

## Alberta hasn't suffered for raising the minimum wage

By Ian Hussey

January 5, 2018 – *The Globe and Mail*

Raising the minimum wage to \$15 an hour was a key plank in the Alberta NDP's 2015 election platform.

At \$10.20 an hour, and \$9.20 for employees serving liquor, Alberta's minimum wage was tied for the lowest in Canada when Rachel Notley became Premier in May, 2015, and the province had the dubious distinction of having the highest level of income inequality and the largest gender income gap.

Some Alberta workers were benefiting from a provincial economy that has for years produced the highest average wage in the country, but the prosperity of our province was not being enjoyed by everyone.

The new government wasted little time in announcing public consultations on raising the minimum wage, and on Oct. 1, 2015, the provincial minimum wage was increased by a dollar. Further increases in 2016 and 2017 led to the current rate of \$13.60 and eliminated the lower wage for workers who serve liquor.

On Oct. 1, 2018, the Alberta minimum wage will reach \$15 an hour, a 47-per-cent increase over four years. Any proposal to increase the minimum wage by any amount in any province or territory seems to be met with dire warnings of big job losses and impending economic doom.

In Alberta, the government's actions have generated considerable public debate and some bold predictions.

In 2015, the Canadian Federation of Independent Businesses (CFIB) claimed that the minimum-wage increase would cost the province "between 53,500 and 195,000 jobs." In other words, the CFIB believed that more than half of the almost 300,000 Alberta

workers making less than \$15 an hour could lose their jobs.

In September, 2017, the C.D. Howe Institute released a study that claims, "Alberta's move to increase its minimum wage to \$15 an hour by [October] 2018 could lead to the loss of roughly 25,000 jobs."

These types of predictions simply aren't credible.

The problem for critics of minimum-wage increases is that history doesn't back up their sky-is-falling claims.

In the year preceding November, 2017 (the latest available data), Alberta's service sector added 12,400 jobs as part of our province's economic recovery. In 2016, while Alberta's economy was still in recession, our service sector added 26,500 jobs.

These jobs were created despite Alberta's minimum wage increasing 33 per cent in 2015-17.

This reality follows smaller but still significant minimum-wage increases in Alberta in 2007 (14 per cent), in Quebec in 2010 (12 per cent) and in British Columbia in 2011-12 (28 per cent). None of these cases resulted in major job losses.

The main reason that the doom-and-gloom predictions from business lobby groups and think tanks fail to materialize is because they assume that estimated employment effects for teenagers apply to adult workers over the age of 20. In reality, minimum-wage increases tend to result in a small percentage of teens losing their jobs, while estimated job losses for adult workers are effectively zero.

Alberta actually has a labour shortage at the low end of the wage scale that is likely to

continue for the next couple of years. A higher minimum wage will make these jobs more attractive. There are, in fact, many benefits to raising the minimum wage. A minimum-wage increase is in effect a stimulus to the local economy because low-income earners spend most of their income, and chiefly in their community. Raising the minimum wage increases overall consumer spending power and the amount of money circulating in our economy.

Research published by ATB Financial in September, 2017 shows that restaurant and bar receipts in Alberta are at an all-time high. The claim being made by some commentators that

the Alberta economy is too weak right now to support a further increase to the minimum wage couldn't be further from the truth. Minimum-wage hikes also reduce gender income inequality – 60 per cent of workers making less than \$15 an hour in Alberta are women.

Minimum-wage hikes don't hurt our economy; they help ensure more working Albertans share in the prosperity of our province.

*Ian Hussey is a research manager at the Parkland Institute, an Alberta-wide public-policy research institute based in the Faculty of Arts at the University of Alberta.*