

IF YOU WORK FOR A LIVING – YOU SHOULD MAKE A LIVING: THE DEBATE ON A LIVING WAGE IN MANITOBA

*Lynne Fernandez**

Heartened by success stories in other parts of the world, researchers and advocates across Canada are getting involved with local living wage campaigns and connecting to a national network of living wage communities.

Headed by Living Wage Canada (<http://www.livingwagecanada.ca/>), many advocates are learning how to calculate a living wage for their communities and are able to access resources to start campaigns. New Westminster, British Columbia was the first Canadian municipality to adopt a living wage policy. The website has an interactive map that indicates what the living wage is for municipalities and at what stage the community is at in its advocacy work for a living wage. It also explains the concept of a living wage.

The living wage is different from minimum wage. Minimum wage is arbitrarily set (with no consideration of cost of living) and is the legal minimum any employer can pay. Its message is “we’d likely pay you less if we could, but ...”. One could argue that minimum wage in Manitoba (currently at \$10.45/hour) has kept pace, and more, with inflation, but the problem is that minimum wage has never been set to actually cover the cost of living in any particular region, so although increases help, they still don’t mean that an individual, much less a family, can live decently on minimum wage.

According to Canadian Imperial Bank of Commerce (CIBC) senior economist Benjamin Tal, “There’s clearly a movement from high-paying professional, public sector and construction jobs to lower-paying and retail jobs. Even within manufacturing, there’s a movement from high-paying manufacturing jobs to lower paying.” This trend is worrisome for our whole economy, as evidenced in a New York Times article that found a disturbing trend in consumption patterns. The brands, stores and restaurants that service America’s middle class are struggling, even closing, while those that cater to the high end 10% earners are flourishing. It’s important to note that minimum wages have been stagnant in the US for decades. A living wage would help turn this trend around.

A living wage first calculates what is needed for a family of four (two parents, two children) to live. CCPA Mb. finds that such a family, with both parents working 35 hours/week, needed to earn \$14.07 hour in Winnipeg, \$13.41 in Brandon and \$13.46 in Thompson in 2013. But the living wage also calculates the value families get from government, such as the Canada Child Tax Benefit, Universal Child Care Benefit, Government sales tax rebate, etc. Without these

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benefits, the living wage would be much more and any improvements to them would lower it. Adoption of a provincial childcare or pharmacare program, for example, would lower the living wage significantly.

Paying a living wage benefits employers. Those who have adopted a living wage policy realize reduced absenteeism and staff turnover, increased skill, morale and productivity levels, reduced recruitment and training costs and improved customer satisfaction.

The benefits to employees, whose health improves and whose children thrive, eventually spillover to government in terms of reduced healthcare and law enforcement costs and increased revenues from taxation. Higher disposable income means that corporations do better as consumption increases – a phenomenon Henry Ford figured out decades ago.

Communities across Canada are calling on both employers and governments to consider the tremendous benefits of a living wage, and to work together on this policy. We do not suggest that it will be a silver bullet to combat poverty, but combined with a comprehensive strategy that includes steady minimum wage increases, improvements to Employment and Income Assistance rates and serious consideration of a Guaranteed Annual Income, it could play an important role in restoring our economy and our shrinking middle class. First and foremost, it could, when combined with other policies such as Labour Market Intermediaries and government procurement initiatives, offer low-income families a bridge into economic security.

A living wage campaign for Manitoba is still in its infancy, but advocates are hopeful once can soon be mounted.

For more information on the living wage in Manitoba, see the CCPA Mb. report: https://www.policyalternatives.ca/sites/default/files/uploads/publications/Manitoba%20Office/2013/11/Living_Wage_2013.pdf