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A New Look at Alberta's Employment Advantage

BC is frequently compared to Alberta. One of the successes attributed to Alberta is its low unemployment rate of about 6%, compared to BC's rate of about 8%. Yet, a narrow look at the unemployment rate masks interesting changes in the labour market. A new CCPA study comparing BC and Alberta finds that when you look deeper, the "Alberta Advantage" does not live up to the hype.

Employment growth in BC has been strong.

From 1992 to 1997, BC posted an employment growth rate of 13.5%, highest in Canada, just above second place Alberta's 13.4%. Both provinces far exceed the Canadian average of 8.6%. In 1998, employment in BC grew by 3.1%, just below Alberta's growth rate of 3.4%. Unemployment in BC fell in 1998 from 8.7% to 8.2%. In the final months of 1998, Alberta experienced job losses, likely evidence that declining oil prices are starting to have an effect.

BC has better wages and earnings.

In 1997, the average worker in BC pulled in \$614 per week, compared to \$562 in Alberta. Over the 1992 to 1997 period, BC also led all provinces in growth of average weekly earnings. Real wages actually declined in Alberta between 1993 and 1995, even as the province was recording strong growth, and only in 1998 did real wages in Alberta recoup their 1992 level.

Not everyone shares in Alberta's boom.

In Alberta, only about 45% of total provincial income goes to workers in the form of wages and salaries, compared to about 55% in BC. Alberta's higher per capita GDP may reflect a higher standard of living for some residents, but far from all. Widening gaps in Alberta point to an increasingly polarized economy.

Low-end jobs pay less ...

Alberta had, until just recently, the lowest minimum wage in the country. In October, 1998, Alberta's minimum wage rose from \$5 to \$5.40 per hour (with a scheduled increase to \$5.90 by October 1999). BC, in contrast, has the country's highest minimum wage at \$7.15 per hour. While most workers do not earn minimum wage, Alberta's lower minimum wage puts downward pressure on the wages of all hourly-paid employees.

.....while high end jobs pay more

In 1997, the average earnings of hourly-paid employees was about 62% of what salaried employees made in BC, compared to only 56% in Alberta (well below the national average).

Women fare better in BC.

When earnings are divided between male and female workers, we find that women earn 73.8% of what men earn in BC, while in Alberta women earn 67.5% of what men earn — the lowest ratio of female-to-male earnings in the country.

	Alberta	BC
Average hourly wage, 1997	\$14.76	\$16.95
Average weekly earnings, 1997	\$562.00	\$614.00

Source: Statistics Canada, Catalogue #72-002 & 72-005

Alberta shows persistent poverty amidst plenty.

While both provinces need to do better to combat poverty, child poverty as of 1996 was marginally higher in Alberta than in BC. The rate of poverty among children of single mothers is unconscionably high, and stood at 58.6% in BC and 71.4% in Alberta in 1996 (the last year for which data is available).

Alberta has experienced strong growth, and this has translated into lower unemployment. But many workers and families are not realizing concrete gains because the benefits of Alberta's growth are going disproportionately to upper-income professionals and corporate shareholders.

For commentary, or to obtain a copy of *A Tale of Two Provinces*, contact Shannon Daub at the Canadian Centre for Policy Alternatives—BC Office: 815-207 W Hastings St, Vancouver, BC V6B 1H7
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