

## **The minimum wage is not a payroll tax.**

It is election time and proposals from different political parties are flying left and right.

One of these proposals has to do with the minimum wage. The Green Party is proposing an increase of the minimum wage over four years to \$15.25 an hour, the NDP to \$15.00 and the Liberals to \$14.00. The PC and the People's Alliance are saying the minimum wage should be increased in tandem with the inflation.

Not long after these announcements, there were reactions from a small and medium business lobby group and one economist. This economist is proposing a brand-new argument and some old ones to express his opposition to increasing the minimum wage.

The new argument that I never heard of before, is that now the minimum wage is a particular form of tax and transfer. Yes, a particular form of tax and transfer paid by employers to workers to fight poverty and to bring more New Brunswickers into the middle class, nothing less. I went and checked the Merriam-Webster dictionary and found: a wage is a payment usually of money for labour or services usually according to contract and on an hourly, daily, or piecework basis. I always believed, as all workers do, that a wage is an amount of money that an employer pays his or her employee his labour in order to make a profit. Strangely enough, this economist seems to view wages as just another form of taxes. It is a poor and crude attempt to appeal to those who are against all forms of taxes, but it just does not fly.

A second argument that this economist is trying to revive is to portray the minimum wage as a payroll tax. The example used in this case is that the minimum wage is similar to the premiums paid to WorkSafeNB, which some businesses consider as a payroll tax. The author seems to forget, or perhaps he just does not know, that the business community came to an agreement years ago that in order to prevent workers from being able to sue them if they were injured or killed on the job, they would pay a premium in a provincial organization which would compensate injured workers. WorkSafeNB is in essence a business-controlled insurance company that sets the amount of premiums and collects them from employers having more than three employees. Premiums are not payroll taxes, they are premiums like any other ones that we pay to insure our house or our car in order to be protected if something happens to us.

A third old argument put forth by this economist is that increasing minimum wage will kill jobs. If he would take the time to look at Statistics Canada's data between 2007 and 2017, he would find that there has not been any significant loss of jobs

in the small and medium business category even if the minimum wage was increased eleven times during that same period. This person should know, with his professional background, that there are quite a number of factors, other than the minimum wage, (local competition, international trade deals, health of the economy, high Canadian dollars, etc.) that determine the loss of jobs.

The economist's fourth point is that increasing the minimum wage would mean that workers need to be more productive to bring more revenue to businesses. It seems that this would not be a problem for what the author calls able-bodied employees, but it would be for disabled persons, who he says have lower productivity. For him, this minimum wage increase would make employers think twice before hiring workers with a disability. I would suggest that he talk to Mark Wafer, a Tim Hortons franchise owner in Toronto, who employs workers with disability.

Finally, in the view of this economist, we need to tackle poverty, but increasing minimum wage is not the solution. He proposes a minimum annual income concept and more tax breaks.

I agree that these could help reduce poverty. But so would a more robust program of social housing, an affordable and accessible provincial daycare system, a universal provincial drug plan, pay equity in the private sector, a public home care program as well a higher minimum wage and improved labour legislations.

Poverty will only be reduced if every sector of society contributes financially through our tax system for these basic public programs.

The problem, as we have seen time and time again in the past and right now, is that part of the business community is not willing to pay its fair share.

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