

MISSING OUT ON THE BOOM?

A REPORT CARD ON JOBS, WAGES
AND ECONOMIC SECURITY IN ALBERTA

PREPARED AND PUBLISHED BY THE ALBERTA FEDERATION OF LABOUR
MAY 1998

MISSING OUT ON THE BOOM?



A REPORT CARD ON JOBS, WAGES
AND ECONOMIC SECURITY IN ALBERTA

PREPARED AND PUBLISHED BY THE ALBERTA FEDERATION OF LABOUR
MAY 1998

CONTENTS

<i>SECTION I:</i>	
INTRODUCTION	5
<i>SECTION II:</i>	
THE ALBERTA ECONOMY: AN OVERVIEW	6
<i>SECTION III:</i>	
EMPLOYMENT AND JOB CREATION	7
<i>SECTION IV:</i>	
QUALITY OF JOBS	12
<i>SECTION V:</i>	
HOURS OF WORK	14
<i>SECTION VI:</i>	
WAGES AND INCOME	17
<i>SECTION VII:</i>	
PUBLIC SERVICES	22
<i>SECTION VIII:</i>	
CONCLUSION	26
<i>SOURCES</i>	28

SECTION I: Introduction

LAST SPRING, the Alberta Federation of Labour released a report on the Alberta economy entitled *Crumbs From the Table*. At the time, most economists and business analysts were giving the provincial economy glowing reviews. They pointed out that the Alberta economy was growing faster than the national average; that the province's unemployment rate was one of the lowest in the country; and that corporate profits were up for the fourth year in a row. To top things off, they pointed to the provincial government's huge budget surplus as another sign of Alberta's economic health.

In *Crumbs From the Table*, the AFL acknowledged that Alberta economy was much healthier in 1996 than it had been during the worst days of the 1990-93 recession. But we also showed that there was a dark side to the economic recovery in Alberta. In particular, we showed that the end of the recession in Alberta had not brought a return to prosperity for all Albertans.

Based on information gathered by our research department, we were able to demonstrate that rising production and corporate profits were not translating into improved conditions for all working Albertans. For example, we showed that wages in Alberta had fallen below the national average—and that they continued to decline even during a time of supposed “economic recovery.” We also demonstrated that many of the jobs being created in

Alberta were not good jobs. Instead, many were part-time, temporary or in sectors of the economy that have long been associated with low wages and poor benefits.

More than a year has passed since *Crumbs From the Table* was released. During that time, the Alberta economy has continued to grow, corporate profits have continued to increase and the unemployment rate has remained relatively low. But despite all the good news, many of the problems and challenges that we identified in *Crumbs From the Table* persist today.

In the next twenty pages, we will provide an update of the economic “snapshot” presented in *Crumbs From the Table*. We will re-examine issues like individual and family income, public services and job quality. Most importantly, we will attempt to determine whether or not ordinary Albertans are benefiting any more from their province's ongoing prosperity—in the form of increased wages, better services or improved job security—than they did last year.

SECTION II:

The Alberta Economy: An Overview

IN MANY RESPECTS, the Alberta economy is stronger today than it has been in many years. In 1997, the value of goods and services produced by Albertans increased by an extremely healthy 4.6 per cent—and a similar rate of growth is predicted for 1998.

1997 was also a relatively good year for overall job creation—there were about 40,000 more Albertans working in December 1997 than in December of 1996. As a result of this growth in employment, Alberta now boasts one of the lowest unemployment rates (5.7 per cent) in the country—behind only Saskatchewan and Manitoba.

In addition to overall employment statistics, other economic indicators are also positive. For example, the oil patch is busier than it has been in years, with 385 drilling rigs active in February 1998 up from 340 in February 1997 and 308 in February 1996. Retail sales are also up, consumer and business bankruptcies are down and corporate profits have remained high. Even housing sales—which many observers predicted would fall as a result of rising prices—have remained healthy.

At the same time, the Alberta government is—once again—sitting on a huge budget surplus. The final numbers have yet to be released, but it is clear that the surplus for the 1997 fis-

cal year will easily exceed \$2 billion. This will be the second surplus of this size in as many years. The cumulative government budget surplus for the past four years now exceeds \$6.5 billion.

SECTION III:
Employment and Job Creation

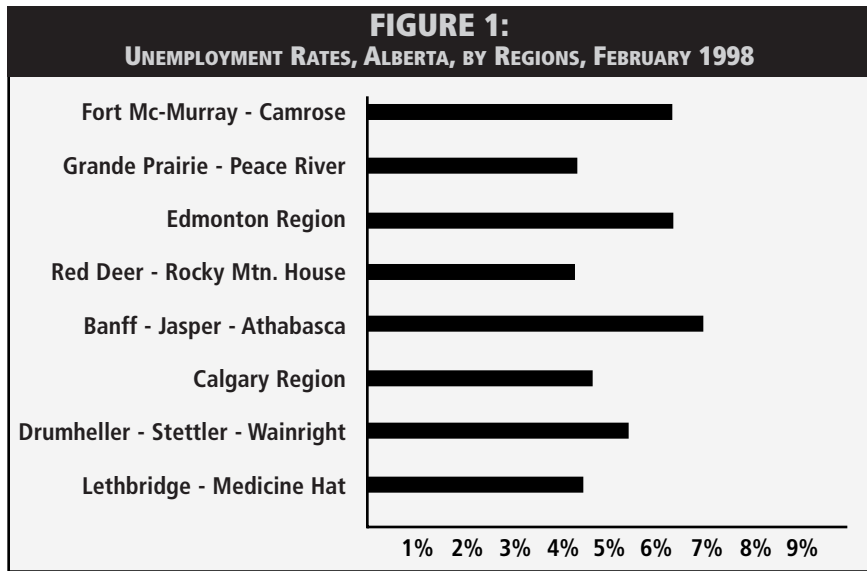
AS WE HAVE SEEN, the employment situation in Alberta is better than it has been since the early '80s—at least on the surface. Between 1993 and 1997, the number of Albertans with jobs grew from 1.29 million to 1.45 million—an increase of 157,000. As a result of this job growth, the provincial unemployment rate has fallen to 5.7 per cent—far lower than the national rate of 9 per cent. Some regions of the province have even lower levels of unemployment. The official unemployment rate in the Grande Prairie-Peace River area, for

example, is 4.3 per cent and the rate in the Lethbridge-Medicine Hat area is 4.5 per cent (See Figure 1).

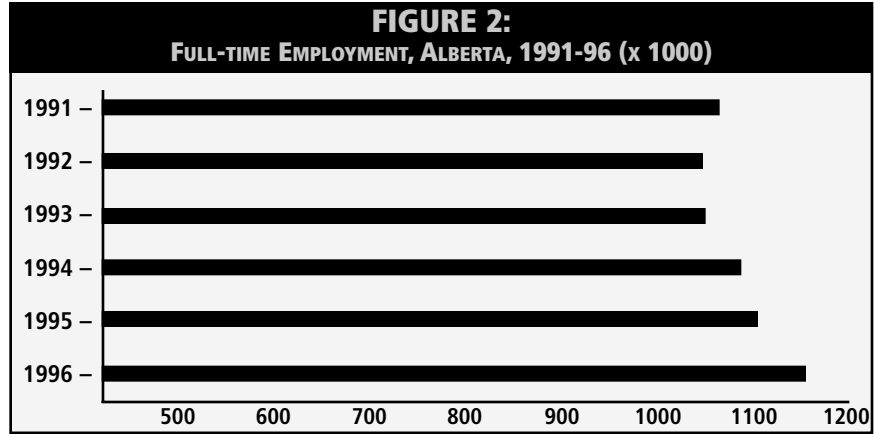
But falling unemployment rates and overall statistics on job creation tell only part of the story about the employment situation in Alberta today. We can only see the full picture by looking more closely at the kinds of jobs that are being created. Once we have completed this kind of analysis, it becomes clear that the news for the Alberta economy is not quite as good as the overall employment figures might suggest.

PART-TIME AND TEMPORARY WORK

ONE OF THE MOST alarming employment trends that has emerged during the current economic boom in Alberta—and which distin-



(Source: Labour Force Statistics, Alberta Labour)



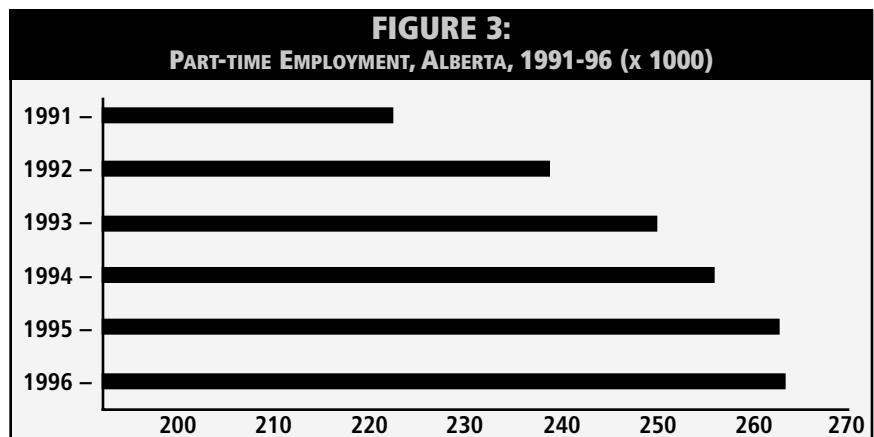
(Source: Statistics Canada, 72-001)

guishes it from previous booms—is that an increasing proportion of new jobs are part-time and/or temporary. There are still many more full-time jobs than part-time jobs, of course. But the gap is narrowing.

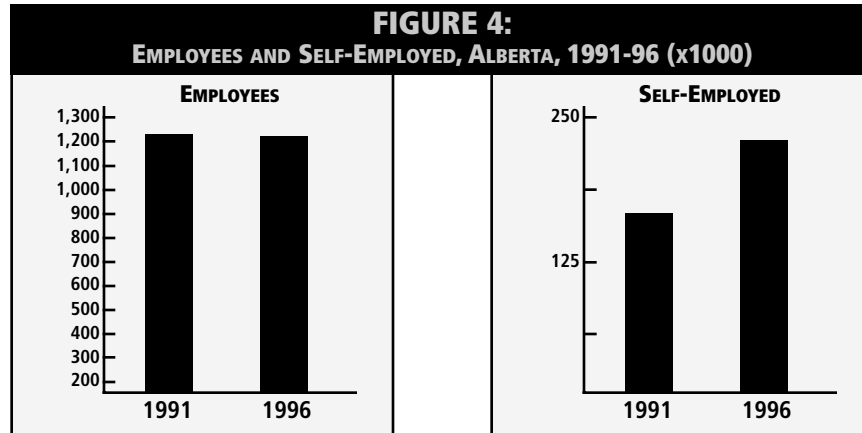
Between 1991 and 1996, the number of full-time jobs in Alberta increased by 7.9 per cent—but the number of part-time jobs increased by 18.6 per cent. Almost 20 per cent of

all jobs in Alberta are now part-time, up from 15 per cent in 1991 and 12.6 per cent in 1981 (See Figures 2 and 3).

At the same time, slightly more than 11 per cent of working Albertans are now working in temporary jobs, up from less than nine per cent in the 80s. Overall, there are 115,000 Albertans who have non-permanent jobs—about half of whom are on short-term contracts (the rest work



(Source: Statistics Canada, 72-001)



(Source: Canada Census, 1981-1996)

seasonally or on a casual or on-call basis).

SELF-EMPLOYMENT

ANOTHER ALARMING trend that has emerged in the labour market over the past few years has to do with self-employment. During previous periods of economic growth in Alberta, the vast majority of new jobs were created by small, medium-sized or large businesses hiring new workers. But in Alberta today, employers are playing a much smaller role in job creation. Instead, more and more people are setting up their own small businesses—usually one-person operations.

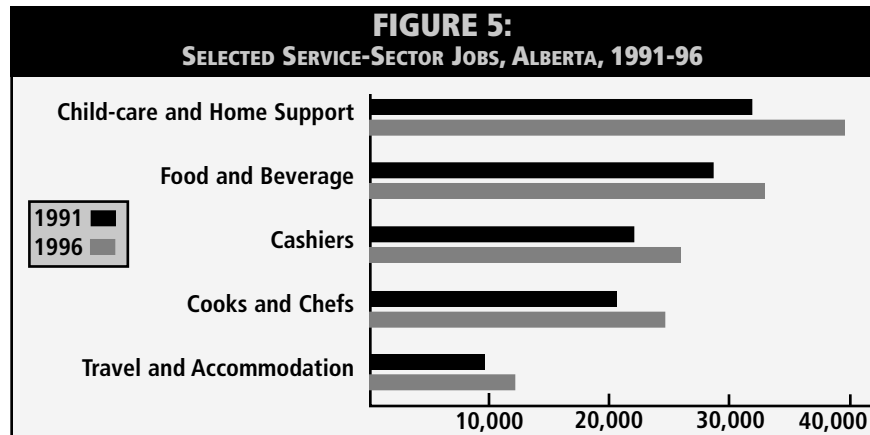
These are what Statistics Canada refers to as the “self-employed.” According to a recent Statistics Canada study, self-employment accounted for 27 per cent of the new jobs created in Alberta between 1993 and 1997. Figures from the 1996 census are even more dramatic. According to the census findings, the number of people employed by others in Alberta actually

dropped by 0.3 per cent between 1991 and 1996—from 1,225,175 to 1,222,030. But over the same period the number of self-employed Albertans jumped by 35 per cent—from 169,220 to 228,690. The vast majority of these self-employed people (62 per cent) ran small, one-person businesses (See Figure 4).

BOOM IN SERVICE-SECTOR JOBS

THE 1996 CENSUS ALSO presented some interesting findings about the kinds of jobs that are being created in Alberta. Based on the census data, it appears that the majority of new jobs are in sectors of the economy long associated with low pay, poor benefits and insecure job tenure.

For example, the census shows that Alberta’s working population grew by 4.8 per cent between 1991 and 1996—from 1,419,280 to 1,486,980. But almost 60 per cent of that increase can be attributed to growth in the sales and service sec-



(Source: Canada Census, 1981-1996)

tor—where employment jumped from 350,905 to 391,175. To put it in another way, more than 40,000 of the 68,000 new jobs created between 1991 and 1996 were in sales and service.

Employment gains were particularly strong among childcare workers (up 25.5 per cent), cashiers (up 27.7 per cent) cooks and chefs (up 17.7 per cent) and people who work in the travel and hotel industry (up 21.1 per cent). Jobs in the food and beverage sector also increased by an impressive 13 per cent (See Figure 5).

Many observers have pointed to these job creations figures as proof that the Alberta economy is healthy and vibrant. But there is a major down-side to job creation that is skewed towards the service sector. In Alberta, hourly wages earned by workers in the service sector are about 9 per cent lower than the provincial average. Wages are even lower for particular service occupations. For example, people working in the accommodation, food and beverage industries earn about 39 per cent less than the provin-

cial average for hourly workers. And people working in food service earn about 42 per cent less than the average. So clearly, many of Alberta's new jobs are not good jobs.

GOOD JOBS DISAPPEARING

AT THE SAME TIME THAT employment in the service sector has been rising, employment has been declining in many sectors of the economy long associated with higher wages and better benefits. For example, between 1991 and 1996 the number of people working in management occupations dropped by 8.9 per cent (from 134,240 to 122,335); the number of people working in health occupations fell by 1.9 per cent (from 66,470 to 65,230); the number of people working in trades and transportation occupations declined by 1.1 per cent (from 222,110 to 219,695); and the number of people working in primary industries like forestry, mining and oil and gas dropped by 2.2 per cent (from 117,835 to 115,225).

Of course, not all of Alberta's good jobs are disappearing. The number of jobs in manufacturing, for example, jumped by about 12,000 between 1991 and 1996. The number of jobs in the construction trades also went up slightly (by about 1,500). But, despite a few positive developments like these, a clear trend has emerged—more jobs are being created in the low-paid service sector than in sectors of the economy that provide better jobs.

YOUNG WORKERS AND PUBLIC SECTOR WORKERS

THE 90s HAVE BEEN DIFFICULT years for all working Albertans. But there are two groups of workers who have had a particularly hard time—namely young workers and public-sector workers. As it stands right now, the unemployment rate in Alberta for young workers not attending school is roughly double the rate for the adult workforce. The situation is made even worse by the fact that—even among those young workers who do have jobs—many can only find work on a part-time or temporary basis.

The 90s have also been a frustrating—and at times frightening—period for public sector workers in Alberta. Despite the fact that jobs are being created in many other sectors of the economy, employment in the public sector has continued to drop. Between 1986 and 1996 the number of Albertans working in the public sector dropped from 20 per cent of the workforce to 14 per cent. Given the provincial government's continued reluctance to reinvest in important public services like

health care and education, it seems likely that the relative size of Alberta's public-sector workforce will continue to decline.

SECTION IV:

Quality of Jobs

SOME OBSERVERS MIGHT argue that there is nothing wrong with the trend towards more part-time and temporary work. And they might claim that the growing number of self-employed Albertans is actually a good thing.

We at the AFL admit that there is at least some merit in these arguments. For example, it's true that many working people—especially students and young people—prefer the flexibility that comes with part-time and temporary employment. And it's also true that many people like the idea of working for themselves and being their own boss.

But the fact remains that a very significant number of people who start their own “micro-businesses” or accept part-time or temporary jobs do so, not because they want to, but because they have no other choice. For most part-time, temporary and self-employed workers, life is far from easy or idyllic. Where business analysts and government spin-doctors might see “improved flexibility” and “enhanced job satisfaction”, most of these work-

ers see only declining income and eroding living standards.

EARNING AND BENEFITS

THE REASONS FOR TAKING A pessimistic view of part-time and temporary jobs are as practical as they are numerous. The bottom line is that these kind of jobs are simply not as good as permanent, full-time jobs.

For example, non-permanent workers earn—on average—17.5 per cent less per hour than permanent workers and 35.4 per cent less per week—because they tend to work fewer hours (See Figure 6). Non-permanent workers are also much less likely to qualify for benefits—like dental coverage and paid sick leave—than permanent employees. In Alberta, fully 63 per cent of people working in non-permanent jobs do not qualify for any benefits at all.

Part-time workers and temporary workers face similar problems. Part-timers in Canada—the majority of whom work in the low-paying service sector—earn 27 per cent less per hour than full-time workers. And, as was the case with temporary workers, part-timers are much less likely to have benefits than full-timers.

FIGURE 6:
AVERAGE EARNINGS, PERMANENT AND NON-PERMANENT EMPLOYEES, CANADA, 1995

	Permanent	Non-permanent
Hourly Rate of Pay	\$15.39	\$12.70
Weekly Earnings	\$579.00	\$374.00

(Source: Statistics Canada, Cat. No. 75-001-XPE)

THE DOWN-SIDE OF SELF-EMPLOYMENT

THE CASE OF SELF-EMPLOYED workers is perhaps even more surprising and illuminating. People who run their own businesses are often portrayed as financially secure, even wealthy. In some respects, this stereotype does apply to the owners of medium-sized and large businesses. Statistics show that business people who actually employ others do earn, on average, much more than ordinary working people.

But the truth is that very few self-employed people fall into this category. In fact, the vast majority of Albertans who describe themselves as “self-employed” run one-person “micro-businesses.” In 1996, the last year for which figures are available, slightly more than 62 per cent of all self-employed Albertans ran one-person operations. In Canada overall, nine-tenths of all the growth in self-employment between 1989 and 1996 has been attributed to the rise of micro-businesses.

For many of the Albertans who work for themselves, the transition from employee to entrepreneur has not been a happy or profitable one. Not only do these people have to work longer hours, make due without benefits and deal with the stress of running

their own business, they also earn less than other Albertans. In fact, the owners of micro-businesses in Alberta earn, on average, only 60.2 per cent of the income earned by full-time employees (See Figure 7).

EVALUATING THE TRENDS

SO, WHAT DOES THIS ALL SAY about the employment situation in Alberta today? Clearly, some very profound changes are occurring in both the provincial and national labour markets. Jobs are being created, but many of them are part-time or temporary. And many more people are being forced by economic circumstances to launch risky micro-businesses, which are often only marginally profitable. By lumping these jobs together with more stable, permanent jobs, government officials and business leaders are significantly mis-representing the true nature of job growth and economic recovery in Alberta and Canada.

FIGURE 7: AVERAGE EARNINGS, SELF-EMPLOYED AND EMPLOYEES, ALBERTA, 1995		
Employees	Self-Employed (all)	Self-Employed (one-person business)
\$32,511	\$27,113	\$19,661

(Source: Statistics Canada, Cat. No. 75-005-XPB)

SECTION V: Hours of Work

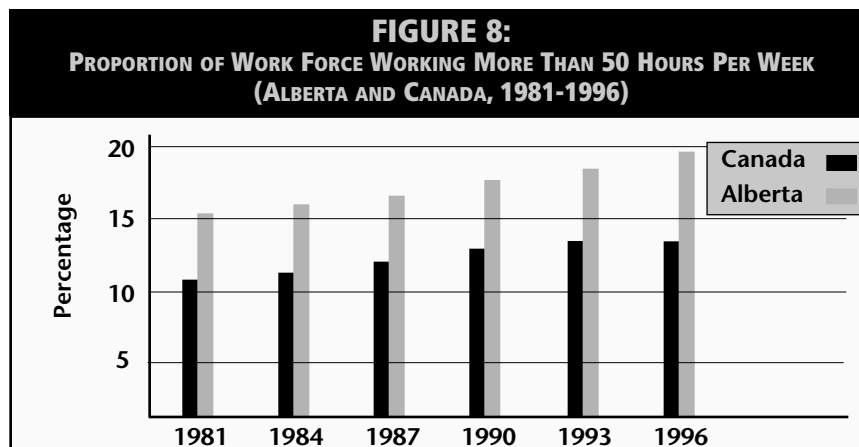
AS WE HAVE SEEN, two of the things that characterize the Alberta and Canadian economies in the 90s are the rapid growth of part-time and temporary employment and the rise of “micro-business.” Another phenomenon that has been unique to this decade is the growing polarization in work time. More specifically, there is both a growing number of workers who have too much work and a growing number of people who don’t have enough. In this section, we will take a closer look at the problem of unequal distribution of work time.

LONGER HOURS FOR SOME

ALBERTANS HAVE ALWAYS been more likely to work long hours than other Canadians. For the past 15 years, the number of Albertans work-

ing more than 50 hours per week has remained about 25 per cent above the national average. Back in 1981, for example, only 11.9 per cent of workers across Canada worked more than 50 hours a week—compared to 15.2 per cent of the workforce in Alberta. Today, about 20 per cent of Albertans—and 15 per cent of Canadians in general—work more than 50 hours per week. Many of these people, have voluntarily chosen to work long hours—either because they enjoy their work or because they want to earn over-time pay (See Figure 8).

But many other Albertans who work long hours haven’t joined the 50-hour-plus club willingly. Instead, they are working longer either to help their employers meet rising production demands or because they are worried about losing their jobs or missing promotions if they don’t stay late. Many people are also working longer hours because “downsizing” efforts have left their firms with too few people to get



(Source: Statistics Canada, 72-001)

the work done during normal business hours. In either case many Albertans who work long hours are paying the price in terms of increased stress levels and decreased job satisfaction. Many are also starting to complain about not having enough time to rest or spend with their families.

SHORTER HOURS FOR OTHERS

AT THE SAME TIME THAT more Albertans are working longer hours, more of us are also working fewer hours. The proportion of Albertans working less than 30 hours has jumped from 13.6 per cent of the workforce in 1981 to 17.2 per cent in 1996. This group includes many unskilled and semi-skilled workers whose jobs are being phased out by new technologies and young workers who are finding it more difficult than ever to move out of the “part-time ghetto” and land more career-oriented jobs. Women are also over-represented

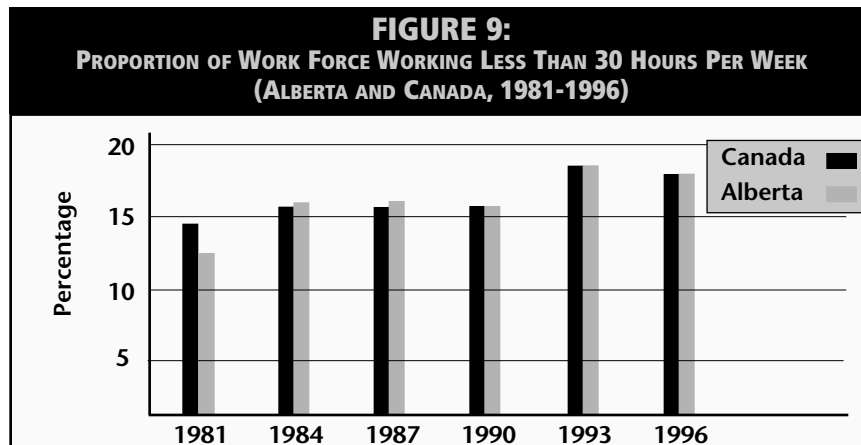
among those workers who are unable to find enough work (See Figure 9).

The long-term implications of the polarization in work-time are quite serious. We are well on the way towards creating a society composed—on one hand—of people who are too over-worked and stressed-out to enjoy life, and another group characterized by greatly reduced spending power and high levels of financial insecurity.

OVERTIME EARNINGS

DESPITE THE DRAMATIC increase in overtime hours for many workers, there has not been a corresponding increase in earnings. In fact, a recent Statistics Canada study shows that more than half (53 per cent) of Canadians working extra hours in 1997 were not paid or otherwise compensated for any of their overtime.

The proportion of people putting in unpaid overtime hours in Alberta is slightly lower than the national average—47.6 percent of all overtime



(Source: Statistics Canada, 72-001)

workers in the province work for free. But, given that Albertans tend to work longer hours than other Canadians, the absolute number of workers putting in unpaid overtime in the province is quite high. In Edmonton, for example, an average of 43,800 people worked unpaid overtime each week in 1997. The corresponding figure for Calgary was 48,900.

The meaning of all these statistics is clear: despite the current economic boom, many Albertans are working less than they would like—and many others are working more and earning less.

SECTION VI:

Wages and Income

IN *CRUMBS FROM THE TABLE*, we pointed out that real, after inflation, earnings for working people in Alberta have been dropping for the past 15 years. More specifically, we demonstrated that average weekly earnings in the province had fallen by 7.9 per cent (after inflation) between 1983 and 1996 and that average earnings for people who are paid by the hour had fallen by an even more alarming 13.9 per cent. We described this trend towards lowered wages as the “dirty little secret” of the Alberta economy.

Since the release of *Crumbs From the Table*, some critics have argued that real wages are declining all over, so the trend towards lower earnings in Alberta is not a great cause for concern. The problem with this view is that it’s wrong, plain and simple. The truth is that after inflation earnings in the rest of Canada have stagnated over the past 15 years—but they haven’t fallen.

So, despite the fact that Alberta is among Canada’s wealthiest provinces, it is one of the only places in the country where working people are actually earning less, in real terms, than they did 15 years ago. It is also one of the only provinces where wages continued to drop even during what was supposed to be an economic recovery. For example, between 1993 (the year before the start of the current boom) and 1996, average weekly earnings for all working Albertans fell by 3.7 per

cent after inflation and earnings for Albertans who are paid by the hour fell by 4.9 per cent.

This trend stands in marked contrast to the situation in the other two “have” provinces, Ontario and British Columbia. Unlike Alberta, workers in these two provinces actually saw their weekly wages increase (after inflation) between 1993 and 1996—by 1.7 and 3.2 per cent respectively. As a result of the long decline in Alberta wages, working people in the province—once among the most highly paid in the country—earned less than the national average in 1996.

So has the income situation improved in Alberta since *Crumbs From the Table* was released? In the next section, we will take a closer look at what happened to wages and income in Alberta in 1997.

WAGES UP (AND DOWN)

1997 MARKED THE FIRST TIME in almost ten years that overall earnings in Alberta actually increased more than inflation. In fact, in the first 10 months of the year, average weekly wages crept up to meet, and then slightly exceed, the national average. As a result of this increase, weekly earnings in Alberta (after inflation) have returned to roughly the same level that prevailed in 1989, the last year before the brutal recession of the early 1990s.

Obviously, this is good news. But the overall wage increase for 1997 is slightly misleading. We may have returned to 1989 wage levels, but we certainly have not made up all the ground that was lost over the past 15 years. In fact, after adjusting for infla-

tion, the average weekly wage in Alberta today is still 4.1 per cent lower than it was in 1983. So, even with the recent increase, the long-term trend in wages in Alberta is still downward.

Another problem with the weekly wage figures for Alberta is that they describe the average earnings for all working Albertans—including everyone from clerks and cashiers to corporate CEOs. So if people at the top of the income scale start making more money, the average moves upward—even if wages for ordinary workers remain stagnant.

In order to avoid this kind of confusion, it is useful to look at another set of wage statistics collected by Statistics Canada—specifically, those that describe the earnings of people who are paid by the hour. These statistics weed out the CEOs, the lawyers, the managers and others who are paid on a salaried basis. Once we have done this, the wage picture for Alberta no longer looks so rosy. In fact, Albertans who are paid by the hour actually saw

their wages fall by 1.3 per cent, after inflation, in 1997 (See Figure 10).

So, despite the fact that the provincial economy is booming and overall wage figures are increasing, wages for Albertans who are paid by the hour have continued their long slide downward. After inflation is taken into account, these workers now earn a full 15 per cent less per hour than they did in 1983. Given that hourly workers make up a majority of the Alberta workforce, this suggests that the overall wage gains recorded in 1997 are not evenly distributed. Instead, it appears that workers nearer to the top of the wage scale are making more, while everyone else is making less.

This conclusion raises some troubling questions. In particular, if Alberta workers can't make up the wages they lost over the past 15 years during an economic boom like the one we're currently enjoying, then will they ever? And what happens when we enter the next economic downturn—as

FIGURE 10:
AVERAGE WAGES FOR EMPLOYEES PAID BY THE HOUR, ALBERTA & CANADA
1983 - 1997 (1997 CONSTANT \$)

	CANADA	ALBERTA
1983	\$15.38	\$16.11
1986	\$14.79	\$14.81
1989	\$14.67	\$14.37
1992	\$14.80	\$14.48
1995	\$14.81	\$13.72
1997	\$14.49	\$13.71

(Source: Statistics Canada, Cat. No. 72-002-XPB)

we inevitably will?

If nothing changes, there is a good chance that lower wages will become a permanent fixture of the Alberta economy. This kind of permanent erosion of living standards certainly deserves more attention—and more public debate—than it has received to date.

DECLINING FAMILY INCOME

NOT SURPRISINGLY, FALLING wages in Alberta have had a significant impact on average family income in the province. And, as was the case with weekly and hourly wages, the decline in family income has been more dramatic in Alberta than in the rest of Canada. For example, in Canada as a whole, average family income (in 1996 constant dollars) fell from \$57,130 in 1991 to \$56,145 in 1995—a decline of 1.7 per cent. But, in Alberta over the same period, average family income fell from \$59,733 to \$54,972—a decline of 7.8 per cent. In 1996, average family income in Alberta rebounded to \$57,735. But it is still 3.3 per cent

lower after inflation than it was in 1991 (See Figure 11). Significantly, much of the decline in average family incomes in Alberta took place in 1994 and 1995—during the first two years of the current economic boom.

THE MINIMUM WAGE AND POVERTY

ONE OF THE REASONS THAT Alberta has a problem with declining incomes is that we have the lowest minimum wage in the country—\$5 per hour for adults and \$4.50 per hour for young people under 18. Even employers in poor provinces like Newfoundland are required to pay their workers more.

Unfortunately, government leaders here in Alberta don't seem to take the problems caused by our inadequate minimum wage seriously. They shrug off concerns by saying that only a handful of people actually work for the minimum wage—mostly teenagers and students.

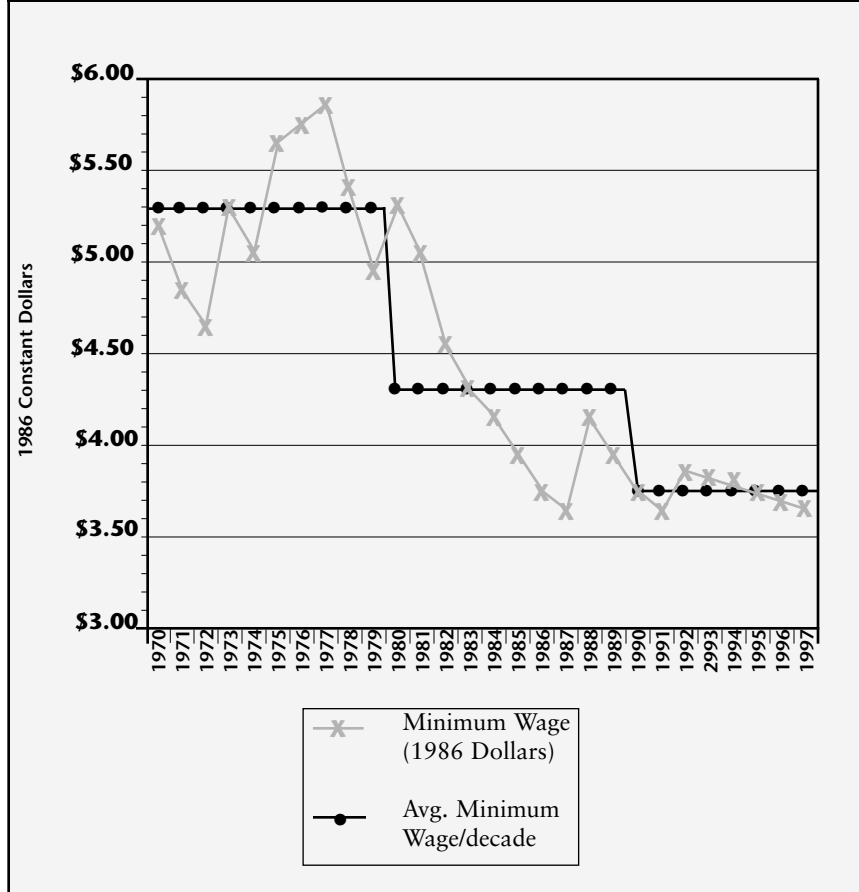
Some government ministers—including Labour Minister Murray

FIGURE 11:
AVERAGE FAMILY INCOME, CANADA AND ALBERTA 1991 - 1996 (1996 CONSTANT \$)

	CANADA	ALBERTA
1991	\$57,130	\$59,733
1992	\$56,860	\$57,927
1993	\$55,629	\$58,780
1994	\$56,234	\$57,482
1995	\$56,145	\$54,972
1996	\$56,629	\$57,735

(Source: Statistics Canada, Cat. No. 72-002-XPB)

FIGURE 12:
REAL MINIMUM WAGE (1986 CONSTANT DOLLARS) ALBERTA: 1970-97



Smith—have gone so far as to argue in favour of eliminating the minimum wage altogether. According to Smith, “market forces” will guarantee fair wages for Albertans. In fact, he predicted that wages for the working poor will increase as a result of the province’s booming economy, whether there is a minimum wage in place or not.

The problem with Smith’s analysis is that it is overly simplistic and short-sighted. Without a formal minimum wage, what will happen to the working poor during the next economic downturn? And what about unscrupulous employers? In places like Florida and Texas, where there is no minimum wage, there have been numerous, well-documented cases of vulnerable work-

ers—especially young workers and recent immigrants—who have been paid as little as 50 cents per hour. Is the kind of future we want for Alberta?

As it stands right now, the value of the Alberta’s minimum wage has been eroded by inflation by 8.9 per cent since it was last increased in 1992—and by almost 40 per cent since 1977 (See Figure 12). Advocates for the working poor say that the falling value of Alberta’s minimum wage is one of the main reasons that about 18 per cent of all people in the province—and nearly 20 per cent of all children—live below Statistics Canada’s “low income cut-off,” more commonly referred to as the poverty line.

Taken together with the provincial government’s decision to radically slash welfare programs, the low minimum wage also helps explain why the number of people relying on help from the Edmonton Food Bank increased by 122 per cent between 1993 and 1997.

Alberta’s minimum wage has become so devalued by inflation over the past twenty years that it is no longer even close to being a living wage. In fact, it would have to be

increased by 55 per cent—from \$5 to \$7.75 per hour—to lift full-time minimum-wage earners above the poverty line. Clearly, something has to be done to address the plight of Alberta’s working poor. Without a significant increase in the minimum wage, these people—some of the most vulnerable in our society—will see their standard of living eroded even further. And Alberta’s low minimum wage will continue to exert downward pressure on wages for all workers in the province.

FIGURE 13:
PROVINCIAL BUDGET SURPLUSES, ALBERTA, 1994 - 1998

YEAR	SURPLUS
1994-1995	\$958 million
1995-1996	\$1.1 billion
1996-1997	\$2.2 billion
1997-1998	\$2.3 billion

(Source: Government of Alberta, Public Accounts)

SECTION VII: Public Services

IN THE SAME WAY THAT THE current economic boom in Alberta has not translated into higher incomes or more secure jobs for many Albertans, it has also not led to any improvements in basic public services. In fact, despite the fact that the provincial government has amassed a cumulative budget surplus of \$6.5 billion since the 1994-95 fiscal year, spending on important services like health care and education has continued to decline (See Figure 13).

By itself, this may not come as a big surprise to most Albertans. After all, the Conservative government of Premier Ralph Klein was elected on a promise to eliminate the deficit and drastically reduce public spending. But, what has been surprising—and alarming—for many Albertans has been the extent of the Klein government’s obsession with debt.

The problem is that Premier Klein

and his ministers have continued to behave as if Alberta is still in the midst of a recession and only seconds away from “hitting the debt wall”—even though the economy is booming and the provincial deficit was eliminated four years ago.

In this section, we will try to understand the results of the Klein government’s obsession with debt by taking a closer look at public spending in Alberta. In particular, we will attempt to examine the real extent of government cuts and the effects they are having on the lives of ordinary Albertans.

DRASTICALLY REDUCED SPENDING

JUST HOW DEEP HAVE THE cuts to public spending been in Alberta? If you listen to government officials, they’ll tell you that overall spending by the Alberta government has been cut by 17 per cent over the past five years—from \$16.8 billion in 1993 to \$13.9 billion in 1997. They’ll also tell you that funding for health care was

**FIGURE 14:
TOTAL PER PERSON PROVINCIAL GOVERNMENT SPENDING, ALBERTA, 1992-1997
(1997 CONSTANT \$)**

YEAR	PER CAPITA SPENDING
1992-1993	\$6,797
1993-1994	\$6,344
1994-1995	\$5,587
1995-1996	\$5,060
1996-1997	\$4,921

(Source: Government of Alberta, Public Accounts)

**FIGURE 15:
PER CAPITA FUNDING ON HEALTH CARE (1997)**

1. British Columbia	\$1,955
2. Manitoba	\$1,886
3. Saskatchewan	\$1,768
4. Ontario	\$1,757
5. Newfoundland	\$1,746
6. New Brunswick	\$1,708
7. Prince Edward Island	\$1,616
8. Quebec	\$1,615
9. Nova Scotia	\$1,595
10. ALBERTA	\$1,588
CANADIAN AVERAGE	\$1,738

(Source: Statistics Canada, Health Canada, Canadian Institute for Health Information)

cut by 7.7 per cent and funding for education by 5.1 per cent over the same period .

These figures sound reasonable—but, in fact, they are quite misleading. The problem with the official numbers is that they fail to take inflation and population growth into account. Once this has been done, it becomes clear that the real cuts to public services have been much deeper, and much more damaging, than the government would like Albertans to believe.

For example, once inflation and population growth are considered, we find that the Alberta government now spends 27.6 per cent less per person than it did five years ago (in 1997 constant dollars, per person spending fell from \$6,797 in the 1992-93 fiscal year to \$4,921 in the 1996-97 fiscal year). Over the same period, real per capita spending on health care dropped by 15.7 per cent—from \$1,884 per person in 1993 to \$1,588 per person in 1997. In five short years, Alberta has gone from being the highest level of per

capita health care spending in the country to the lowest (See Figure 15).

Funding on education has also taken a serious tumble. Between 1985-86 and 1996-97, education spending in Alberta has fallen from \$4,972 per pupil to \$4,547 per pupil in 1986 constant dollars—a decline of 8.5 per cent.

As a result of these dramatic cuts, Alberta—which is still one of Canada's wealthiest provinces—spends less on health care and education than most other provinces. Ten years ago, Albertans enjoyed some of the best public services in the country. Now, even poor provinces like Newfoundland spend more on health care than we do. And we have the dubious distinction of being the only province in the country that actually spends less, in inflation-adjusted dollars, on education than we did ten years ago.

The most troubling aspect of this whole situation is that it has developed at the same time that Alberta is experi-

encing an impressive economic boom. Thanks to the buoyant economy, we can afford better services—but, instead, we are getting inferior ones.

DECLINING QUALITY

WHEN QUESTIONED ABOUT the impact of their radical spending cuts, Premier Klein and his cabinet usually say that the quality of public services in Alberta has not been seriously affected. They argue that it is possible to do more for less. But most Albertans see through these kind of arguments. They know that you can't cut 27 per cent out of a budget and not feel any pain.

Just imagine if an individual suddenly lost 27 per cent of his or her income—or even 20 per cent. There is absolutely no doubt that this kind of cut would have a serious impact on that person's lifestyle. In fact, a reduction in income on this scale would probably make it difficult to cover even the basics—like mortgage and car payments or clothes for the kids.

This is the situation that many of the people who provide public services in Alberta find themselves in today—unable to cover even the basics. As a result of cuts to health care, there are now many fewer nurses, LPNs and other health care workers available to care for patients. At the same time, long waiting lists have developed for many services; patients are backed-up in emergency wards; and there is a serious shortage of hospital beds.

The problems in our health care system have become so acute, that many hospitals have come close to being completely overwhelmed. For example, internal documents from the

Capital Health Authority show that crowded emergency rooms were forced to divert patients to other hospitals in Edmonton a total of 886 times in January 1998. This represents a 132 per cent increase in the number of “code reds” reported compared to the same month in 1997.

The impact of the cuts is also being felt in our schools, our post-secondary institutions and in our communities. As a result of cuts to education funding, the average pupil-teacher ratio in Alberta has increased from 20 to 1 in 1992 to 23.7 to 1 in 1996. In Alberta's major cities, the change has been even more dramatic. For example, in Calgary, the average size of a junior high-school class has risen from 20 students in 1990 to 29 students in 1996—an increase of 45 per cent.

Similar problems have developed at universities, colleges and technical schools around the province. As a result of the 26 per cent cut in funding (after inflation) imposed on the Department of Advance Education between 1992 and 1996, tuition fees and class sizes have both risen dramatically. At the University of Calgary, for example, tuition fees have increased by 189 per cent in inflation-adjusted dollars since 1989—an increase that is mirrored at the University of Alberta and the University of Lethbridge.

At the same time that tuition fees have been skyrocketing, class sizes have also increased. At the U of A, class sizes have grown by an average of 20 per cent since 1991. And the situation is even more serious at Alberta's technical schools. For example, at the Southern Alberta Institute of Technology (SAIT) the number of

FIGURE 16:
REAL PUPIL SPENDING (1986=100) IN PUBLIC ELEMENTARY AND SECONDARY SCHOOL
1985-1986 TO 1996-1997 (1986 CONSTANT \$)

PROVINCE	1985/86	1990-91	1996/97	% INCREASE/ DECREASE
Newfoundland	\$3,445	\$4,051	\$4,019	+16.6
Prince Edward Island	\$3,436	\$3,795	\$3,884	+13.0
Nova Scotia	\$3,973	\$4,398	\$4,118	+ 3.6
New Brunswick	\$4,163	\$4,640	\$4,732	+13.7
Quebec	\$5,373	\$5,374	\$5,503	+ 2.4
Ontario	\$4,746	\$5,473	\$4,889	+ 3.0
Manitoba	\$4,732	\$5,498	\$5,213	+10.2
Saskatchewan	\$4,491	\$4,682	\$4,597	+ 2.4
ALBERTA	\$4,972	\$4,901	\$4,547	- 8.5
British Columbia	\$4,194	\$5,072	\$5,091	+21.4

(Source: Canadian Teachers' Federation Economic Service Notes, February, 1997)

teaching staff dropped by 26 per cent between 1992 and 1996—but, during the same period, the number of students enrolled increased by 38 per cent. As a result, the faculty-to-staff ratio has jumped from 1 to 10.5 to 1 to 19.7—a change of nearly 50 per cent.

But you don't have to go to a hospital or a school to see the results of the Klein government's brutal cuts—all you have to do is take a look at the crumbling streets outside your home or workplace. Between the 1992-93 and 1996-97 fiscal years, the budget for the Transportation and Utilities department was cut by 28 per cent (after inflation)—and it has been reduced by an additional 11 per cent for the current year. At the same time, the province has slashed grants to municipalities (which are used primarily for infrastructure development and

repair) from \$70 per capita to 32.50 per capita. This change has cost cities like Edmonton and Calgary literally tens of millions of dollars. As a result of these cuts, Alberta's infrastructure—once the best in the country—is falling into such a state of disrepair that even extremely conservative members of the business community are calling for increased spending.

As is the case with health care and education, cuts to infrastructure funding are clearly having a very serious impact. Premier Klein and his ministers may want to deny it, but the truth is plain to see—the government's budget cuts are not benign. They are hurting individual Albertans and weakening the foundations of the provincial economy.

SECTION VIII:

Conclusion

SO, IN THE END, HOW HAS the Alberta economy changed since the AFL put it under the microscope in early 1997? Unfortunately, not much. On the positive side, the unemployment rate has remained relatively low; business investment and profits have increased; and (despite a drop in oil prices) the oil patch has continued to be more dynamic than it has been since the early 80s.

But, at the same time, many of the problems that we identified in *Crumbs From the Table* have persisted. For example, even though more people are working in Alberta today than at any time in the past, many of the new jobs are not good jobs. Too many Albertans—especially young people—are working in precarious or low-paying part-time or temporary positions. And many others have been forced by economic circumstances to establish micro-businesses that are only marginally profitable.

To make matters worse, the current economic boom has not translated into increased earnings for all Albertans. Average weekly earnings have returned to pre-recession levels, but the income earned by most individuals and families is still significantly lower, in real terms, than it was 15 years ago. And the wage squeeze is being felt most severely by workers who can least afford it. The statistics seem to confirm what many of us already suspected—namely that the rich are getting richer, those in the middle are losing ground, and the poor are getting poorer.

1997 also saw a continuation of the trend toward polarization in work-time. More Albertans than ever are working long hours—many without earning any overtime. At the same time, many other Albertans still can't find enough work to guarantee even the smallest measure of personal financial security.

Finally, when it comes to public services, Albertans simply got more of the same in 1997. Despite all the talk that came from the Premier and his cabinet about “re-investment” and the importance of spending on “people development” the government has refused to put its money where its mouth is. Funding increases presented in the latest provincial budget sound impressive at first. But after careful analysis, it becomes clear that the so-called increases are not increases at all. In most cases, funding for public services is still fail to keep pace with inflation and population growth.

The government's reluctance to increase funding is no accident. Influential government members like Provincial Treasurer Stockwell Day have made it clear they have no intention of using significant portion of the huge provincial surplus to shore up important public services like health care and education. Instead, the government seems content to throw a few crumbs at public services and public sector workers, while focusing most of it's attention (and resources) on the latest bogey-man—the “gross debt.”

Another problem with the current government is that it extremely reluctant to get actively involved in the economy. Most government members don't seem interested in talking about things like precarious employment,

polarization of work-time or declining real wages. When it comes to issues like these they are prone to say: “It’s not in our control”, “Let the market decide” or “Let us take care of the debt and everything else will fall into place.”

Well, these kind of excuses are no longer good enough. It may be true that problems in the labour market—like the ones we have described in this paper—cannot be eliminated with the stroke of a pen. But that doesn’t mean governments should do nothing. The fact is that we here in Canada (and especially here in Alberta) have been making concessions to the “free market” for almost 20 years—and what has it gotten us? Free-marketers always say the pay-off for individual working people is “just around the corner.” Unfortunately, we’re still waiting.

The time has come to admit that too many Albertans are missing out on the current economic boom. And the time has come to look for a different way. In particular, the time has come to talk about policy initiatives—like an increased minimum wage, shorter work-weeks and enhanced spending on core public services—that could actually improve the lives of ordinary Albertans.

Now that the economy is booming, we are in a better position than ever to tackle these issues. It would be a shame to squander the opportunity.

SOURCES

THE ALBERTA ECONOMY: AN OVERVIEW

- Budget '98: Agenda for Opportunity, Government of Alberta, 1998.
Labour Force Statistics, Alberta Labour, monthly, 1997-98.
Monthly Economic Review, Alberta Economic Development, 1997-98.
Statistics Update, Alberta Union of Provincial Employees, monthly, 1997-98.

EMPLOYMENT AND JOB CREATION

- Canada Census, 1981-96.
“Changes in Job Tenure in Canada,” Canadian Economic Observer,
Statistics Canada, January 1996.
Employment Earnings and Hours, Statistics Canada, 72-002-XPB.
Labour Force Information, Statistics Canada, 71-001-PPB.
Labour Force Survey, Statistics Canada, 71-001.
“The Self-employed” Labour Force Update, Statistics Canada, Autumn 1997.
“Youths and the Labour Market”, Labour Force Update, Statistics Canada,
Spring 1997.

QUALITY OF JOBS

- Labour Force Information, Statistics Canada, 71-001-PPB.
“Non-permanent paid work” Perspectives on Labour and Income, Statistics
Canada, Autumn 1997.
“Regional disparities and non-permanent employment,” Perspectives on
Labour and Income, Statistics Canada, Winter 1997.
“The self-employed” Labour Force Update, Statistics Canada, Autumn 1997.

HOURS OF WORK

- The Labour Force (Annual Averages), Statistics Canada.
“The Changing Work Week: Trends in Weekly Hours of Work” Canadian
Economic Observer, Statistics Canada, September 1996.
“Hours of Work,” Labour Force Update, Statistics Canada, Summer 1997.
“The Redistribution of Overtime Hours,” Perspectives on Labour and
Income, Statistics Canada, Winter 1997.
“Working Overtime in Today’s Labour Market,” Perspectives on Labour and
Income, Statistics Canada, Winter 1997.

WAGES AND INCOME

Consumer Price Index (CPI), Statistics Canada.

Employment Earnings and Hours (Annual Average), Statistics Canada.

Employment Earnings and Hours (Monthly), Statistics Canada.

Income Distribution in Canada, Statistics Canada, 1996, 13-207-XPB.

The Labour Force (Annual Averages), Statistics Canada.

PUBLIC SERVICES

Alberta Budget Documents (various) 1991-98.

Alberta Public Accounts

Briefing Paper to Alberta Growth Summit, Alberta Teachers Association (ATA), September 1997.

Briefing Paper on Post-Secondary Education: Alberta Growth Summit, Alberta College-Institutes Faculties Association (ACIFA) and the Confederation of Alberta Faculty Associations (CAFA), September 1997.

Health Care Spending Tables, Canadian Institute for Health Information, 1998.

