Getting past the 
labour-business tango:
Think about the consumers

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Around Labour Day, a plethora of news stories focus on the state of unions, and often, their interaction with business. Given the name of the holiday, the attention is understandable.

However, the focus on unions and corporations, especially where governments are involved to set policy and create legislation, often misses two other critical groups: consumers and taxpayers.

It is those two cohorts that are often overlooked and whose interests are damaged when governments assume, on purpose or by accident, that only the interests of organized labour and business matter.

Here’s one example: In many provinces, governments own, distribute and retail beer, wine, and spirits. (Alberta is the lone exception with no government involvement beyond
Consumers would benefit from a European-style open skies policy.

sensible regulation). Provincial governments also play favourites with the private businesses allowed to operate.

In Ontario, thanks to government policy, beer sales are mostly reserved to The Beer Store chain (owned by Labatt, Molson, and Sleeman). It garners 80 percent of the beer market in that province. That works well for the three beer companies.

Similarly, thanks to a government-granted ban on new private liquor stores, Ontario’s government-owned LCBO stores capture 50.8 percent of that province’s overall beverage alcohol market (i.e., when all beer, wine, and spirit sales are accounted for).

That works well for the 7,503 employees of the Ontario government stores. But it works less well for the 9.1 million Ontarians over the age of 18 who can legally consume such beverages.

They are subject to a de facto duopoly, where the market is mostly split between government stores on the one hand, and The Beer Store outlets on the other.
Or ponder the lack of airline competition in Canada. At present, so-called foreign carriers cannot pick up and also drop off passengers within Canada; only “domestic” air carriers can do that. That limits competition.

If Canada had a truly open skies policy like Europe, consumers would benefit from more competition on prices, service, and routes. Thus, the passengers who buy 109 million “seats” annually on airplanes (using 2010 data, the most recent available) would benefit. Instead, the federal government has resisted a consumer-friendly airfare policy, this to protect so-called domestic airlines and jobs, even though that shows little faith in their ability to compete.

Another example of undue government favouritism occurs when governments practice corporate welfare. That comes at the expense of taxpayers. They take a direct hit when governments give special subsidies to particular companies.

In the case of the Chrysler-GM bailout in 2009, and after accounting for partial repayments by those two corporations, Canada's taxpayers were still out $5.5 billion three years later. Governments colluded with two companies
and their labour unions, even though across Canada, 259,000 jobs disappeared and 5,420 companies went bankrupt in 2009.

The federal and Ontario governments favoured two companies and their staff at the expense of other automotive companies, their employees, and, especially, taxpayers. (On income tax alone, 16.2 million people paid income tax that year). The two governments should have favoured no one.

Lastly, ponder the dairy and poultry aisles in your local grocery store: Canadian consumers are subject to “supply management” boards (also known as marketing boards), which limit the supply of eggs, chicken, turkey, and dairy products.

Efforts to establish such boards date back as far as 1872 when attempts were made to “improve” prices for farmers and other producers. That was an “improvement” from the producers’ perspective, but not for consumers.

The first official marketing board was established in British Columbia in 1927. Ever since, and in various iterations, and especially since the 1970s, such anti-consumer boards have been given powers over supply, pricing, controls on imports, and subsidies to producers (which is where taxpayers get roped in).

So supply is restricted within Canada. Meanwhile, foreign products are kept out by high tariffs. Consider the tariffs on dairy products, which range from 202 percent (skim milk) to 298 percent (butter) with cheese, yogurt, ice cream, and regular milk within that range.
All of that means this: 12,965 dairy farmers are favoured at the expense of most of the other 34,755,634 Canadians—i.e., the ones who consume such products and must pay higher prices as a result of the government-granted dairy and poultry cartels. That is anti-consumer and anti-poor, given that those on low-incomes spend most of their money on basic necessities such as groceries.

So next time you hear people debate whether labour or business should win in some dispute or in a proposed government policy, the correct answer is: “neither.” The interests of millions of consumers and taxpayers should come first.

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