



# FASTFACTS



Canadian Centre for Policy Alternatives-Mb • 309-323 Portage Ave. • Winnipeg, MB • Canada R3B 2C1  
 ph: (204) 927-3200 • fax: (204) 927-3201 • ccpamb@policyalternatives.ca • www.policyalternatives.ca/mb

August 18, 2005

## Flip-flops and City Garbage

**O**n July 27<sup>th</sup> City Council voted in favour of contracting out all garbage collection. The Mayor and eight councillors say this action will benefit taxpayers. Supporters of privatizing public services call this a victory.

Mayor Katz compared the privatization of garbage services to the economics of flip-flop shoes. He says that he can “go out and purchase a pair of flip-flop shoes at a very competitive price without the city of Winnipeg owning and operating a flip-flop store.”

This is an odd but interesting comparison that begs further analysis.

Most flip-flop sandals are produced in China, now the biggest shoe producing country in the world. In Winnipeg, you can buy a pair of fashionable flip-flop shoes, made in China, for under \$10.00. But flip-flops are cheap for a reason. People who make

them earn very low wages, have no benefits and are forced to work in exceptionally poor conditions.

For example, workers at the Wellco factory, a Nike subcontractor, earn between \$30 - \$42 per month.

They work 11 hours a day of regular time and they are regularly forced to work overtime hours from between 2-4 hours per day, even though forced overtime is in violation of Chinese labour law.

Nority International Group Ltd employs between 6,000 – 7,000 workers, most of whom are Women. Their normal work week, not including overtime, is 12 hours a day, six days a week. Refusing to work overtime results in a fine and can lead to

dismissal. They earn about \$1.20 per day.

Kingmaker (Zhuhai) Footwear Factory, pays workers about \$0.40 per hour. They normally work about 81

A savings of \$1 million per year means that Winnipeg households receiving garbage pick-up will save about 48 cents per month. But the 48 cents saving means that 50 Winnipeggers will lose their jobs.



## Canadian Centre for Policy Alternatives-MB

hours per week. China Labor Watch and CorpWatch cite many more examples of such labour practices in Chinese shoe factories.

### The Price of Garbage in Winnipeg

What does this have to do with garbage in Winnipeg? While suggesting that privatizing garbage is comparable to conditions in China may appear extreme, there are in fact some fundamental similarities. Quite simply, the aim to lower the cost of garbage comes at the expense of workers wages.

The justification for privatizing garbage pickup is cost savings. St. Boniface Councillor, Franco Magnifico says the savings will be \$2 to \$3 million a year. The Canadian Union of Public Employees says that \$1 million is a more honest figure. City Managers agree with \$1 million figure.

### We save 48 cents

A savings of \$1million per year means that Winnipeg households receiving garbage pick-up will save about 48 cents per month.

But the 48 cents saving means that 50 Winnipeggers will lose their jobs and those employed in the newly created private sector jobs will earn salaries well below the Statistics Canada Low Income Cut Off. Refuse collectors employed by the City of Winnipeg earn \$18.05 per hour. Employees of Canadian Waste, the private sector company contracted to collect garbage in the North End of Winnipeg, earn less than half that — \$8.71 per hour—with inferior benefits.

Is this really what we want? Particularly when the multiple negative effects of poor wages on individuals, families, and communities have been so well documented. How can this be a victory? For whom is this a victory?

### Flip-flops, Garbage Collection and the Market

Mayor Katz is right in that the competitiveness of the private sector has made flip-flops very accessible. Many of us own more pairs than we will ever need. But the \$10 we paid for our flip-flops comes at a social and environmental price. It is one quarter of someone's monthly salary in China where they were produced for our consumption.

True, we don't live in China and fortunately we have much better labour standards here. But we can't ignore

how unintentionally revealing the Katz example is. While Mayor Katz likely thought the flip-flops example was amusing, it is actually quite troubling. It is based on the simplistic analysis that government should get out of the way of the private market. This is an opinion that many disagree with, especially in the case of public services.

Paying for garbage collection, like buying flip-flop shoes, is not just about the cost of the product. *People* collect garbage—*people* make shoes. The broader implications of government policy choices must be taken into consideration, because these choices ultimately affect us all. Surely the leader of our city understands this and does not suggest that competitive pricing is the only thing that matters.

Privatization of garbage collection and other government services is policy based on misguided assumptions with unnecessary costs. There is no evidence that service will be improved. There is no guarantee that there will be any cost savings. But if there are cost savings, it will be due to lower wages and fewer benefits for those working in the industry. Is the saving really worth the cost?

- Shauna MacKinnon

*Shauna MacKinnon is the Director of the Canadian Centre for Policy Alternatives- Manitoba. A version of this article first appeared in the Winnipeg Free Press on August 4th.*

## CCPA-MB FAST FACTS

are produced and distributed electronically on a regular basis.

They can be reproduced as an OpEd or opinion piece without obtaining further permission, provided they are not edited, and credit is given.

If you would like to receive the *FASTFACTS*, please contact the CCPA-MB to begin your free subscription.

Canadian Centre for Policy Alternatives-Mb

309-323 Portage Ave.

Winnipeg, MB

Canada R3B 2C1

ph: (204) 927-3200

fax: (204) 927-3201

ccpamb@policyalternatives.ca

www.policyalternatives.ca/mb