

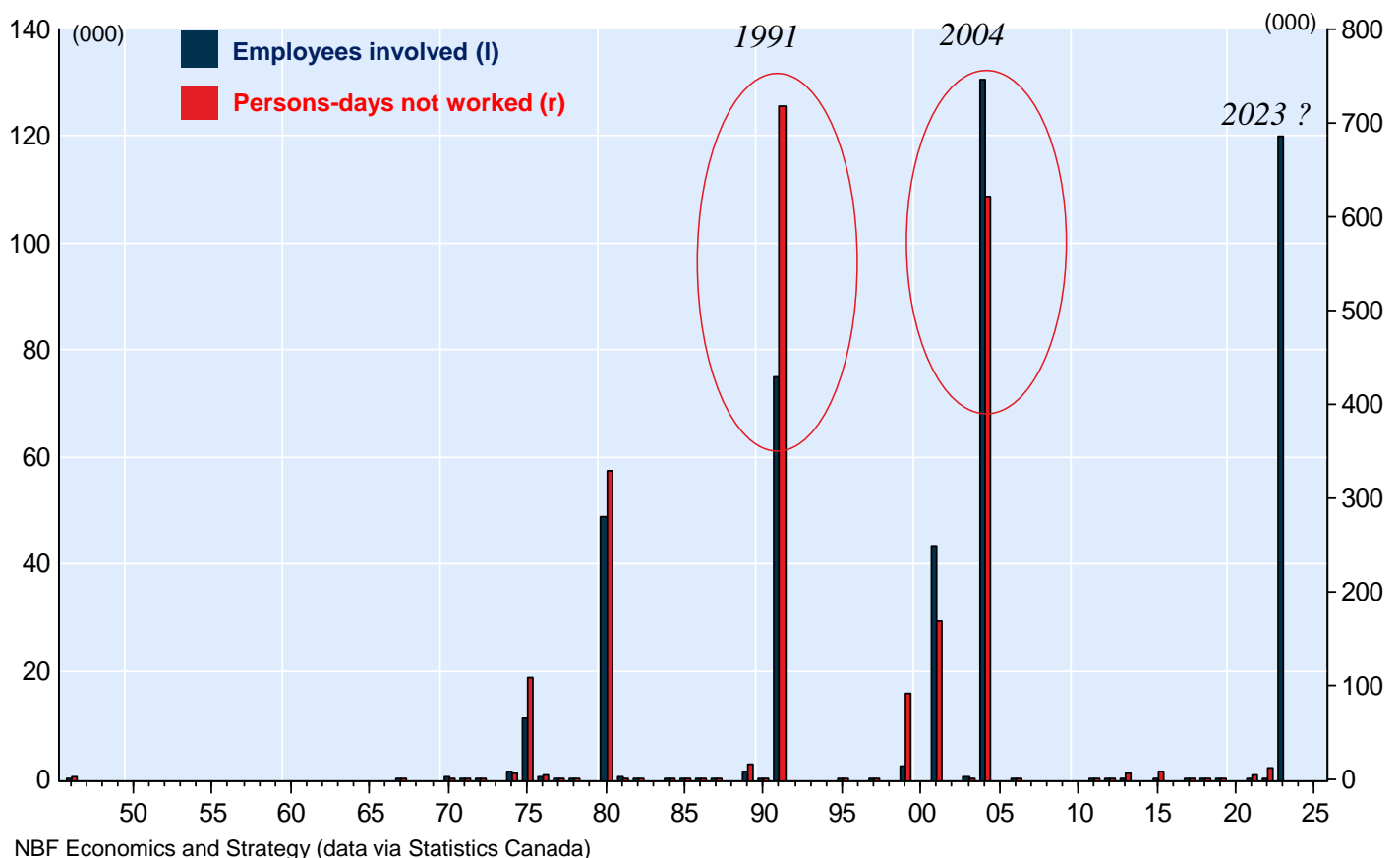
Canada Watch

By Matthieu Arseneau

Last week, government employees represented by the PSAC, the largest union of federal public servants, went on strike for better wages and favorable rules related to remote working. What will be the potential impact on the national economy? There are 155K employees represented by this union and excluding essential workers, a maximum of 120K of them could go on strike. How does this number compare to previous labour disputes between the federal government and its employees? As today's Hot charts shows, federal civil servants have taken part in five major strikes since 1945 involving over 40,000 individuals. As shown, the 120K potential strikers are slightly lower than the 131K who exercised their right to strike during the 2004 but higher than the 75K in 1991. But we need to consider the size of the labor force when comparing the situation with the past. They currently represent 0.6% of workers in Canada, below the 0.8% share in 2004 and essentially the same proportion as in 1991. It is interesting to note that the average number of days absent per striker was only 7 days in 2004 and 9 days in 1991. Even assuming a prolonged conflict of, say, 30 days, we estimate the direct impact on economic growth to be in the order of 0.5% on annualized Q2 GDP growth. However, the impact on the economy will not be limited to lost income for civil servants, but could include delays in household transfers, tax-processing, immigration applications and border operations that could impede the movement of people and goods, among others. Even taking all these factors into account, we do not believe that this labor dispute will derail the economy.

Canada: Will the federal workers strike derail the economy?

Work stoppages in Canada (public administration – Federal jurisdiction)



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