



**Estimated Impact of the Elimination  
in 100,000 Public Sector Jobs in  
Cities and Communities across Ontario**

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28 May 2014

## Introduction

On May 9<sup>th</sup>, Ontario Conservative leader Tim Hudak announced that, if elected in the June 12<sup>th</sup> election, he would cut 100,000 jobs from Ontario's public sector, which he said was equivalent to a 10% cut. Hudak [said he would exclude](#) nurses, doctors and police officers from these cuts, but otherwise the cuts could affect all other provincial public sector workers.

After it was pointed out that his cuts would work out to one in six workers as there are approximately 650,000 employed in Ontario's direct and broader provincial public sector, Hudak [later said](#) he would require workers employed by provincially-funded agencies and municipalities to also be included in these cuts along with teachers, other health care workers and all other broader public sector workers.

Many unanswered questions remain about what public sector jobs would be cut and in which communities, if the Conservatives are elected. While Hudak said he would cut "100,000 jobs in the bureaucracy" there are in fact [only about 60,000](#) people employed in Ontario's core public service. Some of these may be the stereotypical "bureaucrats" working for government ministries in policy development, but a large share of even these direct ministry employees work in frontline services with the public. The vast majority of Ontario public sector workers provide direct services in health care, hospitals, clinics, seniors care, social and community services, schools, colleges, universities, municipalities and for public utilities.

This means a cut of 100,000 public sector jobs in Ontario would undoubtedly result in job cuts far beyond the core public service in Toronto, would be felt in cities and communities across the province and would hurt the quality of public services for all Ontarians. While some Conservatives claim a number of these job cuts could be achieved through retirements and attrition, they would still mean unfilled positions and job losses. They would mean fewer teachers, educational assistants, cleaners, personal support care workers, health care technicians, clerical staff, or numerous other public sector workers and would be impossible to achieve without cuts to public services.

Before they head to the polls on June 12<sup>th</sup>, Ontarians deserve to know how these cuts would affect the public services they receive and which jobs would be cut in their local communities.

## Summary of Results

In the absence of more specific information, we developed estimates of how Hudak's proposed 100,000 public sector job cuts would impact cities and communities across Ontario, assuming that the job cuts were implemented proportionally, without favour to any one region or sector. The details of our analysis are provided below and are summarized in Table 1 and Table 2. Further details are provided in additional tables below.

Table 1 presents estimated job loss figures for the 15 largest cities (or Census Metropolitan Areas (CMA) as defined by Statistics Canada), together with calculations of how much these would increase the unemployment rate by, and to, for these respective cities, based on April 2014 Labour Force Survey figures.<sup>i</sup>

For Ontario as a whole, the proposed job cuts could increase the unemployment rate from 7.4% to 9.7%. This would represent the highest unemployment rate for twenty years, since May 1994, and would be worse than the highest unemployment rate – 9.4% - reached in the recent economic crisis and recession.

<b>Table 1 – Estimated job losses and increase in unemployment rate for the 15 largest cities (CMAs) in Ontario</b>			
<b>Census Metropolitan Area (CMA)</b>	<b>Job Loss</b>	<b>Increase in unemployment rate</b>	<b>Resulting unemployment rate (based on April 2014)</b>
Ontario	167,000	2.3%	9.7%
Ottawa	11,159	1.9%	8.8%
Kingston	3,333	3.8%	10.2%
Peterborough	2,057	3.2%	14.8%
Oshawa	6,134	2.9%	9.9%
Toronto	62,892	1.8%	9.6%
Hamilton	10,555	2.6%	9.0%
St. Catharines – Niagara	5,301	2.5%	10.7%
Kitchener – Cambridge – Waterloo	6,142	2.0%	8.8%
Brantford	1,782	2.4%	9.4%
Guelph	2,480	3.2%	10.4%
London	7,116	2.7%	10.7%
Windsor	3,964	2.4%	10.8%
Barrie	2,547	2.2%	9.4%
Greater Sudbury	2,785	3.2%	9.4%
Thunder Bay	2,460	3.8%	9.6%
CMA boundaries as defined by Statistics Canada, with maps available on their <a href="#">website</a> .			

What this analysis also shows is that public sector jobs cuts are likely to be more severe for mid- and smaller-sized cities and towns in the province. Not only would the cuts reduce or eliminate important public services, but they could also lead to a big increase in their unemployment rates because provincial and municipal public sector employment is a larger share of total employment in these communities. The increase in joblessness could increase unemployment to double digit rates in communities such as Kingston, Peterborough, St. Catharines-Niagara, Guelph, London and Windsor.

For example, if the cuts were implemented proportionately, Kingston could see its unemployment rate increase by 3.8 percentage points up to 10.2%; Peterborough up by 3.2 percentage points to 14.8%; Oshawa up by 2.9 percentage points to 9.9%; Guelph up by 3.2 percentage points to 10.4% and Greater Sudbury up 3.2 percentage points to 9.4%.

This is because, perhaps contrary to the perception of some, provincial and municipal public sector employment tends to be proportionally higher in mid-and smaller cities than in larger cities. These public sector jobs are also an important source of economic stability in these communities because the jobs are more stable and are decently or at least [more equitably](#), compensated. While Toronto and Ottawa would suffer the greatest number of job losses, these provincial and municipal public sector jobs are a smaller share of the total labour force and employment in these larger cities.

Higher unemployment will increase costs for and demands on employment insurance as well as social, health and community services provided by federal, provincial or local governments' right at the time many of these services are being cut.

These job loss figures also include estimates of spin-off job losses in the private sector that would result from lower household spending by public sector workers. The spin-off job losses will also have an especially significant impact on mid-and smaller sized communities. The private sector jobs multiplier associated with public sector jobs at this level is estimated at 0.67. This means that every job in the public sector helps to generate another 0.67 jobs in the private sector from the ripple effect of increased economic activity. Some of this increased economic activity comes from spending by the employer associated with these jobs (the "indirect" impact) and other economic activity comes from spending by the employee and their household in the local community (the "induced" impact).

Economic multipliers vary, depending on the type of spending or economic action, depending on the geographical region considered, and also depending on the state of the economy. The economic and job multipliers associated with different forms of public spending tend to be significantly higher than those associated with tax cuts, especially income tax cuts. These multipliers are also stronger when the economy suffers from inadequate demand, as is now the case.<sup>ii</sup>

This estimate of 0.67 for the jobs multiplier comes from multipliers for state and local spending in the United States. This represents a comparable type of public spending being considered and the economic multipliers used for this calculation are similar to those reported by Finance Canada.<sup>iii</sup>

Table 1 includes only 15 CMAs because these are the only Ontario cities Statistics Canada releases Labour Force Survey information on. The estimated job cuts and losses in both the public and private sector for these 15 larger cities (CMAs) and 27 smaller regional centres, or Census Agglomerations (CAs), are presented below in Table 2.

**Table 2 – Estimated impact of public sector job cuts on Ontario cities and towns (CMAs and CAs)**

<b>City or town (CMA or CA)</b>	<b>Public sector job cuts</b>	<b>Spin-off private sector job losses</b>	<b>Total job loss</b>	<b>% of provincial total job losses</b>
Ontario (Total)	100,000	67,000	167,000	100.0%
Cornwall	471	316	787	0.5%
Hawkesbury	82	55	137	0.1%
Ottawa	6,682	4,477	11,159	6.7%
Brockville	322	215	537	0.3%
Pembroke	231	155	386	0.2%
Petawawa	60	40	100	0.1%
Kingston	1,996	1,337	3,333	2.0%
Belleville	686	460	1,146	0.7%
Cobourg	150	101	251	0.2%
Port Hope	155	104	258	0.2%
Peterborough	1,232	825	2,057	1.2%
Kawartha Lakes	716	480	1,196	0.7%
Wellington	250	168	418	0.3%
Oshawa	3,673	2,461	6,134	3.7%
Ingersoll	99	67	166	0.1%
Toronto	37,660	25,232	62,892	37.7%
Hamilton	6,320	4,234	10,555	6.3%
St. Catharines - Niagara	3,174	2,127	5,301	3.2%
Kitchener - Cambridge - Waterloo	3,678	2,464	6,142	3.7%
Brantford	1,067	715	1,782	1.1%
Woodstock	263	176	439	0.3%
Tillsonburg	86	58	144	0.1%
Norfolk	452	303	755	0.5%
Guelph	1,485	995	2,480	1.5%
Stratford	256	171	427	0.3%
London	4,261	2,855	7,116	4.3%
Chatham-Kent	764	512	1,277	0.8%
Leamington	271	181	452	0.3%
Windsor	2,374	1,590	3,964	2.4%
Sarnia	618	414	1,032	0.6%
Owen Sound	330	221	551	0.3%
Collingwood	133	89	222	0.1%
Barrie	1,525	1,022	2,547	1.5%
Orillia	293	196	489	0.3%
Midland	310	207	517	0.3%
North Bay	751	503	1,254	0.8%
Greater Sudbury	1,668	1,117	2,785	1.7%
Elliot Lake	78	53	131	0.1%
Temiskaming Shores	134	90	223	0.1%
Timmins	448	300	748	0.4%
Sault Ste. Marie	808	541	1,349	0.8%
Thunder Bay	1,473	987	2,460	1.5%
Kenora	203	136	339	0.2%
Other communities and regions	12,313	8,250	20,563	12.3%

Sources: see text; for CMA and CA boundaries, see reference for Table 1. Totals may not add up exactly due to rounding.

## **Estimation of affected public sector workers by city and community**

In the absence of more specific information, we developed estimates of how this number of job cuts would impact cities and communities across Ontario. To develop these estimates, we calculated how many potentially affected public sector workers are employed in each community across Ontario for which data was available, excluding nurses, doctors and police officers. We then assumed the cuts would be strictly proportional to these total employment levels, without favour to one region or sector of the public service over another (except, as mentioned, nurses, doctors and police officers).

For these calculations of affected public sector employment by community, we excluded federal and aboriginal public sector workers, but included local, regional and municipal workers because Hudak said they would be affected and they are under the jurisdiction of the province, although it isn't necessarily clear how these cuts would be enforced. In the totals we included workers employed by electric power utilities (which are mainly provincial and municipal-owned, such as Hydro) and water, sewage and other utilities (municipally operated) but excluded urban transit systems as Hudak has also said he would be expanding urban transit systems.

Table 3 shows the total number of workers employed in the main provincial, municipal and broader public sector industry groups across Ontario, using employment figures reported in Statistics Canada's 2011 National Household Survey<sup>iv</sup>. As can be seen in this table, there were an estimated 1.17 million Ontarians employed in these industry sectors in 2011.

Education (primary, secondary and post-secondary) has the largest number of public sector workers with 430,000 or 36% of the total. Teachers and other school board workers were slightly over 300,000, with another 130,000 employed by universities and community colleges. Next in size is health care, representing 34% of the total, with 393,000 working in hospitals, nursing and residential care, doctors' offices, health clinics, out-patient care services, ambulances, and related health care services. Social and community services employs a relatively smaller 60,000, or 5% of the total, while less than 1% are employed by heritage institutions, such as museums.

Approximately 81,000, or only 7% of the total are employed in provincial public administration, the core public service. This includes court workers, judges, corrections officers, provincial police officers and workers, firefighters, health and safety officers, other protective occupations, legislative officers as well as the core public service: all those who work directly for different ministries.

Local, regional and municipal public administration employs about 158,000, or 13% of the total. This includes those employed by municipal police, municipal firefighters, paramedics, health and safety inspectors, building inspectors, bylaw officers, animal control, parks workers, recreational programs, lifeguards, public and community health workers, counselors, and those working in affordable housing, economic development and other forms of local, regional and municipal public administration.

As shown below in Table 3, if nurses, doctors and police officers are excluded from these public sector industries, the number of Ontarians working in these sectors totals just slightly above one million, consistent with the number Hudak has used. And using these figures, a cut of 100,000 jobs would work out to 10% of the total number of affected public sector workers.

**Table 3 – Provincial, local and broader public sector workers in Ontario**  
**Main provincial, municipal and broader public sector industries**

<b>NAICS Code</b>	<b>NAICS Industry Group at four digit level</b>	<b># Workers</b>	<b>% of total</b>
2211	Electric power generation, transmission and distribution	41,720	3.6%
2213	Water, sewage and other systems	5,715	0.5%
6111	Elementary and secondary schools	301,335	25.7%
6112	Community colleges and C.E.G.E.P.s	29,900	2.5%
6113	Universities	90,860	7.7%
6211	Offices of physicians	37,350	3.2%
6214	Out-patient care centres	23,080	2.0%
6219	Other ambulatory health care services	9,265	0.8%
6220	Hospitals	193,815	16.5%
6230	Nursing and residential care facilities	129,645	11.1%
6241	Individual and family services	49,455	4.2%
6242	Community food and housing, and emergency and other relief services	4,385	0.4%
6243	Vocational rehabilitation services	7,565	0.6%
7121	Heritage institutions	9,220	0.8%
9120	Provincial and territorial public administration	81,180	6.9%
9130	Local, municipal and regional public administration	158,215	13.5%
<b>Total provincial, municipal and broader public sector workers</b>		<b>1,172,705</b>	<b>100.0%</b>
<b>Excluded occupations</b>			
<b>NOC Code</b>	<b>National Occupational Classification Code</b>	<b># Workers</b>	
431	Commissioned police officers	695	
301	Professional occupations in nursing	107,910	
3111	Specialist physicians	13,830	
3112	General practitioners and family physicians	17,135	
4311	Police officers (except commissioned)	31,730	
	Total excluded occupations	171,300	
<b>Total potentially affected public sector workers by cuts</b>		<b>1,001,405</b>	
<i>Sources: National Household Survey tables 99-012-X2011033 and 99-012-X2011034.</i>			

These detailed figures on employment by industry sector and occupational group are from the 2011 National Household Survey. Normally there would be some growth in the years since then, but Labour Force Survey figures report that public sector employment in Ontario to date in 2014 has been 1.7% below the average for 2011 and almost identical to the levels for 2012.

The National Household Survey and the Census provide detailed data on employment by these different industry and occupation groups for different levels of geography. One grouping provides results for the 15 largest cities, or "Census Metropolitan Areas" (CMAs) plus 27 smaller regional centres, or "Census Agglomerations" (CAs).

Another grouping provides results for 48 different Census Divisions (or CDs) in Ontario, which represent single or regional municipalities, rural counties or larger districts in the north. This report focuses on results for the 42 CMAs and CAs, but similar analysis by Census Division is also possible.

Table 4 provides a summary of the number of provincial, local and broader public sector workers by city and community in Ontario, showing how the direct job losses by community were estimated, excluding the number of nurses, doctors and police officers. Hudak has often said that his cuts would amount to 10% of the public sector workforce. This table shows that a cut of 100,000 jobs works out to just slightly less than a 10% cut in the affected public sector workforce, both for Ontario and for each of these communities.

Table 5A and 5B provide more details about which sectors the provincial, local and broader public sector workforce is employed in each of these cities and communities. To condense some of this information and allow it to be presented over two pages, a number of the 16 detailed four-digit industry sectors were combined.

For Table 5A and 5B, the following public sector industry groups are used:

- Electric power generation, transmission and distribution (NAICS 2211) and water, sewage other systems (NAICS 2213)
- Elementary and secondary schools (NAICS 6111)
- Universities (NAICS 6113) and community colleges (NAICS 6112)
- Hospitals (NAICS 6220)
- Other health: offices of physicians (NAICS 6211), out-patient care centres (NAICS 6214), other ambulatory care centres (NAICS 6219), and nursing and residential care facilities (NAICS 6230)
- Social and community services: Individual and family services (NAICS 6241), Community food and housing, and emergency and other relief services (NAICS 6242), Vocational rehabilitation services (NAICS 6243) and Heritage institutions (NAICS 7121)
- Provincial public administration (NAICS 9120)
- Local, municipal and regional public administration (NAICS 9130)

### **Caveats**

These calculations of the local job impact of total provincial job cuts should be considered as illustrative. They are of course estimates, subject to both uncertainty about what the actual measures would be and also subject to the reliability of the data used. However, given these limitations, they reflect the best and most reasonable estimates possible using the most detailed, but still reliable, data available.

**Table 4 – Provincial, local and broader public sector workers by city and community in Ontario and estimated direct public sector job losses by community**

<b>City or town (CMA or CA)</b>	<b>Estimated direct public sector job losses</b>	<b>Potentially affected public sector workforce (B) = D - C</b>	<b>Excluded nurses, doctors and police officers (C)</b>	<b>Total provincial, local and broader public sector workforce (D)</b>
Ontario (Total)	100,000	1,001,405	171,300	1,172,705
Cornwall	471	4,720	745	5,465
Hawkesbury	82	820	85	905
Ottawa	6,682	66,915	15,210	82,125
Brockville	322	3,220	530	3,750
Pembroke	231	2,315	355	2,670
Petawawa	60	600	140	740
Kingston	1,996	19,985	3,230	23,215
Belleville	686	6,870	1,050	7,920
Cobourg	150	1,505	140	1,645
Port Hope	155	1,550	270	1,820
Peterborough	1,232	12,335	2,120	14,455
Kawartha Lakes	716	7,170	955	8,125
Wellington	250	2,505	325	2,830
Oshawa	3,673	36,780	6,030	42,810
Ingersoll	99	995	135	1,130
Toronto	37,660	377,130	62,205	439,335
Hamilton	6,320	63,290	11,735	75,025
St. Catharines - Niagara	3,174	31,785	4,710	36,495
Kitchener - Cambridge - Waterloo	3,678	36,830	5,420	42,250
Brantford	1,067	10,685	1,790	12,475
Woodstock	263	2,630	410	3,040
Tillsonburg	86	865	180	1,045
Norfolk	452	4,530	805	5,335
Guelph	1,485	14,870	1,615	16,485
Stratford	256	2,560	545	3,105
London	4,261	42,670	8,895	51,565
Chatham-Kent	764	7,655	1,320	8,975
Leamington	271	2,710	325	3,035
Windsor	2,374	23,770	4,910	28,680
Sarnia	618	6,190	1,310	7,500
Owen Sound	330	3,305	585	3,890
Collingwood	133	1,330	205	1,535
Barrie	1,525	15,275	3,235	18,510
Orillia	293	2,935	620	3,555
Midland	310	3,100	535	3,635
North Bay	751	7,520	1,270	8,790
Greater Sudbury	1,668	16,700	2,485	19,185
Elliot Lake	78	785	135	920
Temiskaming Shores	134	1,340	105	1,445
Timmins	448	4,485	785	5,270
Sault Ste. Marie	808	8,090	1,305	9,395
Thunder Bay	1,473	14,750	2,530	17,280
Kenora	203	2,030	375	2,405
Other communities and regions	12,313	123,305	19,635	142,490

Calculated using employment by industry and occupation figures from *National Household Survey* Tables 99-012-X2011033 and 99-012-X2011034. See Table 5 for more details on employment by industry and occupation for these communities. Totals may not add up exactly due to rounding.

**Table 5A – Provincial, local and broader public sector employment by city and community and by industry sectors.**

<b>City or town (CMA or CA)</b>	<b>Total provincial, local and broader public sector workforce</b>	<b>Electric power generation, distribution, water and wastewater utilities (NAICS 2211 &amp; 2213)</b>	<b>Elementary and secondary schools (NAICS 6111)</b>	<b>Universities and community colleges (NAICS 6112 &amp; 6113)</b>	<b>Hospitals (NAICS 6220)</b>
Ontario (Total)	1,172,705	47,435	301,335	120,760	193,815
Cornwall	5,465	110	1,380	110	940
Hawkesbury	905	-	265	30	165
Ottawa	82,125	1,390	20,140	10,875	15,340
Brockville	3,750	50	1,005	120	755
Pembroke	2,670	150	715	145	485
Petawawa	740	45	210	10	160
Kingston	23,215	470	4,085	6,635	4,525
Belleville	7,920	210	2,320	475	1,055
Cobourg	1,645	195	475	35	135
Port Hope	1,820	235	495	25	175
Peterborough	14,455	735	3,280	1,565	1,980
Kawartha Lakes	8,125	450	2,245	245	1,045
Wellington	2,830	50	820	385	270
Oshawa	42,810	5,690	10,890	2,195	5,980
Ingersoll	1,130	60	315	55	230
Toronto	439,335	14,100	120,720	46,375	74,795
Hamilton	75,025	1,885	20,270	8,360	12,835
St. Catharines - Niagara	36,495	1,320	9,255	3,475	4,525
Kitchener - Cambridge - Waterloo	42,250	860	11,215	8,185	4,785
Brantford	12,475	310	3,250	640	1,835
Woodstock	3,040	75	1,010	100	425
Tillsonburg	1,045	30	265	-	200
Norfolk	5,335	515	1,285	140	735
Guelph	16,485	375	3,830	4,340	1,710
Stratford	3,105	110	770	125	605
London	51,565	915	10,775	8,800	12,810
Chatham-Kent	8,975	250	2,260	415	1,370
Leamington	3,035	110	880	110	395
Windsor	28,680	615	7,630	3,590	5,710
Sarnia	7,500	525	1,955	350	1,560
Owen Sound	3,890	245	785	40	760
Collingwood	1,535	50	460	30	170
Barrie	18,510	945	5,010	1,330	2,300
Orillia	3,555	150	775	195	660
Midland	3,635	60	745	55	870
North Bay	8,790	165	1,875	880	1,720
Greater Sudbury	19,185	460	4,400	2,340	2,595
Elliot Lake	920	-	300	-	265
Temiskaming Shores	1,445	65	425	25	200
Timmins	5,270	180	1,490	165	1,000
Sault Ste. Marie	9,395	300	2,100	605	1,665
Thunder Bay	17,280	560	3,050	1,875	3,425
Kenora	2,405	75	500	-	365
Other communities and regions	142,940	12,345	35,410	5,310	20,285

Calculated using employment by industry figures from *National Household Survey* Table 99-012-X2011034. Totals may not add up exactly due to rounding.

**Table 5B – Provincial, local and broader public sector employment by city and community and by industry sectors.**

<b>City or town (CMA or CA)</b>	<b>Other health: clinics, doctor's offices, health services and residential care (NAICS 6211, 6214, 6219 &amp; 6230)</b>	<b>Social and community services (NAICS 6241, 6242, 6243 and 7121)</b>	<b>Provincial public administration (NAICS 9120)</b>	<b>Local, municipal and regional public administration (NAICS 9130)</b>
Ontario (Total)	199,340	70,625	81,180	158,215
Cornwall	1,395	415	345	770
Hawkesbury	180	65	60	140
Ottawa	13,130	4,965	3,505	12,780
Brockville	665	445	240	470
Pembroke	750	125	120	180
Petawawa	125	25	60	105
Kingston	3,075	970	1,895	1,560
Belleville	1,885	590	485	900
Cobourg	340	135	110	220
Port Hope	405	75	90	320
Peterborough	2,940	980	1,560	1,415
Kawartha Lakes	1,490	405	890	1,355
Wellington	715	110	150	330
Oshawa	5,610	1,750	3,030	7,665
Ingersoll	230	80	100	60
Toronto	60,965	25,045	36,720	60,615
Hamilton	13,380	4,015	2,950	11,330
St. Catharines - Niagara	7,325	2,850	1,960	5,785
Kitchener - Cambridge - Waterloo	7,590	2,470	1,160	5,985
Brantford	2,975	905	625	1,935
Woodstock	670	195	130	435
Tillsonburg	215	90	115	130
Norfolk	1,225	420	325	690
Guelph	2,470	790	1,075	1,895
Stratford	840	105	120	430
London	8,210	3,135	2,340	4,580
Chatham-Kent	2,390	765	390	1,135
Leamington	850	275	125	290
Windsor	5,530	1,520	815	3,270
Sarnia	1,540	560	295	715
Owen Sound	1,055	365	270	370
Collingwood	435	125	55	210
Barrie	3,435	895	1,215	3,380
Orillia	695	110	645	325
Midland	885	170	270	580
North Bay	1,600	570	1,260	720
Greater Sudbury	4,305	1,325	1,440	2,320
Elliot Lake	135	20	95	105
Temiskaming Shores	395	115	90	130
Timmins	845	430	485	675
Sault Ste. Marie	1,840	475	1,215	1,195
Thunder Bay	2,780	1,265	1,860	2,465
Kenora	550	280	485	150
Other communities and regions	31,275	10,205	10,010	18,100

Calculated using employment by industry figures from *National Household Survey* Table 99-012-X2011034. Totals may not add up exactly due to rounding.

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- i Labour Force Survey figures by Census Metropolitan region are provided by Statistics Canada in Cansim Table 282-0116.
  - ii Some are critical of the use of multipliers because they can be misused. In particular, the “opportunity cost” or alternative to any action or activity should also be considered. However, in this case, Hudak says he will put the reduced public spending into reducing the deficit. Beyond the potential for lower borrowing costs (which are already at rock-bottom rates) there are no immediate economic benefits to that activity. And economists as notable and mainstream as [Larry Summers](#) (former US Secretary of the Treasury, chief economist of the World Bank, president of Harvard University and chief presidential economic advisor) now argue that austerity measures are counterproductive according to their own yardsticks. It makes fiscal as well as economic sense to maintain and increase public spending now. As a result of the multiplier effect and the beneficial impact on revenues, deficits and debt levels can actually be lower as a result of higher public spending. See [Fiscal Policy in a Depressed Economy](#), Brookings Papers on Economic Activity, Spring 2012.
  - iii The 0.67 jobs multiplier for state and local spending was [reported by Jared Bernstein](#), former chief economist to U.S. vice-president Joe Biden and by Josh Bivens and Heidi Sheirholz at the Economic Policy Institute, [“Three years into the recovery, just how much has state and local austerity hurt job growth?”](#). This jobs multiplier is based on a multiplier of 1.24 for state and local spending. The appropriate multipliers for public spending used by Finance Canada ([Budget Plan 2009](#), page 240) and calculated by Statistics Canada for provincial and local government spending within Ontario are similar or even higher than this (Statistics Canada, [National and Provincial Multipliers \(15F0046X\)](#)). Local level multipliers would be smaller than this, as a result of greater leakages, but the scope of analysis being considered here is at the provincial level: e.g. cuts to spending in Toronto will have some impact on other communities and cities in the province and vice-versa.
  - iv There are no precise figures available on how many people are employed in the public sector and many are in grey areas, such as quasi-public sector employers. Somewhat ironically, cuts by federal Conservatives resulted in the termination of Statistics Canada’s publication of public sector employment data in 2012. The industry categories used here do not necessarily capture all public sector workers in Ontario and some may include quasi-public or private sector workers. At the same time they also exclude some public sector workers because the industry categories for these geographical areas don’t provide enough detail to include them. For instance, the library and archives are included under NAICS category 5161 “Other information services” and municipal waste collection is included in the broader NAICS category 5621 “Waste collection”. These industry groups were not included because they include a significant proportion of private sector workers. However, this data source was selected because the figures are also publicly available at a relatively detailed city and community level. These industry groups cover the main public sector employers and represent the best estimates available at a detailed level of employment at a city and community level.

## About the author

Toby Sanger has worked as the senior economist for the Canadian Union of Public Employees since 2005. He previously served as the chief economist for the Yukon government, principal economic policy advisor to the Ontario Minister of Finance, economic advisor to Yukon First Nations and as a private consulting economist. He has published on a wide range of economic issues, produces CUPE’s quarterly [Economy at Work](#) publication, is a research associate with the Canadian Centre of Policy Alternatives and is on the Board of Canadians for Tax Fairness.

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The author wishes to thank Venai Raniga, Brynne Sinclair-Waters, Craig Saunders, Kayle Hatt, Mike Belmore, Melissa Fortin and Stéphanie Bibeau for advice and assistance with this project.

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