# **Competition Policy in Labour Markets: Towards a More Just Society**

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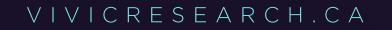


## **Disclosure Statement**

I have received funding from the following clients for research and educational services related to competition policy:

- Unifor
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In addition to my affiliation with Vivic, I am also affiliated with the Canadian Centre for Policy Alternatives as a research associate.



### THE PROBLEM

## Labour market monopsony: challenges and opportunities

Roughly 5.6% of working-age individuals (1.3M) are working poor. Driven by lack of full-time work and misclassification of workers (gig work).

A <u>basic income</u> of between \$17K and \$24K would cost up to \$93B (gross) and still not eradicate poverty.

### **Problem:**

- - Canada Workers Benefit (CWB) about \$3.4B.
  - •
  - Canada Child Benefit <u>\$24.5B supporting 3.3M families</u>.

## How much are governments subsidizing monopsony power with taxpayer money?

**For context:** Competition Bureau's 2020-21 budget was <u>\$52.1M</u>.

## **Opportunity**:

- increase living standards and foster equitable prosperity.
- effective intervention than transfer programs.

1. Monopsony power in labour markets harms (low-income) workers through lower compensation and lower-quality employment.

2. Canadian governments currently spend billions supporting millions of workers through transfers and services (like training). Examples: Employment Insurance - <u>\$3.4B</u> provided to provinces through Workforce Development ad Labour Market Development agreements.

1. Competition between firms in labour markets can be an engine to

2. Fostering competitive and equitable labour markets may be a more cost-

### SOLUTION

## We need more equitable labour markets

Tackling monopsony though competition policy can make labour markets more equitable.

The most direct intervention for poverty and social exclusion is to develop inclusive economies (societies) and markets.

Tax and transfer interventions are not sufficient or efficient to address poverty/social exclusion.

Cost savings – Increasing competition in labour markets may encourage firms to internalize labour costs that have been shifted to the public sector. Higher wages – for every dollar a worker earns, the federal government • could save \$0.15 in CWB spending (for workers just under the poverty

- line).
- education.

  - be more common.

Effectiveness – Competition policy in labour markets could be a more efficient and just intervention than transfer programs. From the <u>BC Expert</u> Panel on Basic Income:

- goal, such as poverty reduction"
- wages and job conditions for low-skill, low-income workers particularly beneficial for people whose often precarious situations have

More training – <u>Decades of decline</u> in firm spending on training and

• Budget 2021 <u>committed billions</u> to worker training programs. However, with tighter labour markets today workplace training may

"A basic income is a very costly approach to addressing any specific

• "Regulatory reform to create a more just labour market, improving

been highlighted by COVID-19: women, people with limited education and work skills, and Indigenous and racialized people."

### IMPLEMENTATION

## Filling a gap: competition law in labour markets

Labour policy with a monopsony lens?	Competition policy with a labour lens?
<ul> <li>Enhancing</li></ul>	<ul> <li>Target anti-</li></ul>
countervailing	competitive
power of workers	practices (collusion,
(e.g., making	use of non-compete
unionization	agreements). <li>Prevent</li>
easier). <li>Enhancing labour-</li>	accumulations of
market floors (e.g.,	monopsony power
minimum wage,	through merger
addressing	control. <li>Anticompetitive</li>
misclassification of	conduct specific to
workers).	labour markets?

**Idea**: Develop a market regulator (or several provincial market regulators) for labour markets. The regulator(s) would live within ESDC or provincial labour ministries.

- negotiation between stakeholders.
- > Activities:

  - monopsony power.
  - programs.

significant advantages.

- tripartite governance system).
- activities.

> Mandate: ensure a fair and equitable level of monopsony power within labour markets. That level would need to be determined through

• Enforce labour-market specific competition law.

• Monitor markets to identify high concentrations of monopsony power. • Suggest legislative reforms to address systemic instances of excessive

Identify market failures best addressed through government

Housing labour-specific competition enforcement in labour departments has

• More willingness to consider fairness and equity as policy objectives. • Notable gaps in current competition legislation and enforcement. Proven systems for balancing worker and firm interests (e.g., EI's

• Subject-matter expertise and synergies with other labour-specific

# Thank You



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