canadians.

In this context, inflation is proving to be a major catalyst for class struggle in Canada and internationally, after decades in which workers' resistance was artificially suppressed by the corporatist trade unions. Major struggles have emerged across Canada, including among miners, food-processing and public sector workers.

In late October and November, over 20,000 New Brunswick public sector workers mounted a two-week-long strike against the Conservative government of Blaine Higgs in order to press their demand for a 20 percent "catch up" wage increase, over four years, after a decade-and-a-half of real-wage cuts. Even this modest demand, which the Canadian Union of Public Employees (CUPE) shamelessly betrayed when it sold out the strike, would

have meant that workers' wages would not have kept pace with inflation. In the end, CUPE rammed through a five-year deal that contained overall wage increases of just 2 percent per year, with an additional premium of 25 cents per hour per year that barely pushes the annual "increase" to 3 percent.

The Canadian ruling class is painfully aware that inflation pressures, combined with the catastrophic impact on the working class of its "profits before life" pandemic policy, could set off the social powder keg they are sitting atop.

Summing up the fears of the financial oligarchy in a speech on December 9, Bank of Canada Deputy Governor Toni Gravelle, said, "If supply disruptions and related cost pressures persist for longer than expected and strong goods demand continues, this would increase the likelihood of inflation remaining above our control range... While we expect inflation to ease in the second half of next year, we are closely watching inflation expectations and labour costs to ensure that the forces pushing up prices do not become embedded in ongoing inflation."

When Gravelle speaks of "related cost pressures" and the "forces pushing up prices," what he means is the need to squelch the upsurge of the class struggle. Gravelle and the corporate elite as a whole know full well that the unsustainable increase in prices will drive the working class into mass struggles that implicitly challenge capitalist rule. The fact that the corporatist unions have ruthlessly enforced concession-filled contracts that do not even keep pace with inflation and have imposed the homicidal open economy/open schools policy in the face of bitter opposition from workers throughout the pandemic, is driving workers to ever more openly contest their authority.

Gravelle and his ilk worry, and rightly so, that the year ahead will increasingly see the emergence of new organs of working class organization and struggle—rank-and-file committees—that throw off the death grip of the pro-capitalist union apparatuses and fight for decent-paying, secure jobs for all and the implementation of a science-based policy, that puts saving live before profits, to eliminate COVID-19 and end the deadly pandemic.



To contact the WSWs and the Socialist Equality Party visit:

[wsws.org/contact](https://www.wsws.org/contact)