KVK INSIGHTS · MINIMUM WAGE · 1 OF 2

# A FAIR GOAL, THE WRONG TOOL

Everyone wants a job that pays enough for a decent life. But lifting the minimum wage to the subsistence level is a risk, not a solution.

## THE PLAN IN ONE PICTURE

**Minimum wage today**

Afl. 2,007

**Subsistence level, single adult**

Afl. 2,670

**+Afl. 663 a month: a jump of one third**, spread over three years, for every job that pays less today.

**20,484**
jobs pay less than the subsistence level: **43%** of the private sector

**Afl. 105–125 mln**
extra wage costs for employers, **every year**

## WHAT A JUMP THIS BIG CAN SET OFF

### 1 FEWER JOBS
Starter jobs for young and low-skilled people disappear first.

### 2 FEWER HOURS
Higher pay per hour, but fewer hours. It happened in Seattle.

### 3 SHOPS CLOSE
96% of our businesses are small. Many cannot absorb a third more in wages.

### 4 HIGHER PRICES
In Hungary, shoppers paid 75% of the wage rise at the till.

### 5 PERKS CUT
Meals, transport and bonuses go. In Hungary that ate a fifth of the raise.

### 6 TOURISM PRICED OUT
Tourism is 71% of our economy. Guests can choose a cheaper island.

## AND THEN IT STARTS AGAIN: THE COST SPIRAL

WAGES +33% → PRICES RISE → SUBSISTENCE LEVEL RISES → NEXT WAGE ROUND

## AND THE SUBSISTENCE LEVEL ITSELF IS NOT ACCURATE

### BASED ON 2006
Consumption patterns have changed since 2006. It does not show what life costs today.

### JOB ≠ HOUSEHOLD
The wage is per job. The subsistence level is about a whole household.

### NOT EVERYONE BENEFITS
Pensioners, people on benefits and the self-employed get nothing extra, but do pay higher prices.

**THE REAL PROBLEM IS NOT THE WAGE. IT IS THE COST OF LIVING.**

**SO WHAT DOES WORK?**

SEE FLYER 2 →

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# MORE MONEY IN YOUR POCKET, WITHOUT THE RISK

**Every florin a family saves on rent, power or groceries is a florin it can spend. And it helps everyone, not just one group of workers.**

## A LOWER THE COST OF LIVING

### HOUSING

Rent support on the private market

A fair maximum rent per home

More affordable homes for residents

### POWER & WATER

An independent regulator for tariffs

Cheaper first 500 kWh for low incomes

Solar panels on social housing

### GROCERIES

Lower import duties and BBO on a basic basket

Review port and freight costs

More competition, local produce

### FAMILIES

Affordable childcare for working parents

Targeted child benefit for low incomes

### TRANSPORT

Reliable, affordable public transport

Cheaper Arubus for students and elderly

### GOOD FOR EVERYONE

All workers, pensioners and people on benefits gain. No job is put at risk.

## B RAISE INCOMES, STEP BY STEP

### TAX CREDIT FOR WORKERS

The wage supplement becomes a yearly-indexed credit for low earners.

### A FAIR MINIMUM WAGE

A small raise every year, in line with prices and wages, advised by an independent commission.

### HELP WITH DEBTS

Debt counselling again, budget lessons, rules on consumer credit.

### SKILLS THAT PAY

Training and retraining: pay rises last when productivity grows.

## TWO ROADS COMPARED

| | ONE JUMP TO AFL. 2,670 | LOWER COSTS + STEADY RAISES |
|---|---|---|
| **Who gains?** | ✕ Only jobs that pay less today | ✓ Every household |
| **Jobs** | ✕ Risk of fewer jobs and hours | ✓ No direct risk to jobs |
| **Prices** | ✕ Can push prices up | ✓ Brings costs down |
| **Pace** | ✕ +33% within three years | ✓ Steps measured every year |

## FIRST THE FACTS, THEN THE DECISION

A new survey of what living on Aruba really costs, a view of household incomes, and an impact study of Afl. 105–125 million a year. Many of these measures are already in the government's own Purchasing Power Plan.

**LET'S CHOOSE WHAT WORKS**

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← FLYER 1: WHY NOT