

**Time for a Real Raise:
The Nova Scotia Minimum Wage**

John Jacobs
May 2005

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Canadian Centre for Policy Alternatives Nova Scotia
PO Box 8355 Halifax, NS, B3K 5M1
Tel: (902) 477-1252; Fax: (902) 484-6344
Email: ccpans@policyalternatives.ca
Web: <http://www.policyalternatives.ca>

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About the Author

John Jacobs is the Director of Nova Scotia office of the Canadian Centre for Policy Alternatives. He is the co-author with Thom Workman of “Undermining Wages in Nova Scotia: The Minimum Wage from 1976 – 2002”

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Summary

In the midst of a growing economy and record profits many workers continue to live in poverty. Too many members of Nova Scotia communities are working full time and are not able to make ends meet. An unacceptable number of employers are not providing workers with a wage that they can get by on.

The minimum wage is a key public policy tool that was developed to protect and support the most vulnerable workers and their families by ensuring that employers pay at minimum a wage workers and their families can live on.

Increasing the minimum wage impacts not only the workers receiving the minimum wage. The minimum wage is a benchmark wage. Employers use it as a standard in setting wages and it is a reference point for negotiating wages. A minimum wage increase puts upward pressure on other wages, especially low wages. If the minimum wage is allowed to stagnate it acts as an anchor limiting wage increases for those most in need.

While the minimum wage has been increasing in Nova Scotia, it has barely kept pace with the cost of living. The minimum wage in Nova Scotia has not increased in real (inflation adjusted) terms in almost 25 years. In fact the real minimum wage has decreased since its high point in the mid 1970s. This helps explain the persistent levels of poverty in Nova Scotia.

In 2003 5.5% of workers (21,200 workers) in Nova Scotia were paid the minimum wage – among the highest percent of minimum wage workers in the country. For a single person this means trying to make ends meet at a level of income well below the poverty line. For families the situation is worse. Households relying on minimum wages in Halifax are struggling to make ends meet on an income that is 60% below the poverty line. In smaller communities and rural areas families are having to make do on minimum wage incomes that range from 25% to 50% below the poverty line. These workers depend on family members and government transfers, such as the child tax benefit. In effect workers, their families and taxpayers are subsidizing low wage employers.

Clearly minimum wage income is insufficient to allow low-income Nova Scotians to prosper and participate in their communities. It would take a minimum wage of more than \$8.40/hr. to bring a single worker up to the

poverty line in Halifax. The rate would need to be considerably higher for the minimum wage to support a larger household.

Some commentators justify a low minimum wage by the fact that many minimum wage workers are young Nova Scotians living with their parents. Indeed many (60%) of workers earning the minimum wage live with family, but one has to wonder how this justifies paying young Nova Scotians a poverty wage. The justification assumes that those living at home are not paying room and board. It assumes that they prefer to live at home, whereas they may be living at home because they cannot afford to move out and get on with their lives

Many youth are saving for or paying their way through post-secondary education. With the high costs of post-secondary education, the fact that many minimum wage workers are young is an argument for increasing the minimum wage.

A disproportionate number (63%) of minimum wage workers in are women. This reflects the reality that women in our society receive lower wages. In 2003 25% of women in Nova Scotia received less than \$8.33/hr., while 25% of men received less than \$10.05/hr. The low minimum wage policy is anchoring, or holding back, the wages of women more than men. A substantial increase in the minimum wage would contribute to decreasing the income gap between men and women.

A disproportionate percentage of minimum wage workers have part-time jobs. Whereas only 18.2% of the overall workforce in Nova Scotia in 2000 worked part-time, 57.2% of minimum wage workers were employed part-time. Part-time work tends to be precarious and without benefits, such as dental care and disability insurance. Minimum wage workers need a wage that allows them to cover these additional costs and the periods of unemployment between temporary jobs.

The stagnation of the minimum wage over the past two decades is at least partially responsible for the plight of the working poor in Nova Scotia, many of whom earn somewhat more than the minimum wage. In 2003 20% of Nova Scotians (71,700) workers earned \$8.00/hr. or less – within \$1.75 of the minimum wage. Providing a real increase in the minimum wage would boost the wages of these and many more workers in need of a raise.

Keeping the minimum wage low is contributing to the development of a low-wage economy. Most of the employment growth in Atlantic Canada has been in low-wage industries. The rising share of total employment is being created accommodation and food services industries, a sector that tops the list of industries in Nova Scotia that pays the minimum wage. Another indication of

the growth of a low-wage economy is the decrease in real (inflation adjusted) average weekly earnings over the past decade.

Some commentators claim that increasing the minimum wage will hurt small businesses. A substantial increase in the minimum wage may decrease the viability of some marginal businesses unable to respond to wage increases through greater innovation. But it is questionable whether the minimum wage increase is the real cause of the hardships these businesses face.

Not all businesses that pay the minimum wage are small. Some of the largest and most profitable companies, such as Tim Horton's and McDonalds restaurants, pay the minimum wage. Wal-Mart stores, again very profitable, chose to pay some their employees a wage very close to the minimum wage. The profitability of these corporations is being subsidized by workers, their families and the governments that allow the minimum wage to stagnate.

Minimum wage workers are in need of a substantial raise. A concerted strategy is needed that ensures all workers do not live in poverty, and that supports small businesses in making the transition to paying workers a wage that they can live on.

Introduction

In spite of a growing economy and record corporate profits the number of working poor remains high. Too many Nova Scotians work full time but are unable to support themselves, let alone families. The statistics on the level of household and child poverty and the dependence of too many working Nova Scotians on food banks make it clear that low-income Nova Scotians need a raise that provides a living wage. Supporting low-income Nova Scotians by providing a raise for the most vulnerable workers is an obvious strategy to address poverty.

But increasing the minimum wage is contentious. A substantial increase in the minimum wage is promoted by workers, families and anti-poverty and labour organizations. Some business lobby groups oppose increasing the minimum wage claiming it will undermine profitability. Some oppose the minimum wage in principle as an infringement on their right to freely operate a business. Regulating a fair minimum wage goes against the grain of the prevalent “free market” ideology that has shaped public policy for the past two decades.

Instead of strengthening supports for workers, governments have decreased labour market regulations. Cuts to income assistance and greater restrictions on employment insurance eligibility have hurt workers. Strong minimum labour standards such as minimum wage and health and safety are crucial to protecting workers. In abandoning their responsibility to promote the economic well-being of citizens in favour of “market forces” governments have contributed to a more polarized society with the better-off at one end and the worse-off at the other, with a shrinking proportion in the middle.

This report examines the recent changes in the minimum wage. It reviews the inadequacy of the minimum wage support to households that are attempting to make ends meet. It addresses the economic impact of the minimum wage in the context of an economy that is producing too many low wage jobs, and considers some of the arguments against increasing the minimum wage.

Why the minimum wage is important

Minimum wage legislation was developed to protect the most vulnerable workers. In a market-based economy some employers seek to establish and maintain their economic viability and profitability through paying low wages and decreasing standards of employment. This is a problem particularly in an economy with high unemployment as is the case in Nova Scotia – where an abundance of unemployed workers contributes to keeping wages low. Some workers are protected by their affiliation with a labour union that negotiates with employer for improved wages and working conditions. But the unprotected worker is much more vulnerable.

Much of the debate about setting the minimum wage tends to focus on those employees actually earning the minimum wage. But “[t]he importance of the minimum wage” according to Workman and Jacobs,

“extends far beyond those workers presently working for [the minimum wage] across the province. The minimum wage bears directly on all other wages in an economy. It acts as a benchmark wage. If the minimum wage rises, other wage rates across the province will be pressured to follow suit.

These impacts take many different forms. Lower-wage employers tend to measure their pay scales against the minimum wage. High-wage employers argue that their workers are overpaid relative to the minimum wage anchor. The minimum wage sets a social standard or tone, and many public debates, as well as innumerable disputes inside the workplace, use the minimum wage as an implicit guide to construct arguments, to assess all wage scales, to measure the relative standards of one’s enterprise.¹

When the minimum wage is increased it creates an upward pressure on other wages. If the minimum wage is not increased most wages will tend to stagnate, especially those at the lower end of the income scale. The minimum wage is therefore an important public policy tool in supporting all working poor, not just those working for the minimum wage.

A low minimum wage also results in greater inequality within in our communities. As the bottom rung for wages, a low minimum wage allows for increased income inequality while conversely a high minimum wage will result in decreased inequality. Allowing the most vulnerable to remain poor and the rich to get richer contributes to social and political inequality. Low income citizens are less able to participate in communities and are marginalized from decision making within society as a whole. Maintaining a family on a low income is all consuming – there is little time or energy left for community involvement.

Poverty is also one of the major determinants of ill health.² Workers earning low wages are less able to counter the determinants of poor health. Not only does this contribute for further inequality, but is also increases the demand for health care services. Increasing wages benefits workers and their households, and benefits all citizens by building healthier communities.

The current minimum wage in Nova Scotia

The minimum wage in Nova Scotia continues to lag behind the wage in other provinces (Figure 1). The wage is the fourth lowest in Canada. This is a slight improvement from 2002, when Nova Scotia had the second lowest minimum wage in Canada. But a major factor in the change in ranking is due to Alberta

not changed its rate since 1999 and now that province has the lowest rate in Canada.³

At \$6.50 the Nova Scotia minimum wage is \$2.00 less than in Nunavut, which has the highest rate, and is well below the provincial average in Canada.

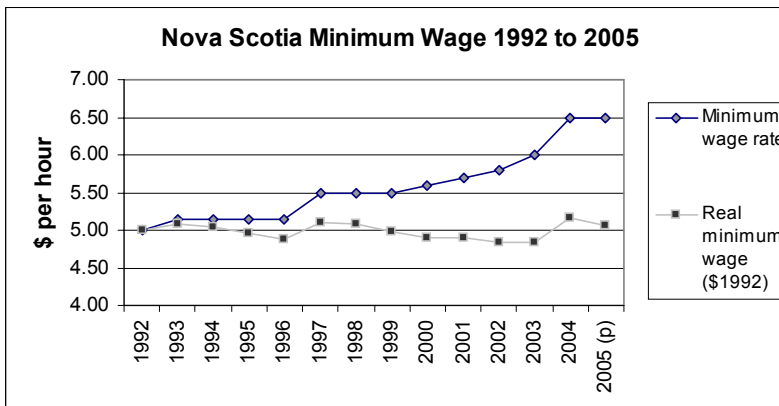
Figure 1



Source: Human Resources and Skills Development Canada

The most recent increases in the Nova Scotia minimum wage have barely kept pace with inflation. These changes have done nothing to correct an historic trend – in real (adjusted for inflation) terms the rate has hovered around the same level since the early 1980s. Even during a period of low inflation over the past decade the minimum wage level has failed to gain ground. Figure 2 shows a recent slight increase in the real Nova Scotian minimum wage, but this wage, if not increased in 2005, will slip back down due to the effects of inflation.

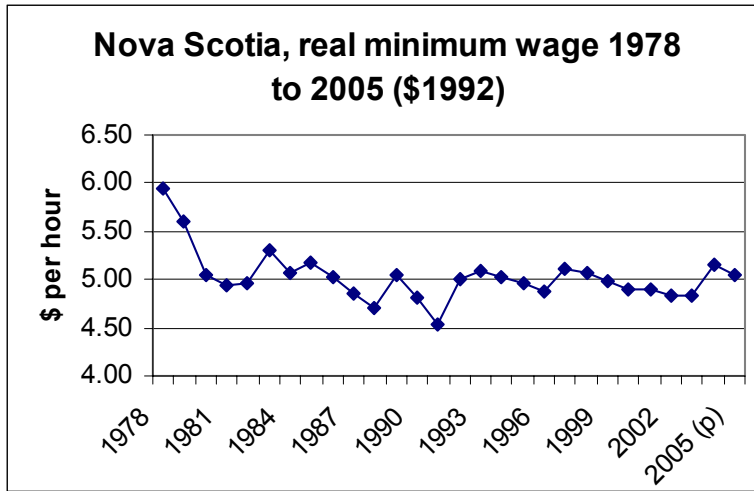
Figure 2



Sources: Author's calculations based on CPI, Statistics Canada; Min. Wage, Human Resources and Skills Development Canada (2005 projected @ 2% inflation).

A longer term view shows that the minimum wage has declined in real terms from its high point in the mid 1970s. Figure 3 shows the decline and the stagnation of the wage since 1978. This has occurred during a period over the last decade when the provincial economy has grown and productivity has increased. A recent Statistics Canada study found that the real per capita GDP growth in the Atlantic provinces between 1997 to 2003 exceeded the national average.⁴ But no benefits from this growth have gone to minimum wage workers.

Figure 3



Source: CPI Table 326-0001, Statistics Canada and N.S. Min. Wage, Human Resources and Skills Development Canada (2005 projected, 2% inflation)

Too many Nova Scotians depend on the minimum wage

Another concern is the high number of Nova Scotians depending on the minimum wage. In 2004 Nova Scotia had the fourth lowest minimum wage in Canada and among the provinces it had the third highest percentage of its workforce receiving the minimum wage (Figure 4). Put another way 21,200 Nova Scotians are trying to make a living on \$6.50 per hour.⁵ Nova Scotia's position looks even worse in comparison to other provinces when we take into account that the major reason British Columbia has a higher percentage of workers receiving the minimum wage than Nova Scotia is because British Columbia's minimum wage (\$8.00/hr.) is the highest of the provinces. This contributes to a higher percent of minimum wage workers in British Columbia.

Figure 4



How adequate is the minimum wage in Nova Scotia?

Minimum wage increases that keep pace with inflation are not good enough. The minimum wage is too low to start with. The recent increases in the minimum wage have done little to improve the lot of the working poor in Nova Scotia. The following tables provide some insight into the situation facing minimum wage workers in different household circumstances.

Table 1

**Minimum Wage and the Poverty Gap
Single person working full-time at minimum wage**

| Community Size | Annual Low Income Cut-off (LICO) single person | 1 Full-time (40 hrs./wk) Minimum wage Job Annual income | Poverty Gap \$ | Poverty Gap % |
|-----------------------|--|---|----------------|---------------|
| Halifax | \$17,515 | \$ 13,520 | \$3,995 | 30% |
| Less than pop. 30,000 | \$15,928 | \$13,520 | \$2,408 | 15% |
| Rural | \$14,000 | \$13,520 | \$480 | 3% |

Source: Statistics Canada, before tax Low Income Cut-offs (LICOs), 2004 and author's calculations

Table 2

Single parent household, with 1 child, one full-time minimum wage job

| Community Size | Annual Low Income Cut-off (LICO) 2 person household | Annual Income 40 hours weekly at minimum wage | Poverty Gap \$ | Poverty Gap % |
|-----------------------------|---|---|----------------|---------------|
| Halifax | \$21,804 | \$13,520 | \$8,284 | 61% |
| Population Less than 30,000 | \$19,828 | \$13,520 | \$6,308 | 47% |
| Rural | \$17,429 | \$13,520 | \$3,909 | 29% |

Source: Statistics Canada, before tax Low Income Cut-offs (LICOs), 2004 & author's calculations

Table 3

Four person household, 1.5 full-time minimum wage jobs (60 hours).

| Community Size | Low Income Cut-off (LICO) 4 person household | Annual Income 60 hours weekly at minimum wage | Poverty Gap \$ (LICO-income) | Poverty Gap as % |
|-----------------------------|--|---|------------------------------|------------------|
| Halifax | \$32,546 | \$20,280 | \$12,266 | 60% |
| Population less than 30,000 | \$29,596 | \$20,280 | \$9,316 | 46% |
| Rural | \$26,015 | \$20,280 | \$5,735 | 28% |

Assumptions: 2 household members working for minimum wage, their combined hours total 60 hours per week.

Source: Statistics Canada, before tax Low Income Cut-offs (LICOs), 2004 & author's Calculations.

These tables only include market income, i.e., income derived from paid employment, and do not include government transfers. Most of the households would receive additional income through various government transfers, such as the child tax benefit. The tables show the gap between minimum wage income and what it costs to run an household. With full-time minimum wage employment providing inadequate income, households are dependent upon family members and government sources to close the gap. Minimum wage workers, their families and taxpayers are, in effect, subsidizing employers

unwilling to pay a wage that workers and their households can live on. It would take a minimum wage of more than \$8.20 per hour to enable a single worker to reach the low income cut-off in Halifax. A wage that would support a larger household would have to be considerably higher.

Who works for the minimum wage?

Some commentators justify a low minimum wage by claiming that most people earning the minimum wage are teenagers living at home. In 2000 60% of minimum wage workers were living with family or relatives⁶ but the majority (57%) of minimum wage workers are over 20 years of age.⁷ There is some truth to the claim that most are young, but one has to wonder what justifies paying young Nova Scotians a poverty wage. Workers should be paid based on their job not on their living circumstances.

Seeking to justify paying a low wage to youths because they live at home assumes that young Nova Scotians are not paying room and board to parents. It assumes that young people prefer to live at home, whereas they may be living at home because they cannot afford to move out and get on with their lives. Parents and relatives are, in effect, subsidizing the operations of low-wage employers by providing room and board at little or no cost.

Surely people should be paid for the job they do, not for their status in the family. We would never accept this sort of profiling of other groups in our society and we should not accept it for young workers.

Some minimum wage earners are paying their way through university or saving for post-secondary education. A low minimum wage means that they will have to work extra hours that they could be devoting to their studies. The high number of students working for minimum wage is also often presented as a justification for keeping the wage rate low. The high rate of students paid the minimum wage is in fact an argument for increasing the minimum wage. Nova Scotia has the highest tuition fees in Canada and students need higher paying jobs to cover increased tuition costs. Young Nova Scotians are also trying to save money to invest in their future to cover increasingly privatized training programs (such as information technology) and other post secondary education.

Women, the minimum wage and poverty wages

A disproportionate percentage of minimum wage workers are women (63%) in Nova Scotia.⁸ This is confirmed by a Statistics Canada study that found that in 2003, across Canada “women accounted for almost two-thirds of minimum wage earners, yet they make up just under half of employees.”⁹

The reality is that women in our society continue to generally receive lower wages than men. In 2003, in Nova Scotia, 25% of women earned less than

\$8.33 per hour. In contrast, the lowest paid 25% of men earned less than \$10.05, (the lowest quartile wage for women was 17% less than men). Fifty percent of women earned a wage of less than \$12.10, while 50% of men earned less than \$15.00 (the median wage for women was 19% less than men).¹⁰ While increasing the minimum wage boosts low wages, leaving the wage low acts as an anchor on low wages by slowing the increase in wages. Leaving the minimum wage low is holding back wage increases for women more than for men and this reinforces income inequality between women and men.

Lower wages also leave many women dependent upon the male breadwinners in their households. Women's advances toward equality in the family and the social and political spheres are limited if they are economically insecure and dependent. Increasing the minimum wage is an effective tool in decreasing the income gap between men and women and the gendered nature of poverty.

Minimum wage and part time work

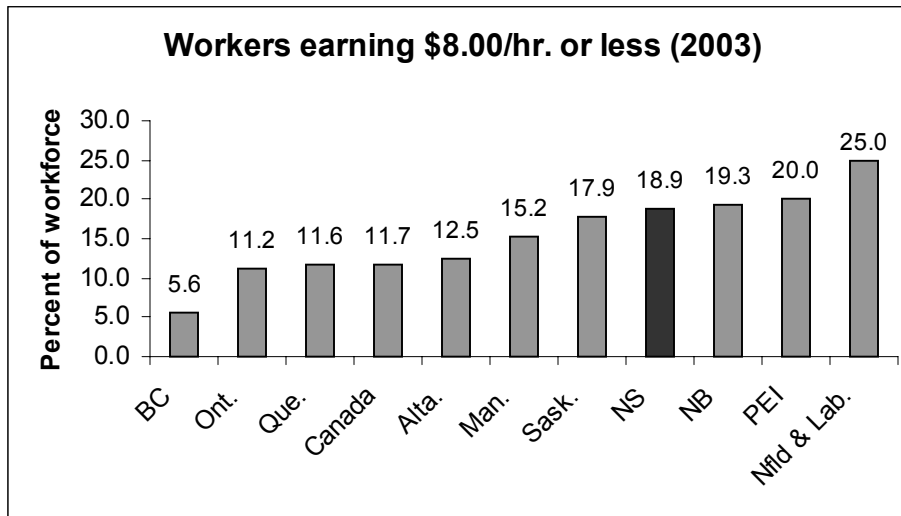
Minimum wage workers are more likely to find themselves in part-time and temporary employment. In 2000, 57.2% of minimum wage workers worked part-time, while only 18.2% of the overall workforce works part-time.¹¹ In Canada the proportion of temporary jobs (relative to all jobs) almost doubled from 5% in 1989 to 9% 2004.¹² While some workers may choose to work part-time, others can only find part-time work, and are often forced to work at more than one job to make ends meet.

Part-time employment not only tends to pay less but also does not usually entitle workers to benefits. A minimum wage should enable workers to cover costs such as prescriptions, extra health costs and dental expenses. Another reason for increasing the minimum wage to support part-time workers is that part-time work is often also short term and unpredictable. Part-time workers need a minimum wage high enough to allow them not only to live but to cover costs during the frequent breaks between jobs and during lay-offs. At the present time, employment insurance (EI) pays benefits at 55% of earnings. For a minimum wage worker that works out to benefits of \$3.60 hourly or about \$110 per week for a person who worked 30 hours a week at minimum wage.

Is it surprising that so many Nova Scotians are facing poverty?

The stagnation of the real minimum wage is partially responsible for the large percent of the Nova Scotian workforce receiving very low wages compared with other provinces. In 2003, 21,900 (5.8%) of Nova Scotian workers earned the minimum wage but 71,700 (18.9%) earned \$8.00 per hour or less – within \$1.75 of the minimum wage (Figure 5).¹³ Low wage employment is disproportionately experienced by recent immigrants and less educated Canadians.¹⁴

Figure 5



Source: “Minimum wage workers,” D. Sussman and M. Tabi, Statistics Canada, 2004¹⁵

Earning slightly more than the minimum wage does little to support low income households. A family working 60 hrs a week at \$8.00 an hour still falls well below the poverty line in Halifax and smaller urban areas in Nova Scotia (see Table 4). While a family living in rural Nova Scotia, where costs such as housing are lower, fare slightly better, they still struggle with poverty.

Table 4

The Monthly Grind for the Working Poor
Four - Person Household, at \$8.00/hour
(based on 60 hours of household employment each week)

| Community Size | Monthly Low Income Cut-off (LICO) 4 person family | Monthly Income 60 hours/week At 8.00/hour | Poverty Gap (LICO less monthly income) | Poverty Gap as % |
|-----------------------------|---|---|--|------------------|
| Halifax | \$2,712 | \$2,080 | \$632 | 30% |
| Population Less than 30,000 | \$2,466 | \$2,080 | \$386 | 19% |
| Rural | \$2,168 | \$2,080 | \$88 | 4% |

Source: Statistics Canada, before tax Low Income Cut-offs (LICOs), 2004 and author's calculations

Table 4 only includes market income. Most households would receive additional income through various government transfers. This may bring some above the poverty level. Table 4 provides some indication of how inadequate low wages are and the degree to which low wage employers are being subsidized.

These workers earning less than \$8.00/hr. are among those most likely to benefit from an increase in the minimum wage. A rising minimum wage boosts other wages, but a low minimum wage has the opposite effect. If it is allowed to stagnate it acts as an anchor holding back increases to other wage, especially lower wages.

By letting the minimum wage stagnate, successive provincial governments in Nova Scotia have abandoned the working poor. While we have an indication as to the numbers of workers earning low wages, earning a low wage does not necessarily mean that a worker is living in poverty. Some workers are part of a household that includes people earning a higher income and bringing the household out of poverty. Other households have their income supplemented by government transfers such as the child tax benefits, Canada Pension Plan (CPP), Employment Insurance (EI) benefits.

It is estimated that in 2004 16% of Canadian workers aged 25 to 64 were paid low wages¹⁶ and that 30% of these workers live in poverty.¹⁷ Even when government transfers and tax rebates are taken into account recent Statistics Canada research indicates that in 2003, 97,000 (10.7%) Nova Scotians lived in poverty.¹⁸ We also know that children in Nova Scotia still face an unacceptable level of poverty.¹⁹

Further evidence that low-income households are facing an uphill struggle comes from a study by GPI Atlantic. It shows that between 1990 and 1998 “[t]he poorest 20% of Nova Scotian households have seen their market income fall by more than 50% in real terms since 1990, the sharpest drop in the country.”²⁰

Low wages are often justified by the claim that low wage employment is transitional, that is, workers do not stay in low paying situations long as they move on to better paying employment. A statistics Canada study has drawn this assumption into question. The study found that “[l]ess than one-half of Canadian workers who had a low-paying job in 1996 had managed to climb out of it by 2001.”²¹ In other words more than half were stuck in a “poverty trap.”

Increasing the minimum wage is a potent measure that will improve the lot of not only minimum wage workers, but also many of the working poor. A substantial wage increase will create an upward pressure in all low wages and provide a raise to those most in need.

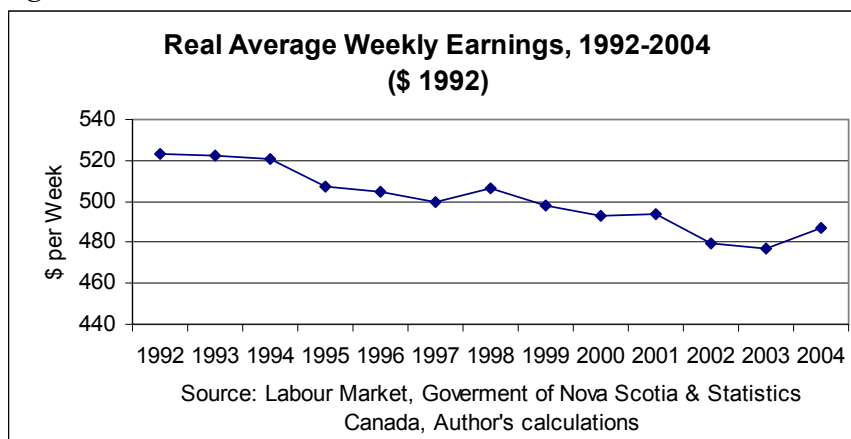
The economic impact of a real minimum wage increase

Atlantic Canada has been producing too many low wage jobs. According to a Report Card by the Atlantic Provinces Economic Council (APEC), “Atlantic employment has grown 19% in low-wage industries but advanced only 7% in high-wage industries.”²² “In all four [Atlantic] provinces, accommodation and

food services – where regional earnings are less than half of the all-industry average – accounted for a rising share of total employment between 1991 and 2002.²³ According to the Caledon Institute’s minimum wage study the accommodation and food services sector tops the list of industries in Nova Scotia that pay minimum wage. In 2000 16.3% of workers in this sector worked for the minimum wage.²⁴

Another indication that the Nova Scotia economy is producing too many low wage jobs is the decrease in average earnings. Real (adjusted for inflation) average weekly earnings have been decreasing since the early 1990s (see figure 6).

Figure 6



The provincial government is contributing to the development of low wage jobs by not increasing the real (inflation adjusted) minimum wage. A low minimum wage allows employers to depend upon low wages to maintain their economic viability rather than increasing productivity through investing in training workers and in modern equipment and technology.

Higher minimum wages contribute to increased workers’ job satisfaction and commitment to their job and their employer. Higher minimum wages also contribute to local economic development as low-income workers tend to spend increased income on goods and services provided by the local economy. This stimulates the local economy.

Does a prosperous economy need a minimum wage: Alberta and British Columbia

Some commentators argue that a minimum wage is unnecessary in a vibrant economy; the focus should be on stimulating the economy and leave the setting of wages to the market. A comparison of Alberta and British Columbia shows that a minimum wage is necessary to protect vulnerable workers and provides

an example of the effect of increasing the minimum wage. Alberta has the dubious distinction of having the lowest minimum wage in Canada. The minimum wage is \$5.90 and has not increased since 1999. Next door in British Columbia the minimum wage of \$8.00 has been in place since

2001. Alberta has only 1.1% of its workforce earning the minimum wage, but 12.5% of Albertan workers earn \$8.00 per hour or less. In British Columbia only 5.6% earn \$8.00 or less.²⁵

The Alberta and British Columbia economies are comparable in size. The Alberta economy has been buoyed by the oil and gas industry, yet more Albertans work at very low wages. We can draw a couple of conclusions. A thriving economy is no guarantee of higher wages and a higher minimum wage plays a crucial role in supporting low income workers.

Does an increase in the minimum wage decrease jobs?

Arguments have been put forward that claim that a substantial increase in the minimum wage will have a negative economic impact on employment. This argument claims that an increase in the minimum wage hurts the very workers it seeks to help. A higher wage results, we are told, in employers hiring fewer workers. These arguments have been put to rest by a number of studies during of the past decade of so.

Studies by Card and Kruger in the United States found that there is no consistent evidence that a rise in the minimum wage results in a drop in employment moreover some studies show a rise in employment which they speculate is due to raise in the wages stabilized the affected industry and attracted more workers.²⁶ A Canadian study in 1999 came to much the same conclusion – an increase in the minimum wage had negligible if any impact on levels of employment.²⁷ Debate among economists, both those in favour of, and those against, increasing the minimum wage seems to have settled on the point that a increase in the minimum wage has no significant impact on employment.

Does a minimum wage increase hurt small businesses?

Other commentators from business advocacy organizations have noted that rises in the minimum wage will hurt small business owners. A substantial increase in the minimum wage will result in an adjustment for some small businesses. Perhaps a change in the wage will decrease the viability of marginal businesses unable to respond to short-term challenges through greater innovation. But it questionable whether the minimum wage increase is the cause of the businesses hardships.

There is another flaw in this argument. Not all businesses that pay minimum or close to minimum wages are small, certainly not in the traditional sense. Some of the largest and most profitable companies in the world are choosing to pay minimum and low wages to their employees. A number of fast food chains come to mind such as Tim Horton's and McDonalds restaurants. Wal-Mart stores, again very profitable, choose to pay some of their employees at very close to the minimum wage rate.²⁸ In effect a low minimum wage means that their profitability is being subsidized by workers and their families and governments that allow the minimum wage to stagnate. Surely these corporations can afford to pay their workers a living wage that allows workers to invest in their future and participate in our communities.

For those genuine small businesses support can be provided that allows them to pay a fair wage. This can take the form of temporary tax breaks and funding that enables firms to increase the wages and productivity of workers, such as training and skills upgrading.

Conclusion

The need for a substantial increase in the minimum wage is clear. The low minimum wage policy is fostering low-wage economic development. Government action is need to ensure that in the short term and in the long term our economy does not rely on exploiting the most vulnerable workers. Many Nova Scotian workers continue to live in poverty in the midst of the wealth being created by their labour. It is government's responsibility to support all workers especially those who have no bargaining power to influence their wages and working conditions.

Minimum wage workers are in need of a substantial raise that is well above the rate of inflation. The increase should at least bring workers up to the poverty line (low income cut-off). In 2005 this would require a minimum wage of at least \$8.20/hr. A concerted long-term strategy is needed that ensures that the minimum wage reaches the low income cut off and supports small businesses in making the transition to paying workers a wage that they can live on.

Endnotes

- ¹ Workman, W. Thom & J. Jacobs (2002). "Undermining Wages in Nova Scotia: The Minimum Wage from 1976 – 2002." Halifax: Canadian Centre for Policy Alternatives – Nova Scotia. Can be accessed at: <http://www.policyalternatives.ca/index.cfm?act=news&do=Article&call=28&pA=94761C2A&type=5> ibid. (page 5)
- ² Raphael, D. (2002). "Poverty, Income Inequality and Health in Canada." Toronto: Centre for Social Justice.
- ³ Alberta Premier Ralph Klein has recently announced that Alberta will increase its minimum wage to \$7.00 per hour. See "Klein takes flak over extra day off" by Dawn Walton. *Globe and Mail Online*, Feb. 11, 2005.
- ⁴ Baldwin, John R., Mark Brown, Jean-Pierre Maynard and Danielle Zietsma (2004) "Catching Up and Falling Behind: The Performance of Provincial GDP per Capita from 1990 to 2003." Ottawa: Statistics Canada. (page 5)
- ⁵ Sussman, D. and Martin Tabi (March, 2004). "Minimum wage workers" *Perspectives on Labour and Income*. Ottawa: Statistics Canada. 2004 data received from author, D. Sussman, on request.
- ⁶ Battle, Ken (2003). *Minimum Wages in Canada: A Statistical Portrait with Policy Implications*. Ottawa: Caledon Institute of Social Policy. (page 99).
- ⁷ Ibid., (page 95).
- ⁸ Ibid., (page 93).
- ⁹ Sussman, D. and Martin Tabi (March 2004). "Minimum wage workers" *Perspectives on Labour and Income*. Ottawa: Statistics Canada. (page 7)
- ¹⁰ Calculated from Statistics Canada, Labour Force Survey, 2003.
- ¹¹ Battle, Ken (2003) page 288.
- ¹² Morissette, R. and Picot, G (2005). "Summary of: Low-paid Work and Economically Vulnerable Families over the Last Two Decades." Ottawa: Statistics Canada. (page 5).
- ¹³ Sussman, D. and Martin Tabi (March, 2004). "Minimum wage workers" *Perspectives on Labour and Income*. Ottawa: Statistics Canada. (page 6).
- ¹⁴ Morissette, R. and Picot, G. (2005) (page 6)
- ¹⁵ Sussman, D. and Martin, (2004).
- ¹⁶ Ibid. page 4.
- ¹⁷ Ibid. page 5.
- ¹⁸ Statistics Canada (2005). "Income in Canada: 2003." Ottawa: Statistics Canada.
- ¹⁹ Raven, P. and L. Frank (2004). "2004 Nova Scotia Child Poverty Report Card." Halifax: Canadian Centre for Policy Alternatives – Nova Scotia.
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- ²¹ Janz, Teresa (2004). "Low-paid employment and 'moving up' 1996-2001. Ottawa: Statistics Canada. (Executive Summary).
- ²² Atlantic Provinces Economic Council (May 2003). "Report Card: Atlantic Canada: Rising employment but earnings still lag" Halifax: Atlantic Provinces Economic Council.
- ²³ Ibid.
- ²⁴ Battle, Ken (2003) page 101.
- ²⁵ Sussman, D. and Martin Tabi (March, 2004). "Minimum wage workers" *Perspectives on Labour and Income*. Ottawa: Statistics Canada. (page 6).
- ²⁶ Card, D. and A. B. Kruger. 1995. *Myth and Measurement: The New Economics of the Minimum Wage*. Princeton: Princeton University Press.
- ²⁷ Goldberg M. and D. Green 1999. "Raising the Floor: The Social and Economic Benefits of Minimum Wages in Canada." Vancouver: Canadian Centre for Policy Alternatives. 1
- ²⁸ Van Berkel, Lis (2005). "How Low Can They Go?" *The Coast*. Vol. 12, Number 50, May 2005. The author's research (as a Wal-Mart employee) finds that some workers are earning between \$7.25 to \$7.75 per hour.