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# 11.7% or 55% – which is too big a wage increase?

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Some of the lowest paid public employees are fighting for a relatively modest pay increase in Ontario, meanwhile some of the highest paid professionals in BC are getting a large salary bump and no one is blinking an eye.


Ontario Premier Doug Ford. Credit: Premier of Ontairo Photography / Flickr

The contrast between the treatment of the wage increases for doctors in B.C. and what is happening with education support works in Ontario could not be more striking. In response to CUPE's initial demand for a 11.7 per cent wage increase the Ford government invoked the extraordinary pre-emptive use of a legal weapon, the notwithstanding clause, to prohibit the strike. The union shifted its wage demand to six per cent.

The government immediately enacted new legislation, Bill 28, the cynically entitled *Keeping Students in Class Act*, to impose a four-year wage settlement of 2.5 per cent per year for workers earning less than $43,000 and 1.5 per cent for those earning more than $43,000. Currently the average wage for these workers is $39,000 a year and inflation is running at 6.9 per cent. But in the face of strong union opposition to the Bill and considerable public support, Ford agreed to withdraw the bill, and negotiations resumed. It's anybody's guess what will happen next, but a settlement is unlikely to be more than CUPE last suggested.

Overall, governments' attempts at wage control are bolstered by the spectre of inflation spiraling out of control and by instilling the idea that wage hikes are inflation's primary driver and a real danger to the economy. In particular the Bank of Canada, urges wage restraint because, as the senior deputy governor explained, attempts by workers to take advantage of record labour demand could cause inflation to become entrenched. The thought is clear that it is workers who need to take the brunt of efforts to control inflation. A raft of pieces in the media reinforces the myth that wage increases are fueling inflation, usually by referring to the 'wage-price spiral.'

Despite these general calls for wage restraints to dampen inflation something odd happened in B.C. when doctors were granted a 55 per cent wage increase. In a CBC interview B.C. Minister of Health, Adrian Dix said this wage increase will be a success because there was “a true partnership in developing this model” with the doctors. The same CBC program features a family doctor, Rita McCracken, who said that this increase of $135,000, bringing the average expected wage to $385,000, was a ‘ray of sunshine for family doctors.” The 55 per cent wage settlement is in addition to the $27,000 August gift to doctors with no strings attached in the midst of the negotiations, apparently to show good faith until the real money came.

There is virtually no criticism of this massive increase for doctors in the media, and it appears there is no public backlash. To the contrary, this might rescue the B.C. NDP government from its dismal public approval for its health care system, since all major provincial opposition parties agreed with the settlement as a step in the right direction. It will undoubtedly have a ripple effect across the country as competition for doctors’ increases, although for some reason there does not seem to be concern that this might be inflationary.

Given the good response to doling out lots of money to doctors, why is there such a parsimonious response to other public sector workers? Wage/price spiral is one of the reasons given but considering some public sector workers (like the education support workers and care aides) receive low wages, increases there would hardly be a serious price driver.

Another reason often cited by governments for controlling wage increases is the need to contain budgets to avoid deficits. But this too rings hollow, mainly because provinces are awash in money. Partly this is due to excess caution during provincial budgeting, where there is a tendency to over-plan for contingency funds, under-anticipate total government income, and over-plan for large deficits that then turn into budget surpluses at the end of the year. In addition to these types of budget slights-of-hand, provincial governments are receiving considerably more federal government money than expected, and in the post-pandemic period inflation is greatly increasing their revenues. The actual financial figures for 2021–22 show Ontario recorded a more than $2 billion surplus and B.C., which originally projected a $10 billion deficit, wound up with a $1.3 billion surplus. The political imperative to forecast large deficits gives these governments licence to restrict public spending, even when the situation in care services is desperate.

So why do governments not treat shortages of low-wage workers with the urgency that they treat those at the top end of the wage scale. The difference in treatment between high-paid and low-paid public sector workers is a political, not an economic issue, one that is rooted in class, gender and racial divides in the labour force.  Most public sector workers are female and in Ontario over 70 per cent of the CUPE education workers confronting the government's low-wage dictates are women.

The differences in post-pandemic wage gains comes down to something we've long known. That is, that Canada is becoming increasingly and aggressively unequal, and governments add to this inequality directly. One clear evidence of this is through the deliberate restriction of wage increases for most public sector workers over time. This is lost money that is very hard to recover. Throughout Canada bargaining mandates that severely restrict collective bargaining for the public sector have existed for a long time and sometimes they were as low as zero per cent. In B.C. from 2019 until this year all 'bargaining' had to take place within a two per cent total increase each year. This means, for example, that despite the desperate shortages in nurses and health support workers, wage increases were held to two per cent each year. In Ontario public sector wages are held to one per cent, also despite desperate shortages of these workers.

But in B.C. many, such as the police and firefighters, are not included in the bargaining mandates, but neither are the doctors. And they have bargaining power of withdrawing their services that governments dare not challenge. It is a matter of power, prestige and public perception of value, all characteristics that are historically based.

The new public sector bargaining mandate in B.C. allows for better rates than the last period, but nowhere near the outsized settlement with doctors. The Hospital Employees Union and the BC Government Employees Union both settled in the fall of 2022 with wage increases better than in other years, but the increases are only about one-tenth of what the doctors' increases are: In Year one it will be about 4.24 per cent, year two from 5.5 to 6.75 per cent and in year three between two and three per cent. These are a combination of wage and cost-of-living increases. HEU is a union of predominately support workers in hospitals, long-term care and other health sites with 92 per cent of the members identifying as members of at least one equity group (women, indigenous, racialized, someone with a disability, or LGBTQ+). Two-thirds of BCGEU members which are largely in the care sector are female.

Unfortunately, public sector trade unions in B.C. have no alternative to whatever scraps the NDP government will toss their way. The previous Liberal government, now known as BC United, was an anti-labour government that did not raise the minimum wage for 10 years, undertook a massive privatization of work in the public sector, and instituted some of the most draconian labour legislation in the country. BC United is now gaining strength under a more competent leader, Kevin Falcon, but the inclination of labour to pressure the NDP to actually support those at the bottom, remains weak.

The pandemic showed us the serious weaknesses in the Canadian health care system. Some parts of it, particularly the long-term care and home care sectors, were grossly underfunded, and others (especially private doctors' practices and hospitals) needed a restructuring to become more accessible and efficient. Right now, the outsized money going to doctors, while the wages of those who provide continual care work receive paltry amounts that are nowhere near even keeping pace with rising costs, is no recipe for a successful future in health care.