

Women Together Ending Poverty

Submission to the

Minimum Wage Policy Review

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Carriage House Inn

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Introduction

Women Together Ending Poverty or WTEP is a diverse, grassroots women's group that was formed in Calgary in February 2008, to educate and empower ourselves and other women to take action on the root causes of poverty. Our principles include the belief that charity is not a solution to poverty, and that improving the lives of women improves the lives of children and men.

Ever since minimum wage policies were first introduced in Canada in 1918 they have stimulated intense controversy and debate between those whose believe in an unregulated economy, and those who believe that government intervention is necessary to mediate the harsh impacts of the free market. This debate continues among economists today (Goldberg and Green, Sarlo, Gunderson) as minimum wage policies are being revisited in North America and Europe; and countries like China are raising the minimum wage in order to stimulate the domestic market.

After reading only some of the material covering this debate we believe that addressing minimum wage policy should not take place in isolation of:

- policy implications for women,
- overall economic trends in Canadian society; and
- the need to implement other related policies to reduce poverty and stimulate economic growth.

It is within this context that WTEP believes that the minimum wage should be a living wage thereby providing someone who works full time access to a standard of living that is at least over the low income cut off line. We believe that such a policy is

- good for women, and
- good for the economy.

Implications for Women

Women make up 65% of minimum wage workers in Canada. (Langdon). In Alberta, there are 20,000 minimum wage earners, and of these over 2/3 are women, half of whom are over the age of 25 (Phillips). Furthermore, women in Canada and Alberta are disproportionately represented in the service and retail sectors where wages are usually set at, or only slightly above, the minimum rate.

Many of our members work, or have worked, for minimum wage or just above minimum wage. Many of us are single parents. We know from our lived experiences that living on the current minimum wage in Alberta means a constant juggling act between paying the rent or utilities or providing food or clothing, or accessing transit - a situation made even more stressful and difficult when children are involved. Freezing the minimum wage in Alberta this year, rather than allowing it to rise with the rise in the average wage has had negative consequences for us.

Therefore, we know that increasing the minimum wage would put more money into the hands of women in this province, and provide a base line from which other improvements

for all women can be developed. A substantive portion of the debate around raising minimum wages is the scope of negative impact on employment, especially in sectors dominated by low wages and especially on the most vulnerable. To the extent that there would be a negative impact (and it has been argued that other factors are often involved in lower rates of employment and that lowering minimum wages does not seem to increase employment); other programs would need to be put into place to alleviate any negative impact, and effective funded job retraining programs would need to be instituted.

Improving the economic lives of women would also require placing minimum wage policy within an overall program of changes designed to improve the economic situation of women in Alberta, and specifically to address the following issues outlined by Phillips.

In Alberta

- “cuts to health, education and social services have disproportionately impacted women and the most vulnerable
- the lag between men’s and women’s wages for full-time employment is the largest in the country
- we have the lowest social assistance rate for single female parents in the country
- we have the highest child care fees and fewest number of child care spaces in the country, and
- female single parents are more likely to live in poverty than other Canadians: half of our province’s women earn what qualify as ‘poverty wages’ “

Economic trends

Furthermore as mentioned in the introduction, developing minimum wage policy can not be addressed in a piecemeal fashion but should be part of a larger discussion of how we want to stimulate economic growth and investment in Canada. We need to understand that in Canada:

- investment in the real economy lags behind that in the paper or financialized economy
- economic disparity and the concentration of wealth is rapidly increasing (MacKenzie);
- 90% of Canadians have experienced a decrease in their share of total incomes, and the top 5% a larger share of total incomes since the early 1980's,
- tax policies have disproportionately benefited the wealthiest 5% of Canadians, with most of these benefits going to the top .01%

and in Alberta

- we lag behind the rest of the country in recovering jobs lost in the recession.

Some economists argue that increasing the minimum wage helps to stimulate demand for goods and services in the local economy (Goldberg and Green), and some go further and argue that only through a wage-led growth model will countries be able to address the weaknesses in the real economy and avoid recurrent recessions such as the one that still lingers (Schulten).

Others such as Stanford support increasing the minimum wage, and at the same time caution that given the nature of globalization, raising wages can not be relied upon in isolation to stimulate the investment we need. He argues for an economic model where the state intervenes even more strongly in the capitalist economy to stimulate investment

and growth, offering the Scandinavian countries as a model: where taxes are a greater share of the GDP; where the government plays a strong role in economic regulation, where income distribution is more equalized, etc. In other words where the “free” market does not run the show.

Conclusion

Minimum wage policy development offers us a choice as politicians and as citizens. We can continue to address this policy issue from a free-market perspective; one that has increasingly dominated economic policy in Canada and Alberta since the early 80's, and has contributed to:

- the increasing financialization of our economy rather than addressing the slow growth of the real economy,
- increasing economic disparity and cutbacks to social programs which have disproportionately impacted women, and
- recurrent downturns in the economy and severe economic hardship for working people.

Or we can take this as an opportunity to address minimum wage policy development and raise the minimum wage to a living wage, as part and parcel of a new way of thinking about how we organize our economy, looking to countries like Norway as a model. To that end we should note that Scandinavian countries weathered the economic recession much better than others, to the surprise of many free market thinkers.

Thank you,

Women Together Ending Poverty

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