Mass layoffs sweep Canada as interest rate hikes push economy toward recession

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Bell Canada Enterprises announced on February 8 that it was slashing nine percent of its workforce, accounting for 4,800 jobs, adding to a rising wave of layoffs sweeping the country as Canada's economy edges closer to an official recession.

The Bank of Canada has been driving up interest rates since 2022 with the support of the NDP-backed, Justin Trudeau-led Liberal government and the entire political establishment. Their aim is to manufacture an economic downtown which will drive up unemployment and thereby suppress workers' increasingly militant demands for inflation-busting wage increases. Last year saw a wave of militant worker struggles, including strikes by more than 100,000 federal government workers, dockworkers in British Columbia, supermarket and autoworkers in Ontario and over half-a-million Quebec public sector workers.

The Bank of Canada's high interest policy—the current five percent "policy rate" is the highest in more than two decades—is part of a global offensive by the capitalist ruling elites against the working class which has been picking up pace in every country and across industries. An international survey by ResumeBuilder found that 38 percent of executives think layoffs are likely at their company in 2024 and half foresee a hiring freeze.

Canada's media sector has been eviscerated in recent years with this being just the latest round of layoffs at Bell Media. Last year, Canada's largest private media company eliminated six percent of its workforce.

The telecommunications and media monopoly is carrying out a bloodbath at its Bell Media subsidiary, eliminating local CTV News broadcasts and selling off dozens of community radio stations in British Columbia, Ontario, Quebec and Atlantic Canada. However the bulk of the layoffs will come from other sections of the company including telecom, where most of the 800 Unifor union members are expected to lose their jobs.

Despite posting a $2.3 billion profit last year, Bell said the cuts were made necessary due to financial pressure from onerous federal regulations and ongoing negotiations with Google and the social media platforms over compensation for Canadian news corporations. However, the company is projected to receive $40 million in relief this year from the elimination of online streaming licensing fees. It is also slated to share in the $30 million that the search giant Google has negotiated with the Liberal government to pay in order to avoid regulation under its new Online News Act.

The largest layoff at Bell in more than three decades sparked populist posturing from the political establishment with Liberal Prime Minister Justin Trudeau telling reporters he was "pissed off" and that the company's move was a "garbage decision." British Columbia's NDP Premier David Eby denounced Bell and other executives as "corporate vampires."

The NDP-backed Trudeau government bears a significant share of responsibility for the bloodletting in the media. The federally-funded public broadcaster CBC/Radio-Canada announced in December that it was cutting 10 percent of jobs nationwide, amounting to 600 layoffs and the elimination of 200 vacant positions, as it confronts a $125 million shortfall for 2024.

After the Public Policy Forum found that 225 weekly and 27 daily newspapers had either folded or merged between 2010 and 2017, the Canadian Heritage Ministry established a $50 million Local Journalism Initiative fund to support local reporters. While it has supported 400 journalists at 300 news outlets, these funds are set to run out at the end of March with no indication from the Trudeau government that it will be renewed, placing hundreds more media jobs at risk.

While much of the focus has been on the media and telecom job losses, cuts are beginning to mount in manufacturing, transport, energy, tech and retail as companies seek to squeeze more profit from their workers.

On Thursday, low-cost carrier Lynx Air announced it was ceasing all operations as of next Monday and seeking bankruptcy protection. More than 160 pilots and flight crew are losing their livelihood as a result of the shutdown, which Lynx management has blamed on rising operating costs.

Workers in Canada's pulp and paper industry, already diminished after decades of closures and cutbacks overseen and approved by the nationalist trade union bureaucracies, are experiencing yet another devastating contraction. Domtar announced the closure of its paper mill in Espanola, Ontario, late last year, resulting in 450 workers losing their jobs in a city of under 5,000 residents. And the Powell River, British Columbia, paper plant, idled since 2021, was permanently closed by Paper Excellence in August 2023, axing 260 jobs.

Quebec-based cardboard manufacturer Cascades announced last week the permanent closure of its mill in Trenton, Ontario and the shuttering of converting facilities in Belleville, Ontario, and Newtown, Connecticut, resulting in the layoff of 310 workers. This follows the announcement by AV Group in January that it would be indefinitely idling its Terrace Bay pulp mill in Ontario, forcing 400 workers onto Employment Insurance and economically devastating the rural town of 1,500 on the northern shore of Lake Superior.

Enbridge, the transnational energy and pipeline giant based in Calgary, Alberta, announced in January that "increasingly challenging business conditions" had forced it to announce 650 layoffs. Suncor Energy, also based in Calgary, had announced last summer that it was eliminating 1,500 jobs before the end of the year.

In the tech sector, major layoffs notices have gone out to Google employees in Canada who are among the 12,000 being eliminated globally by parent-company Alphabet. Other companies which have announced layoffs in Canada include 7shifts, a scheduling app based in Saskatoon, which is cutting 68 people, or nearly 20 percent of its workforce; BlackBerry, which is eliminating 200 workers; and AI biomedical startup BenchSci which has cut 70 jobs, or 17 percent of its total employment.

In retail, home renovation and construction-store chain Rona announced in January the closure of two distribution warehouses in Terrebonne, Quebec, and Calgary, Alberta, and the layoff of 300 workers. The cuts come in the wake of the company's acquisition in 2022 by private equity firm Sycamore Partners. Another retailer, Mastermind Toys is firing 272 workers after it was bought out by Unity Acquisitions. Layoffs have also been carried out at Staples Canada and Indigo Books.

On Monday, Nova Bus, a Volvo Group subsidiary, said it will eliminate 125 jobs at its St-Eustache, Quebec, factory by the end of the year. The layoff announcement came just days after the Quebec government revealed that it had given Nova Bus a $19 million subsidy to "improve its productivity" and "ensure the sustainability of its operations."

In January, Canada's jobless rate stood at 5.7 percent up 0.7 percent from a year before. January was the first month in over a year in which the jobless rate fell, but the marginal 0.1 percent decline was more than offset by a 0.2 percent drop in the labour force participation rate. For youth aged 15 to 24 the participation rate was down three percent year-to-year in January, indicating that young people are dropping out of the labour force because they are finding it increasingly difficult to find work.