

## COMMENT

## Take a second look at gap in pay scale

Comparing manager-worker remuneration breaks one of the basic rules of statistics

CHARLES LAMMAM, HUGH MACINTYRE AND MILAGROS PALACIOS

A number of pundits and activists regularly claim CEOs are grossly overpaid compared to average workers. Their solution: raise taxes or impose a government mandate such as limiting CEO pay to some arbitrary ratio relative to the lowest paid worker.

A recent report is the latest to suggest CEO pay is too high because the top 100 Canadian CEOs in 2013 earned an average total compensation of \$9.2 million or 195 times the average worker's pay. Such a comparison is deeply flawed and only fuels alarmist views about income inequality.

For starters, the comparison breaks a basic rule of statistics by comparing apples to oranges, using a definition of CEO pay that is much more wide-ranging than that used for average workers.

Specifically, the compensation figure for CEOs includes not just base salaries but all forms of compensation such as bonuses, company shares, stock options, "perks," and pensions. Meanwhile, the pay of average workers includes only their salaries, not pensions and other benefits. So right from the start, the so-called "pay gap" between workers and senior management is exaggerated.

Another glaring issue with the comparison: the top 100 CEOs are not a representative sample of Canadian corporate leadership. These are not your average corporate leaders; they are the top people — the superstars with unique talents and qualities in high demand. Presenting their compensation as being typical of CEOs is like saying Sydney Crosby's salary (\$12 million) is representative of the average NHL player's salary (\$2.4 million).

An ideal comparison would compare the average Canadian CEO's total compensation to the average worker's total compensation. Unfortunately, there is no such readily available data. But data from Statistics Canada's National Household Survey, though limited, allows for a more apples-to-apples comparison.

The data cover a narrow measure of compensation: wages and salaries. And the data are for a broad occupational group: senior management (which includes more than just CEOs; senior government managers and officials fall into this group).

In 2010, the latest year of available data, the wages and salaries of the average senior manager was \$142,434. That is 3.4 times the wages and salaries of the average worker (\$42,445) — a far cry from the "195 times" figure cited above.

Digging a little deeper into the data reveals the average senior manager is not even the highest paid occupation (based on wages and salaries). In 2010, judges were the highest paid, with average wages and salaries of \$199,756 or 40.2 per cent more than the average senior manager (\$142,434). The average petroleum engineer (\$154,249) also made more than the average senior manager.

The story is the same if we consider the median (which mitigates the effect of outliers like extremely high or low wages and salaries) rather than the average. In 2010, the median senior manager earned \$86,824 in wages and salaries or 2.6 times the median worker (\$33,094).

Still, the total compensation of heads of large corporations is sometimes in the eight-figure range so surely some of that money could have gone to pay a lot higher wages for other workers instead? But this assertion does not withstand scrutiny.

Take Gordon Nixon, the former CEO of the Royal Bank of Canada (RBC), as an example. At \$14 million, Nixon was the highest paid Canadian bank CEO in 2013. In the same year, RBC had about 74,000 full-time equivalent employees. If Nixon had taken a pay cut of 20 per cent and distributed it evenly among RBC's full-time employees, it would have increased their hourly wage by only two cents.

Even if Nixon had given up his entire compensation, it would have translated into a mere 10 cents more per hour for RBC's employees. Clearly, Nixon's compensation package was not preventing RBC workers from enjoying dramatically higher wages.

The point is not that CEOs deserve more or less pay relative to average workers. The compensation of senior managers is a matter for owners to fret about. Decisions about CEO pay are not for governments to meddle with and they should not be made on faulty and misleading statistics.

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The compensation figure for CEOs includes not just base salaries but all forms of compensation ... meanwhile, the pay of average workers includes only their salaries.

## A lament for Xtra

Why I'm mourning the closing of LGBTQ newspaper



DEIRDRE PIKE

I just finished reading an article online about the glory of the old-fashioned newspaper. Now that's mixing your media! I agreed with the writer completely and it's why we still have two papers delivered to our home each day. (Except when the Spec is sleeping in on Sunday.)

I'd love to have more but I have a hard enough time ensuring I'll make it through those plus the two subscribed monthly food magazines along with the free copies of Food and Drink that I love picking up at the LCBO. (That's really the only reason I darken the doors — wink, wink.)

I find it exciting to reach out each morning through the darkness and into the mailbox to pick out the newspapers folded ever so nicely and delivered by Norman. Then I head to the dining room table and open them up to discover, through the size and prominence of the headlines, the most important stories of the day as chosen by the local editorial team. A little comparison with the Star and off I go to finish the rest of my morning routine.

It's just not the same experience when I read online news sites, which I do regularly. With annoying pop-up ads and videos playing when I didn't even click on them, it's not a pleasant or easy experience for someone like me whose focus tends to sway to the flashiest thing on the screen. It makes it challenging to finish reading a whole article.

And I'm not alone says a group of doctoral students from the School of Journalism and Communication at the University of Oregon. "Medium Matters: Newsreaders' Recall and Engagement with Online and Print Newspapers," took groups of people and gave them 20 minutes to read either the paper version or the online version of the New York Times and then gave them a short survey to

It's certainly changing for the better but there's so much more in Xtra than a mainstream media outlet will ever cover.

## Why are Muslims misinterpreting Islam?

It's a reasonable question we must work through together



THOMAS FROESE

KAMPALA, UGANDA He goes by a false name so he's not found and killed. I just met him. I'll call him Ahmed in this, his story. He recently shared it around our dinner table.

Ahmed was born into a successful family in the Muslim world, grandson of a high-ranking politician, son of a successful businessman. It was when he went for studies abroad and observed the life of an African friend that Ahmed grew intrigued by Christianity.

Later, back home, he tried to find a Bible. That's always risky in his country because there it's illegal to share any faith beside Islam, even privately.

When he eventually found someone to help, the man said no. He feared Ahmed was a government spy. Ahmed returned later. No. Then a third time, desperate. "This is my last time. If you don't give me a Bible, my blood will be on your neck," Ahmed said. Secretly, a Bible was given.

Ahmed read it in private until two family members discovered it and made plans to kill him. This, to keep the family's honour.

With just the clothes on his back, Ahmed ran. He left everything: his wife, several children, money and a business worth more than you'd imagine. In a neighbouring country, he went under self-imposed house arrest with a friend when Muslims there suspected he was apostate, a criminal against the Islamic state for the simple act of leaving the faith.

Shortly later, Ahmed landed in East Africa to study theology and wait for a country — Australia and Canada are possibilities — to open its borders to his future.

My children listened to Ahmed's story, eyes wide. Then we moved to the living room where newspapers lay strewn on the floor. Headlines of bloodshed — Gulf War II — and other disturbing events of the day faced us while I shared memories from my family's own time in the Muslim world. I had worked in Sana'a at the Yemen Times for four years.

One story was from the first year, when three

complete. Print readers came out ahead in three key categories. We remember significantly more news stories, topics and main points of news stories compared to those who favour online formats. It was a tie when it came to who could best recall the headlines.

But here's the thing. Online news sites don't use headlines and story placement in the same way a print version does, making it difficult to distinguish the most important news item from whatever happens to be appearing when you first connect. There aren't the cues to indicate what might be the most pressing thing to know right now so a reader may pick a story about Ellen DeGeneres over the prime minister's slashing of support to Canadian veterans.

So all the more reason I am sad to report the loss of another printed newspaper in this country. For 31 years, Pink Triangle Press has been printing Xtra, an LGBTQ focused paper out of Toronto, with Ottawa and Vancouver versions that came along in 1993. It comes for free in bright pink boxes on busy downtown street corners. It gives me great pleasure whether in Toronto or Ottawa to reach boldly through the light of day and pick up that paper with its wonderfully brazen covers of all things queer and trans.

Not only has it been treasured by LGBTQ people who see themselves reflected on those pages but it has covered many significant stories that mainstream press never seemed to care about in the past. That is certainly changing for the better but there's so much more in Xtra than a mainstream media outlet will ever cover.

Another monumental impact from the loss of those eye-catching covers in flamboyant newspaper boxes will be the decreasing visibility of LGBTQ people from the eyes and minds of those folks who really wish we didn't exist and if we must can we please do so in a thickly walled closet somewhere else.

So I'm mourning the loss of this paper in many ways. The online version will still tell stories important to our communities but only people with intention to read them will land there and the necessary in-your-face presence on the streets will be sorely missed.

Deirdre Pike is a freelance columnist for the Hamilton Spectator. She will be reaching into a pink newspaper box in Toronto on Feb. 19, the release date of the last printed version of Xtra. You can reach her at [dpikethepec@gmail.com](mailto:dpikethepec@gmail.com) or @deirdrepik.

THE SPEC

## BRIEFLY

Short and excerpted comments sent to [letters@thespec.com](mailto:letters@thespec.com)

## Target failure isn't our fault

Well, I thought I heard it all concerning the Target story but a recent letter writer made me laugh out loud. Does the letter writer truly believe it's our job as consumers to unconditionally support a foreign retailer? We went there and gave them every chance to win us over. What we got was overpriced fashion, expensive TVs, understocked shelves, poor management and \$7 coffee! One has to wonder whether they did any research at all, or just figured they could take us for granted. It was an expensive lesson to learn but it will help any future department stores thinking of moving in, so that's a good thing.

RED TAYLOR, HAMILTON

## Dreschel covers over key challenges

While I support improvements to public transit, columnist Andrew Dreschel's rhetoric about a "stuck" Hamilton resisting downtown's "cultural shift" covers over key political challenges at the heart of the kinds of development currently underway in this city. Perhaps if protests over bus lanes were coupled with concerted outcries over the axing of crucial programs to help those in need (such as the six programs to alleviate homelessness), claims that Hamilton is progressing would be easier to defend.

SIMON ORPANA, HAMILTON

## Shed no tears for Fantino

So Julian Fantino gets demoted from his position as veterans affairs minister. Most of the good folk of Caledonia will shed no tears on his demotion. In fact, most people I know would wish his new government position to be sanitary engineer. To me, that job means cleaning up. To clean up his mess (with our veterans) would take many years and by that time he would have his pension paid for doing nothing. If the government had investigated his performance as head of the OPP in the handling of the Caledonia land issue, they certainly would have asked themselves: How stupid can we be? Of course, the same can be said about Mike Duffy, Pamela Wallin and Patrick Brazeau.

DON HOWATT, HAMILTON

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