

# Living wage will stimulate economy

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Last April, city council narrowly voted, by a margin of 8-7, for city administration to develop living wage policy options. City administration has recently released a report outlining three living wage option policies for council to vote on. Depending on the option selected, up to 670 workers in Calgary could see a pay raise, which would result in a much needed economic stimulus for local businesses.

Option No. 1 would see a living wage (\$12 per hour or \$13.25 per hour without benefits) applied to all regular employees of the city. Of note, no regular employee of the city makes less than a living wage.

City administration is recommending this option. Essentially option one is the city government pretending to do something, when in fact it is doing nothing that they weren't doing already.

Living wage option No. 2 would cover all employees including all on-call, casual and seasonal positions. The city classifies these positions as Code 81/86. In 2008 the city employed 15,000 workers, 1,000 of which were Code 81/86. Positions in this code are cooks, recreation leaders,

the City of Calgary. Out of these 1,400 contract employees, 170 earn less than a living wage.

Interestingly, living wage policies adopted in the United States that are applicable to service contractors do not lead to increased costs for city governments. Instead the cost, estimated to be \$600 per contractor, would be borne by contractors.

The investment by contractors to raise the wages of these 170 contract workers' wages alone would be an estimated \$420,000, an average increase of \$2,471 per worker.

The city administration report estimates that this investment would create \$1 million in local economic spinoffs. Considering we are in a recession, this is just what the economic doctor ordered.

According to Statistics Canada, from 1980 to 2005 the top 20 per cent saw their incomes rise 16 per cent, whereas the bottom 20 per cent saw their income decrease 21 per cent. The minimum wage in Alberta of \$8.40 per hour is 30 per cent below the poverty line. This was no accident. Over the last 25 years there has been an organized and successful effort to push down wages of the marginalized and unorganized



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concession attendants, non-certified preschool and out-of-school care instructors and babysitters.

Half of Code 81/86 workers make less than a living wage, none of whom receive benefits. Seventeen per cent of these workers are the primary income earner in their household and 44 per cent live in low-income households. A living wage would clearly benefit these households. With more layoffs in the near future, this income will be needed more than ever for these households to survive.

In a survey administered by the city, Code 81/86 workers said a living wage would help them "advance their education, reduce personal and/or financial stress, increase leisure time/time spent with family improve their housing situation, and improve access to health care coverage."

This is backed up with research showing that these benefits are in fact realized when low income workers see their incomes increase. The total estimated cost of increasing Code 81/86 workers' wages to \$13.25 per hour, in addition to increasing those whose wages are already above this level would be an estimated \$410,000 per year.

City administration feels that option two would pressure them to increase the wages of its civic partner workers too. Examples of civic partners, who receive operating grants from the city are the Calgary Public Library, the Telus Convention Centre, the Calgary Zoo, and Heritage Park. The additional cost of this is estimated to be from \$400,000 to \$600,000 per year.

The total cost of living wage option two is estimated to be \$800,000 to \$1 million per year, less than a dollar per Calgarian.

Option No. 3 would build on option two and would include employees working on service contracts for

The result of this is city administration's decision to not recommend the adoption of living wage option three because it could restrict or discriminate trade as outlined by the Trade, Investment and Labour Mobility Agreement (TILMA), which goes into effect on April 1.

TILMA is an agreement that puts the rights of investors above those of citizens. A private contractor who bids for a contract with the city, who pays poverty wages, and who does not receive the contract for this reason could sue our city.

What TILMA does is make democracy increasingly irrelevant and subordinate to the market. As we have seen in the world economy, the market makes disastrous decisions with horrific consequences. This is a time when we need higher standards, not lower ones.

Some suggest that a more appropriate way of reducing poverty is through tax benefits. These can be targeted to just those who are low income. The federal government has had a Working Income Tax Benefit in place since 2007.

In 2009, the federal government increased the Working Income Tax Benefit. The result is an anemic \$185 increase for singles and \$336 increase for couples or single parents.

Clearly a lot more is needed, including a living wage.

A living wage policy that includes all city employees and all employees working on city service contracts would be a timely and wise investment that would directly benefit 670 workers here in Calgary and would indirectly create economic dividends.

It is times like these that we need strong leadership to help create a more prosperous, democratic and just world class city.

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