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Surviving on Minimum Wage

Lived Experiences of Manitoba
Workers & Policy Implications

By Jesse Hajer and Ellen Smirl

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Note

This report was revised after initial publication to correct an inconsistency in the presentation of the information for the single individual in Table 5 on page 9. The Rent Assist amount was originally calculated for the single individual as the net amount after the dollar-for-dollar claw back in the Education Property Tax Credit; in other instances the Rent Assist amounts are gross amounts, before the claw back. This change results in the "Government Transfers" amount increasing by \$551, and disposable earnings falling by \$551, and the gap between disposable earnings and the Living Wage and MBM thresholds increasing by \$551. There is no impact on the reported values for "Total income (2019)" and "Amount above (below) the low income threshold, Based on total income (2019)". Text in the report referring to the Rent Assist amount was also updated to clarify this result on page 10.



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Introduction

In 2001, CCPA-Manitoba published a report titled *The Minimum Wage and a Tipping Wage: A Survey of People Who Work At or Near the Minimum Wage in Manitoba*. Researchers gathered data from 70 workers making minimum wage. The report concluded that minimum wage was insufficient to provide workers with anything more than a ‘subsistence wage’ and did not reflect the cost of living.

This current research represents an update of the 2001 study and concludes that little has changed for minimum wage workers in Manitoba. This project utilizes both quantitative and qualitative data to explore the challenges of working for, and living on, minimum wage. Forty-two workers in Winnipeg and Brandon were interviewed to gain a better understanding of their experiences, challenges, and hopes for the future.¹

This research concludes that an updated calculation of the minimum wage, compared to the cost of living, shows that the current minimum wage of \$11.65 is insufficient to meet the basic needs of many minimum wage workers in Manitoba and does not provide a living wage. According to these calculations, all of the representative family types we examine have insufficient dis-

Crystal* is a single mother of two and works full time. She works as a server and makes minimum wage plus tips but still cannot afford a place for her and her kids so she stays with relatives. The cramped conditions put a strain on the familial relationship. She has asked her boss for a raise and despite her customers telling the boss she deserves one, she has not received one over the last four years of working at the same job.

**All the names used in this report are aliases.*

posable earnings to escape poverty according to Canada’s official poverty line when working full-time at the minimum wage. Once government transfers and subsidy programs are considered, the minimum wage is still insufficient to bring a one-person household out of poverty, and single parents working full-time can only make it over the poverty line by accessing the province’s Rent Assist program, in addition to the Canada Child Benefit. As highlighted by the International Labour Organization (ILO, 2016), one of the purposes of minimum wage laws is to ensure a living wage. For many workers in Manitoba, the current minimum wage does not meet this goal.

Minimum wage opponents have argued against the need for a living wage based on the assump-

tion that minimum wage workers are a small and transitory group, primarily teenagers and young adults or new workers, who quickly receive wage increases with job tenure and experience. Despite these stereotypes, almost half of all minimum wage workers in Manitoba are over the age of 25, 30 per cent have post-secondary degrees, and 32 per cent are married or living common law.² Also, the majority (53 per cent) of minimum wage workers have been with the same employer for over a year, and 43 per cent worked full-time in 2018 (Statistics Canada, 2019). Many of those earning minimum wage are self-reliant working adults, many of whom are trying to support families, and are struggling to make ends meet.

We recommend that Manitoba raise the minimum wage. Other provinces and municipalities are instituting fair wage policies, with some committing to a \$15 minimum wage. As of April 1st, 2020, Manitoba is tied for the second lowest minimum wage in Canada at \$11.65 per hour. Although slightly higher than Saskatchewan (\$11.32, the lowest in Canada), Manitoba is significantly below other regional counterparts, including Ontario (\$14), Alberta (\$15), and British Columbia (\$14.60 as of June 2020), despite being one of the highest under the previous NDP government. Manitoba, from a comparative perspective, has room to increase its minimum wage.

We also review theoretical and empirical literature on impact of moderate increase in the minimum wage, with developments increasingly favouring minimum wage increases. Critics of raising the minimum wage argue that moderately increasing minimum wage will reduce employment. However, a thorough review of existing empirical evidence demonstrates that this effect is small — if it exists at all — and minimum wage workers on average benefit from increases in the minimum wage (see summary below). Theoretical developments also suggest that moderate increases in the minimum wage will benefit low-wage workers without negatively impacting jobs or the economy. In fact, there is much evidence to sug-

gest that a higher minimum wage can increase job quality for low-wage workers as well as economic efficiency. Beyond raising the income of the lowest paid workers — which would improve their quality of life — increasing the minimum wage could have positive secondary effects including greater employee retention, increased investments in worker training, and reduced need for government expenditures on income support programs.

The qualitative contribution to the study reveals how many workers we spoke with are making impossible choices, often between the most basic of necessities such as rent and food. These voices resist the rhetoric that low-wage workers don't work hard or contribute to their workplaces, communities, and families. Workers spoke of getting up at 5 a.m., packing a lunch, commuting on the bus, and striving to keep a roof over their heads and food on the table. Yet many struggle to achieve these most basic of goals because their jobs simply don't pay them enough.

In addition to struggling with low wages, many workers spoke of the precarious working conditions that they endure. These include: income volatility and a lack of predictability in scheduling; working part-time involuntarily; and the lack of non-wage benefits such as paid sick days, pension, and health benefits for low-wage workers. While precarious work is on the rise for all workers (Hennessy and Tranjan 2018), for low-wage workers the effects are particularly challenging because many simply do not have the financial security to endure income volatility.

Although the focus of this research was aimed primarily at responding to wages, in speaking to workers it became clear that non-wage working conditions such as the lack of sick pay and erratic scheduling negatively affected their lives. We suggest that the province make changes to the Employment Standards that will require employers to provide workers with paid sick days and one-week advance scheduling notice as enacted in other provinces across Canada. Finally, we highlight that a sufficient minimum wage

should be part of— not a substitute for — a robust poverty reduction strategy (Battle, 2011; ILO, 2016), and recommend that the province meaningfully commit to a plan such as that outlined in *The View from Here* (Bernas, 2015).

This report proceeds as follows: Section 1 summarizes demographic information regarding who works for minimum wage in Manitoba, demonstrating that minimum wage earners are increasingly at later stages in their lives and careers. Section 2 situates Manitoba's minimum wage historically and in relation to other provinces, highlighting how Manitoba is lagging behind many other provinces when it comes to minimum wage increases. Section 3 presents what full-time minimum wage earners make compared to the poverty line, and what workers would need to earn a living wage. Our data

show that increasing the minimum wage to \$15 per hour would bring typical households working full-time out of poverty and provide a living wage for single individual households. Section 4 summarizes the result of our interviews with minimum wage workers, and reports that the minimum wage is not only insufficient but that these low-wage workers are also suffering from precarious working situations that are taking a toll on their mental and physical well-being. Section 5 reviews the case made by academics — and especially economists — in favour of and against minimum wage hikes, and how recent high-quality research on the minimum wage points to increases in the minimum wage being beneficial for minimum wage workers. Section 6 concludes the report and provides recommendations for policy in Manitoba.

Who works for Minimum Wage in Manitoba?

Sarah is a mother of two, works two jobs and lives with her in-laws. She works seasonally as bookkeeper, and the rest of the year she works as a telemarketer. She, her husband, and children cannot afford their own place while also putting food on the table. This puts strain on their relationship. They live in a rural area and need a car but often cannot afford to put gas in it. She would like to go back to school to get her accounting degree but cannot afford to go to school and support herself and her family at the same time.

Manitoba reported an annual average of 31,000 minimum wage workers between 2016 and 2018 (Statistics Canada, 2019). Almost half of minimum wage workers are 25 years or older, and this proportion has increased significantly since the mid-2000s. While young people continue to make up a majority of minimum wage workers in Manitoba, as shown in Table 1, the proportion of Manitobans aged 15–24 has fallen from just over 65 per cent to just over 53 per cent over the last 15 years.

The education level of minimum wage earners has also substantially shifted. The proportion of minimum wage workers with a post-secondary degree as almost doubled since the mid-2000s, from just 17 per cent to just under 30 per cent of workers (Table 2). On average, minimum wage workers are increasingly older and at later stages in their career and life trajectories, with over half of minimum wage workers having worked in Manitoba at the same job for over one year, and 44 per cent working full-time (Statistics Canada, 2019). Minimum wage earners are also more likely to be living with a spouse as opposed to being single compared to 15 years ago (Table 3).

Minimum wage earners are also more likely to be female than male (Table 4). Comparable data is not available on how many minimum wage workers are Indigenous, racialized, or people with disabilities, however we know that these populations are overrepresented amongst those who do low-wage and precarious work (Block, 2015).

TABLE 1 Number of Minimum Wage Earners by Age Group, as a Percentage of All Minimum Wage Earners, Manitoba

	2005–2007	2013–2015	2017–2019
15–24	65.2%	52.1%	53.1%
25–64	33.0%	43.7%	43.2%
65+	1.8%	4.2%	3.8%
Total, as a percentage of all workers	5.0%	5.7%	5.8%

SOURCE Authors' calculations, based on Statistics Canada Labour Force Survey Data accessed via the ODES1 portal (Odesi, 2020)

TABLE 2 Number of Minimum Wage Earners by Educational Attainment, as a Percentage of All Minimum Wage Earners, Manitoba

	2005–2007	2013–2015	2017–2019
High school or less	70.0%	56.9%	53.9%
Some PSE	13.1%	13.8%	16.2%
PSE Degree	17.0%	29.3%	29.9%

SOURCE Authors' calculations, based on Statistics Canada Labour Force Survey Data accessed via the ODES1 portal (Odesi, 2020)

TABLE 3 Number of Minimum Wage Earners by Relationship Status, as a Percentage of All Minimum Wage Earners, Manitoba

	2005–2007	2013–2015	2017–2019
Single	73.7%	65.6%	68.0%
Married or Common Law	26.3%	34.4%	32.0%

SOURCE Authors' calculations, based on Statistics Canada Labour Force Survey Data accessed via the ODES1 portal (www.odesi.ca)

TABLE 4 Number of Minimum Wage Earners by Gender, as a Percentage of All Minimum Wage Earners, Manitoba

	2005–2007	2013–2015	2017–2019
Male	42.4%	39.8%	43.3%
Female	57.6%	60.2%	56.7%

SOURCE Authors' calculations, based on Statistics Canada Labour Force Survey Data accessed via the ODES1 portal (www.odesi.ca)

The History of Minimum Wages

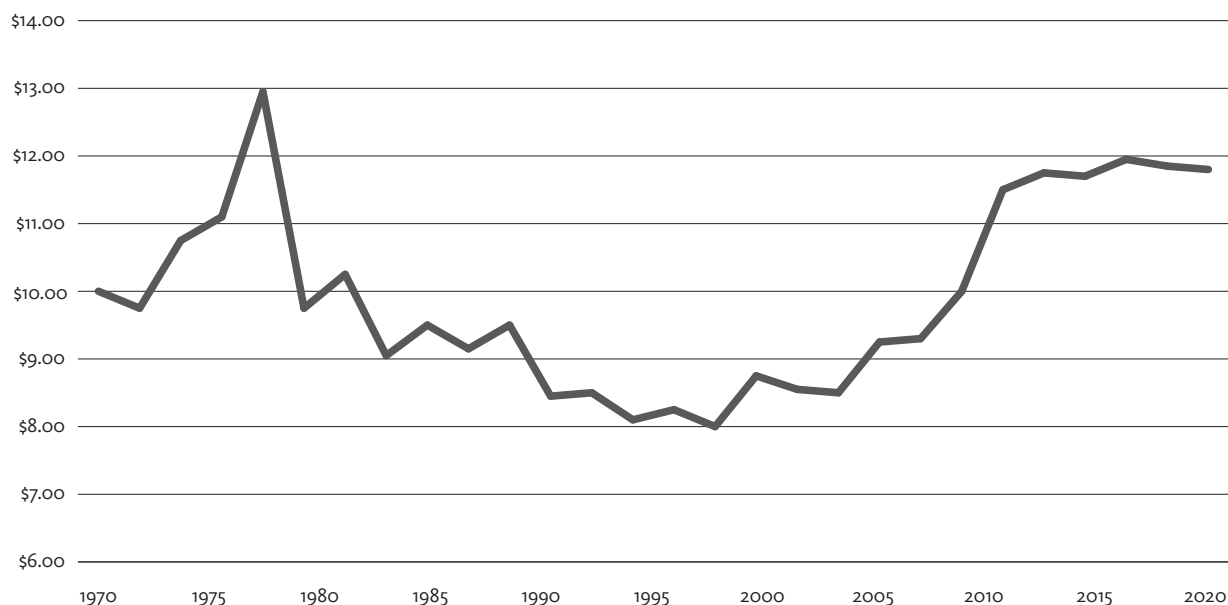
Mandatory minimum wages as a means of addressing the chronic exploitation of vulnerable workers are long-standing, but their form and implementation have evolved over time. This is the case both with respect to coverage and purchasing power — factors determining the extent to which minimum wages laws will meaningfully increase the wages of low-wage earners more broadly and reduce inequality. The first minimum wage laws appeared in the late 1800s and early 1900s, and were initially set selectively by economic sector or job type, often varying based on gender, age, and other worker characteristics (Neumark and Wascher, 2008). Over time, minimum wage laws have reduced discrimination based on sectors or characteristics, and have increased the coverage of workers (i.e. fewer exclusions). While some differentials persist based on experience and occupation type, by the mid-1970s, Canadian provincial minimum wages no longer discriminated based on gender or region.

The 1970s also saw the peak value of real minimum wages, with growing inequality in the 1980s and 1990s occurring alongside a precipitous fall in the purchasing power of the minimum wage.³ For example, in Canada on average, the real (in-

flation adjusted) value of the minimum wage fell over 36 per cent from 1976 to the mid-1980s, and remained at this low level for two decades.⁴ In the United States, a relevant comparator given the geographic proximity and economic co-integration, the federal minimum wage saw a similar drop in value and stagnation over this period (Cooper, 2019).

Recently, the purchasing power of the minimum wage in the US and Canada has been regaining its lost value. Several jurisdictions in North America have substantially increased the minimum wage. In the United States, this has been fully driven by increases occurring at the state and municipal levels. This has resulted in minimum wages being different depending on the state or city of employment. When accounting for distribution of workers geographically, some have argued that the real minimum wage on average for US workers is now likely the highest it has ever been, at just under \$11.80 US per hour in 2019 dollars (Tedeschi, 2019). A similar trend has been observed in Canada, where minimum wages continue to be determined by provincial rates. With increases beginning after 2005, the minimum wage nearly regained its peak 1970s value by 2013 (Galarneau and Fecteau, 2014).

FIGURE 1 Real Minimum Wage in Manitoba (in 2019 dollars)



SOURCE: Authors' calculations based on Province of Manitoba (2019) and Statistics Canada (2020a)

These increases have been found to reduce wage inequality (Fortin and Lemieux, 2015). For the most part, Manitoba followed this national trend (see Figure 1).

Since 2013, there have been substantial increases in the minimum wage in Canada's four most populous provinces.⁵ Ontario and Alberta both implemented significant increases in 2018. Ontario increased to \$14 per hour, and Alberta increased to \$15 per hour, leading to increases of 27 per cent and 47 per cent respectively between 2014 and 2018. BC saw a 23 per cent increase over this period, and has committed to raising the minimum wage to \$15.20 by 2021. Quebec, less dramatically, is on track to increase its minimum wage by 22 per cent between 2015 and 2020, to \$13.10. Canadian workers on average then, like US workers, are likely experiencing the highest ever average value of the minimum wage. These increases have also contributed to an increasing proportion of those working at minimum wage, more than doubling between 1998 and 2018 to

nearly 11 per cent of Canadian workers (Dionne-Simard and Miller, 2019).

The above review demonstrates that given the relatively high coverage and rates, changes to minimum wage policy today will be an important determinant to the incomes of low-wage earners more broadly. However Manitoba has not kept pace with provinces that are driving the national trend of a historically high real minimum wage. While there has been a small decline since the election of the Progressive Conservative government in 2016, Manitoba's real minimum wage has been essentially constant since 2012. With the current minimum wage set at \$11.65 per hour and a government commitment to increase it only at the rate of inflation, it is unlikely that Manitoba will catch up with the leading provinces who are moving toward or have arrived at a \$15 minimum wage as part of broader poverty reduction strategies. As average incomes increase, this leaves minimum wage workers further behind, increasing inequality.

Minimum Wage not a Living Wage and Leaves Many in Poverty

“How does that saying go? ‘The money runs out before the month runs out?’ Yeah, that’s how I live... It’s not even pay-cheque-to-pay-cheque because my paycheque runs out before the next one comes in. And it’s hard, I feel like I can never get ahead. Always struggling...I’m barely keeping my head above water.”

In 2018, the province of Manitoba passed The Minimum Wage Indexation Act, which indexed the \$11 per hour minimum wage to the rate of inflation, with leeway not to increase the minimum wage in economically hard times. However, the recent increase of minimum wage due to indexing from \$11.35 to \$11.65 is still not enough for many to make ends meet.

Table 5 presents differences between the disposable income of various household types in Winnipeg working full-time at minimum wage and low-income thresholds, using two approaches. The Market Basket Measure (MBM), now used as Canada’s official poverty line, calculates the cost of a basket of food, clothing, shelter, transportation, and other expenses required to meet a “modest, basic standard of living” (Statistics Canada, 2016). These thresholds

and estimates of the number of households living with incomes below the MBM determine the poverty rate. Alternatively, the thresholds can be used to examine whether a particular household has sufficient disposable income to purchase this modest basket of goods and services, and to assess whether the household is experiencing poverty.

The Living Wage methodology employed by the Canadian Centre for Policy Alternatives (Fernandez, Hajer and Langridge, 2017; Ivanova and Saugstad, 2019) calculates the hourly wage required to “feed, clothe and provide shelter for their family; promote healthy child development; participate in activities that are an ordinary element of life in a community; and avoid the chronic stress of living in poverty”(Richards, Cohen, Klein and Littman, 2008, p.18). The basket used for the living wage calculation utilizes the MBM for some categories, but deviates for others, leading to a higher estimated amount required to meet basic needs, relative to the MBM. The Living Wage basket uses median rental costs, given criticism of the MBM having an unrepresentative and low housing allocation amount (Lim, 2020). The Manitoba Living Wage basket also includes a food expense allowance based on

TABLE 5 Full-time (35 hours per week) Minimum Wage (\$11.65 per hour) Income Versus Poverty Lines (Living Wage and Market Basket Measure Methodologies), for Winnipeg in 2019

	Disposable earnings (Employment income minus payroll taxes, net income taxes, childcare and healthcare expenses)	Low income threshold	Amount above (below) low income threshold, based on disposable earnings	Government transfers (Canada Child Benefit, GST Credit, MB Childcare subsidy, and MB Rent Assist)	Total disposable income	Amount above (below) low income threshold, based on total income
Living Wage: Two Parent (aged 25–44) Two Child (age 4 girl and age 6 boy)	30,794	49,705	(18,911)	12,625	43,419	(6,287)
Living Wage: Single Parent (aged 25–44) One Child (age 4)	15,274	34,521	(19,247)	14,405	29,679	(4,842)
Living Wage: Single Individual (aged 25–44)	18,176	22,011	(–3,835)	993	19,169	(2,842)
MBM: Two Parent (aged 25–44) Two Child (age 9 girl and age 13 boy)	34,280	38,323	(4,043)	12,625	46,904	8,582
MBM: Single Parent (aged 25–44) One Child (age 4)	15,274	27,098	(11,824)	14,405	29,679	2,581
MBM: Single Individual (aged 25–44)	17,161	19,161	(–1,550)	993	18,604	(557)

SOURCE Author's calculations based on methodology and sources outlined in Fernandez, Hajer and Langridge (2017). Please note, the two child family includes a boy and girl, which would require separate bedroom as per Canadian Occupancy Standards. Ages of children are indicated as the Canada Child Benefit is more for children age six and under than those aged 6–17. MBM amounts are 2017 values, adjusted for inflation using category specific Consumer Price Indices for Manitoba.

local estimates, access to a personal vehicle as opposed to only public transportation for families with children, as well as an adult education course and a small contingency fund for emergencies. Both the MBM and the living wage are modest and do not include any savings for retirement, homeownership, or vacations, or any expenses associated with debt repayments, such as payments on student loans or interest on bank loans or credit cards. Given the policy rationale of minimum wages providing a living wage in addition to lifting a household from destitution,

we suggest that the Living Wage basket is a more appropriate policy benchmark to target for the minimum wage.

Table 5 first presents the gap between disposable earnings — defined as employment income minus payroll taxes, net income taxes, childcare and healthcare expenses, and the low income thresholds.⁶ As can be seen in Table 5, none of the sample family types have disposable earnings sufficient to meet either low-income threshold. The shortfall ranges from \$19,247 for a two-parent two-child family according to the

TABLE 6 Full-time (35 hours per week) \$15 per hour Income Versus Poverty Lines (Living Wage and Market Basket Measure Methodologies), for 2019

	Disposable earnings (Employment income minus payroll taxes, net income taxes, childcare and healthcare expenses)	Low income threshold	Amount above (below) low income threshold, based on disposable earnings	Government transfers (Canada Child Benefit, GST Credit, MB Childcare subsidy, and MB Rent Assist)	Total disposable income	Amount above (below) low income threshold, based on total income
Living Wage: Two Parent (aged 25–44) Two Child (age 4 girl and age 6 boy)	39,327	50,174	(10,847)	10,516	49,843	(331)
Living Wage: Single Parent (aged 25–44) One Child (age 4)	19,932	34,755	(14,824)	11,330	31,261	(3,494)
Living Wage: Single Individual (aged 25–44)	22,265	22,245	20	442	22,707	462
MBM: Two Parent (aged 25–44) Two Child (age 9 girl and age 13 boy)	42,529	38,323	4,206	10,516	53,045	14,722
MBM: Single Parent (aged 25–44) One Child (age 4)	19,932	27,098	(7,167)	11,330	31,261	4,163
MBM: Single Individual (aged 25–44)	21,633	19,161	2,472	442	22,075	2,914

SOURCE Author's calculations based on methodology and sources outlined in Fernandez, Hajer and Langridge (2017).

living wage methodology, to \$999 for a single individual under the MBM.

Families in Canada benefit significantly from government transfer and subsidy programs. The Canada Child Benefit is significant for both family types with children. For our sample single parent households, equally important are provincial government programs, including Rent Assist and the provincial childcare subsidy. Once transfers are included, total income for our sample families with children is above the MBM poverty line but not the Living Wage threshold. It is important to note that the single parent is only above the

MBM poverty line due to the Rent Assist benefit; if the single parent is a homeowner, they would not qualify for Rent Assist and would be below the poverty line. The single individual does not qualify for any net new funds under Rent Assist (they lose other benefits equal to what they get from Rent Assist) and continues to remain in poverty according to both measures. The single individual would have qualified for Rent Assist and would have been above the poverty line under the pre-2017 program criteria, later changed by the Government of Manitoba to reduce costs (Cooper, Hajer and Plaut, 2020).

Table 6 presents the same calculations as Table 5, but with a \$15 per hour minimum wage. This \$15 per hour is sufficient to bring disposable earnings for the two-parent and single-person households above the MBM. After transfers, the \$15 minimum wage is sufficient to bring all sample household types above the MBM and provide a living wage for a single individual. The \$15 minimum wage also significantly reduces government transfers to families with children, reducing costs to gov-

ernment of providing these benefits, illustrating how governments end up indirectly subsidizing employers paying poverty level wages. It also brings the two-parent sample family close to a Living Wage, within \$340, but the sample single-parent family remains well below the Living Wage threshold. A \$15 minimum wage achieves the broad goal of making a path out of poverty for full-time work provide workers, and brings more households near or to a living wage.

The Challenges of Working For — and Living On — Minimum Wage: Lived Experiences

“...your two cheques will cover your rent and a bit of food. You buy macaroni for a month. Anything else, extracurricular hobbies, passions or anything of that stuff is just impossible. Even owning a pet is too expensive. I had a cat but I had to give her up because of the cost of food and vet bills. And I loved her, you know? I have hard choices all the time.”

An important part of this research project involved documenting the challenges of minimum wage workers in their own voices. Forty-two workers earning minimum wage were interviewed and asked to speak candidly about what it's like to live on minimum wage. While a significant amount of research has been dedicated

‘Hard choices’ and ‘poverty traps’ dominated conversations about income.

to examining minimum wage work in relation to the cost of living, this study provides important insights into the lived experiences of minimum wage workers in Manitoba. Qualitative data can provide rich information about the material impacts of working for a minimum wage and how

this impacts quality of life, which cannot be achieved through quantitative research alone.

This research sought to explore the challenges that minimum wage workers face as it relates to meeting workers' basic needs. We sought out the 48 per cent per cent of minimum wage workers who are 25 years old and older. Youth may or may not be living with their parents and receiving support, research should be focused on this age demographic in the future. For a detailed explanation of the methodology, the sample demographics, and interview schedule please see Appendices A and B.

The majority of respondents stated that the current minimum wage was insufficient to meet their needs. Over half of respondents (53 per cent) derived their income solely from wages; 26 per cent received some form of government support such as Employment and Income Assistance (EIA) or disability benefits in addition to their income; and the remainder received some form of financial support from their family or had savings from previous employment.

The challenge of making ends meet on minimum wage was evident in our conversations with workers. ‘Hard choices’ and ‘poverty traps’ dominated conversations about income. Workers

earning minimum wage spoke of the impossible balance between affording even the most basic necessities such as rent, food, and transportation, and what many considered to be the ‘luxury’ of buying clothes or having recreation and hobbies. Some spoke of struggling with affording even the most basic of needs like toilet paper and toothpaste. These lived experiences are supported by calculations (in Table 5 above), which show that the shortfall between earnings and needs ranges from \$999 to \$19,247 depending on the family type and the tool used to measure poverty and basic needs.

Given this shortfall, it is unsurprising that many minimum wage workers reported juggling bill payments. Many stated that they would pay one bill one month and another the following as they did not have enough money to pay their bills on time. This often led to a cycle of reconnection fees and accruing interest on late payments.

“I’ve had my electricity cut off. And then once they shut start shutting off your services you have to pay more to get it turned back on. You get trapped in reconnection fees and late fees. It’s all connected to your credit score, which sucks. I have terrible credit.”

Housing

Over half of respondents reported that they struggled to pay rent, and almost 30 per cent of the workers spoken to reported staying with family or friends because they could not afford their own place. One worker was homeless and staying at a shelter. Some workers reported living in overcrowded housing or were scrimping in other budget lines such as food in order to afford rent. Almost a third of workers told us that their homes were in need of major repairs. These included broken bathtubs/showers, mould or mildew, mice and/or bed bugs, poor ventilation, and lack of hot water. One young couple reported that there was a large hole in their door, which meant they felt unsafe in their own home.

“Take the rent and divide [a one bedroom] by three people and the math makes sense, but there is no privacy. I was used to living on my own for the longest time then having to downgrade from that, it’s pretty challenging. It’s affected me mentally.”

Food

Workers stated that they frequently could not afford to buy food despite being employed. Over 38 per cent of respondents regularly used either food banks and/or community meals (for example, at churches or charity organizations), while 14 per cent received food or money to buy food from friends or family.

Over 38 per cent of respondents regularly used either food banks and/or community meals.

For all workers, regardless of employment type, options for the types of food people could afford were very limited. Many spoke of purchasing whatever food was on sale and consuming a disproportionate amount of processed foods like pasta and pizza. One man with diabetes spoke about how due to his budgetary constraints he often relied on processed foods which sent his blood sugar spiking and made him feel sick, which in turn affected the number of hours he was able to work. A single mother of two spoke about how guilty she felt about being unable to afford healthy food for her children.

Food insecurity reported by workers in this study is an unfortunate reality for many other working Canadians. A recent report by PROOF Food Insecurity Policy Research found that 60 per cent of food-insecure households in Canada

“It makes me feel like I’m not being a very good mother ‘cause the kids hate that processed stuff. I didn’t have healthy food when I was younger, but both my kids are active in sports and they need vegetables and fruits and milk. So I try to get as much as I can for them, but it’s expensive.”

are relying on wages as their main source of income (PROOF 2018). Simply put, low-wage jobs do not provide workers with enough income to be food secure.

Health

Only one worker that we spoke to received health benefits at their job, and many reported that they were unable to pay for medical costs such as dentistry and prescription medications. Many workers reported struggling with mental health issues including depression and anxiety related to their jobs and low income. A recent research study conducted on low-wage and precarious workers in southern Ontario found that workers earning between \$20,000 and \$40,000 are more than 25 per cent more likely to report poor mental health than their counterparts earning more than \$40,000 per year (Lewchuk et al. 2015).

“You’re always worried about paying rent, having food, whether or not you can afford to get on the bus to go to the job that you hate that doesn’t even pay you enough to live. I get stressed out. Things get pretty ugly sometimes.”

Need for Full Time Hours

When asked what hourly wage would meet their needs, many workers who we spoke with said approximately \$15 per hour. However, they also noted that that dollar figure was contingent on receiving full-time hours. As noted in Table 6, a \$15 minimum wage would be sufficient — after government transfers — to bring all sample household types above the MBM and provide a living wage for single individuals.

“I think \$15 would be liveable. But \$15 per hour at full-time hours: \$15 at 80 hours [every two weeks]... \$11.65 an hour is not proportionate to the cost of things that you need.”

Precarious Work, Lack of Benefits and Sick Days

The primary focus of this research examined the impact of wage rates on workers, however many workers also spoke about how non-wage working conditions negatively affected their quality of life. Non-wage working conditions can increase precariousness for workers who are already struggling with low income and can include a lack of control, uncertainty, and limited access to regulatory protections (Vosko and Clark 2009). While precarious work has increased across all income and professional categories (Hennessey and Tranjan 2018), for low-wage workers precarious work can be especially destabilizing since they do not have the financial security to withstand changes in life’s circumstances (such as illness or employment changes).

Non-wage conditions that workers identified as problematic include: income volatility connected to a lack of predictability in scheduling; working part-time involuntarily; and the lack of non-wage benefits such as paid sick days, pension, and health benefits.

Many workers spoke of unpredictable hours, with some workers reporting hours that would vary from week to week by as much as 10 hours, resulting in significant income volatility. Data from the Labour Force Survey in Table 7 demonstrates that low-wage workers are more likely to experience variability in their working hours and thus their income. Of workers making less than \$12 per hour, 61 per cent of reported that their hours varied compared to 26 per cent of workers making more than \$15 per hour. Income volatility makes it difficult for workers to save, budget, or plan for the future.

Similarly, some workers reported that they received little notice of scheduling changes. These concerns are supported by other studies that find unexpected schedule changes to be common. For example, one study found that one in four workers in precarious employment reported that their schedule “often” changes unexpectedly

TABLE 7 Hourly Variability According to Wages (2019)

	Minimum wage or less to \$12.00 (persons x 1,000)	\$12.01 to \$15.00	\$15 and over
Hours Vary	61%	43%	26%
Hours Do Not Vary	39%	57%	74%

SOURCE Statistics Canada. (2019b). Hourly variability according to wages. Custom Tabulation, Labour Force Survey Data.

“I stopped going to the dentist completely. I haven’t been since 2013.”

(Lewchuk et al. 2015, 50). Workers reported that this made it difficult to plan and schedule the rest of their lives, as well as challenging to find supplemental work that could accommodate erratic scheduling.

According to the most recent Labour Market data, there are 128,300 Manitobans working part-time (Statistics Canada, 2020b). Workers may choose part-time employment for a variety of reasons, yet part-time workers are more likely to also be precariously employed than full-time workers, making them more vulnerable to bad jobs. Approximately 33 per cent of part-time workers are in positions with low-wages, no union, no pension or retirement plans, as compared to 9 per cent of full-time workers (Law Commission of Ontario, n.d). Involuntary part-time workers represent approximately 22 per cent of all part-time workers in Manitoba (Statistics Canada, 2020b).

Involuntary part-time workers represent approximately 22 per cent of all part-time workers in Manitoba.

As noted above, only one of the workers that we consulted reported receiving any form of benefits through their workplaces. Paying out of pocket for medications and dental visits represented a further strain on workers’ finances with

Susan is recovering from a meth and alcohol addiction. She lives in subsidized housing which makes a huge difference in her life. Without subsidized housing she could not afford a place of her own. She is trying to get back on her feet but cannot get more than 20 hours a week at her minimum wage job. Her employer tells her he can’t afford to increase her hours but she notices that he frequently hires on more part-time workers. The weekly hours she does receive are erratic. Sometimes it’s eight and sometimes it’s 20. She does not feel that she can say anything for fear of losing her job. While she would like to look for another part-time job to make ends meet, her hours change from week to week making it difficult to find another job which can accommodate such fluctuation in schedule. She often relies on food banks and rarely enjoys any form of entertainment besides television. She sometimes feels worthless and struggles with depression and anxiety related to the lack of predictability in income and ability to plan for her future. She struggles with staying sober.

many workers stating that they had to go without vision, dental, or medications. One worker reported that she hadn’t been to the dentist in over seven years. Additionally, many low-wage workers do not receive unpaid sick days. Taking unpaid days off due to illness or to care for a sick family member can make it even harder to make ends meet for minimum wage workers.

Discrimination

Research has shown that workers who are employed in precarious work, including those in low-wage work, were found to be more likely to experience all types of discrimination than work-

“It [racism] was just things that they [her coworkers] would say to each other. Never to me, but I knew it was about me and it just made me feel awful. So I left.”

ers in secure employment (Lewchuk et al., 2015). Racial discrimination is the most frequently reported type of discrimination, followed by age and gender discrimination (Ibid). Racialized and female workers are over-represented in low-wage work and are paid less on average than white men (Lewchuk et al., 2017).

One respondent in our study described the discrimination she experienced in her workplace as subtle, but she eventually left the position as a result of feeling uncomfortable.

Older workers were very open about experiencing discrimination based on their age. One older worker attributed his age, at least partially, to his struggle to find full-time work.

“Why would an employer invest in me? I’m almost 65. I think they want to hire someone that’s going to stick around for 20 years.”

Ageism can be a major problem for older workers, especially those in low-wage and precarious employment. Only three out of the 42 respondents reported having any kind of savings, including retirement savings. None of the workers we spoke with received any form of pension from their work. Canada’s retirement system — the ‘three-legged stool’ made up of government benefits, workplace pensions, and private savings — is more likely to be a teetering stick for minimum

wage workers. Less than half of Canadians retiring without an employer-sponsored pension plan have sufficient savings to cover themselves for even a year in retirement (Healthcare of Ontario Pension Plan 2017). The median retirement savings of economic families aged 55–65 that earn between \$25,000–\$50,000 is just \$250 (Ibid). This will have serious consequences for governments tasked with providing social support to workers whose employers were unwilling to provide them with a fair wage and decent benefits.

These experiences undermine neo-classical economic theory (explored in the upcoming sections) which asserts that minimum wage is sufficient to pull oneself out of poverty.

The lived experiences presented here provide important insights into the lives of many adults who are working for minimum wage. These experiences undermine neo-classical economic theory (explored in the upcoming sections) which asserts that minimum wage is sufficient to pull oneself out of poverty. The qualitative findings clearly demonstrate that workers are unable to make ends meet because minimum wage is not reflective to the cost of living. These findings also shed light on the fact that many low-wage workers are struggling with precarious working conditions that compound and exacerbate their low-income status. Finally, these voices remind us that minimum wage is a public policy decision that — as the following section explores — has not only the capacity to raise workers out of poverty, but also secondary benefits for business, government, and society.

Responding to Worker Poverty: Raising the Minimum Wage

In the face of growing economic inequality and increasingly precarious work in Canada and the United States, a higher minimum wage is a relatively straightforward way of redistributing income to low-wage workers facing challenges meeting their basic needs. Increasing minimum wages has long been a popular policy proposal amongst the general public. Recent public polls have suggested that approximately two-thirds of both Canadians and Americans support increasing the minimum wage (Bozinoff, 2016; Davis and Hartig, 2019). Minimum wages have been increasing significantly in several North American jurisdictions, based on modern research which convincingly displaced a previous consensus among economists that moderate increases in the minimum wage reduced employment levels. This section reviews this evolution, outlines the case made for and against moderate minimum wage increases, and examines this in relation to the Manitoba context (Hudson & Cohen, 2018).

The Benefits of a Higher Minimum Wage: Higher Incomes for Low-income Families

The main case made for increasing the minimum wage is relatively straightforward. Minimum wage advocates have long insisted that full-time work

should be sufficient to support a household. Based on at least two measures, as shown in Section 3, most workers working full-time at the minimum wage in Manitoba do not earn sufficient income to meet their basic needs and achieve a socially acceptable standard of living. Past studies on the minimum wage suggest that increases in the minimum wage will lead to significantly increased earnings for minimum wage workers on average (Dube et al., 2016, Green, 2014; Pollin et al., 2008). These studies have also shown significant compression effects, such that wage increases affect workers who must legally receive the wage increases, but also affect workers earning just above this amount, as wage expectations are set partially in relation to the minimum wage. Minimum wages help counteract low incomes and high economic inequality (see footnote 3), which are associated with a number of negative economic and social consequences.

Additional Benefits: Increased Aggregate Demand, Improved Working Conditions and Job Quality, and Reduced Costs on Society

The proposed benefits of minimum wage are multiple and have evolved over time. Early arguments put forward for the minimum wage — spe-

cifically in the US — were not focused on ending poverty, although it was seen as an auxiliary benefit; of primary concern were the broader economic impacts of very low wages (Kaufman, 2010). For example, in the US, early rationale emphasized the need to restrict the degree to which low wages could harm workers and economic efficiency, avoiding labour-employer conflict, and the broader negative macroeconomic impacts of low wages. There were also ethical concerns of exploitation and the broader social costs of low wages (Kaufman, 2010). This parallels arguments put forward in the early era of minimum wages in the Canadian context, with employers expressing concern with being undercut by unscrupulous competitors relying on inhumane wage rates (Derry and Douglass, 1922).

The broader social costs of low wages referenced by Kaufman (2010) refer to the fact that low wages do not cover the full cost of reproducing workers, i.e. maintaining them in good health and providing them with subsistence. This either leads to workers bearing the cost at the individual level, or collectively through taxation and subsidization of employers through the welfare state. The negative macroeconomic impacts elaborated on by Kaufmann (2010) rest on fears that relying on workers who cannot meet their basic needs may generate a downward spiral of desperation and destitution, further reductions in wages, and ultimately contribute to a deflationary cycle and recession due to falling aggregate demand.

Brennan and Stanford (2014) make a similar case while examining the Canadian context, with increasing incomes likely to stimulate additional spending and in turn additional demand for local businesses. This argument relies on the assumption that those who ultimately pay the higher wages — whether it's employers (out of profits) or other consumers (through price increases) — would otherwise be saving a portion of this income and not stimulating demand. Cost benefit analyses that consider local social and economic benefits have also made the case for higher wages.⁷

Kaufman (2010) also highlights historical concerns with excessively low wages having negative productivity impacts because increasingly cheap labour relative to capital reduces investment in both labour-saving technological change and investment in training workers. Modern studies frame these effects by predicting that higher minimum wages will incentivize greater investment in worker skills and lead to reduced turnover (Brochu and Green, 2013; Dube, Lester and Reich, 2010 and 2016).

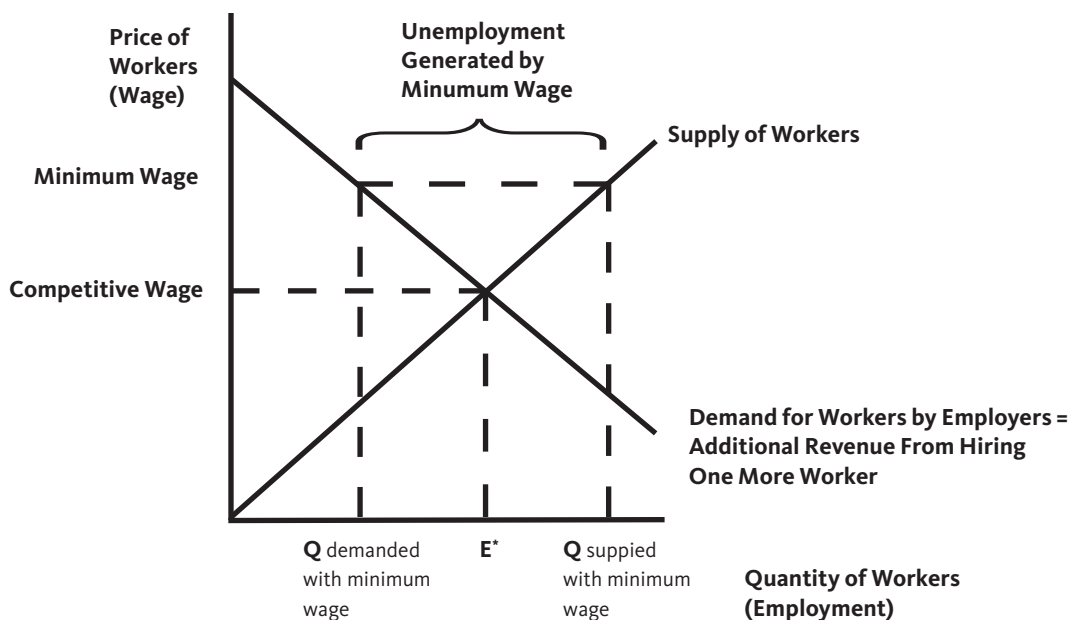
To recap, minimum wages may have multiple beneficial effects beyond reducing poverty, including: increased macroeconomic stability; supporting full employment through higher aggregate demand; forcing employers to internalize the cost of reproducing the labour upon which they rely; increased job tenure for workers; and greater investment in worker training and productivity enhancing technology/methods.

Exploring the Case Against Minimum Wage Increases

Business lobby groups and their associated think tanks have long opposed implementation and increases in minimum wages. Court challenges by business organizations in the US in the early 1900s successfully reversed, delayed, and scaled back the implementation of minimum wage laws (Neumark and Wascher, 2008). More recently, the opposition has taken place at the level of ideas as opposed to in the courts, with the goal of convincing policy makers of negative unintended impacts associated with higher minimum wages.

Several objections to minimum wage increases have been raised by opponents. Firstly, it has been claimed that the people earning minimum wages are not actually supporting households or necessarily from low-income households; that it is primarily young adults, who have family support and move on to higher wages in relatively short order as the progress through their working lives. As noted in Section 3, nearly half of minimum wage workers are 25 years and older;

FIGURE 2 Neoclassical Perfect Competition Model of Minimum Wage and Employment



almost a third of minimum wage workers have a post-secondary degree; nearly half are working full-time; and over half have been at the same employer for over a year.

The second claim made by opponents is that minimum wages will end up hurting low-wage workers due to the costs imposed on employers, who respond by eliminating jobs and scaling back hours, reducing entry-level job opportunities and the incomes of unskilled labourers. This section assesses these claims by reviewing studies on the relationship between minimum wages, business costs, and employment. Challenging these claims is important as they do not reflect the current consensus amongst most economists who study the topic, yet business lobbyists continue to use these arguments to suppress minimum wage increases.

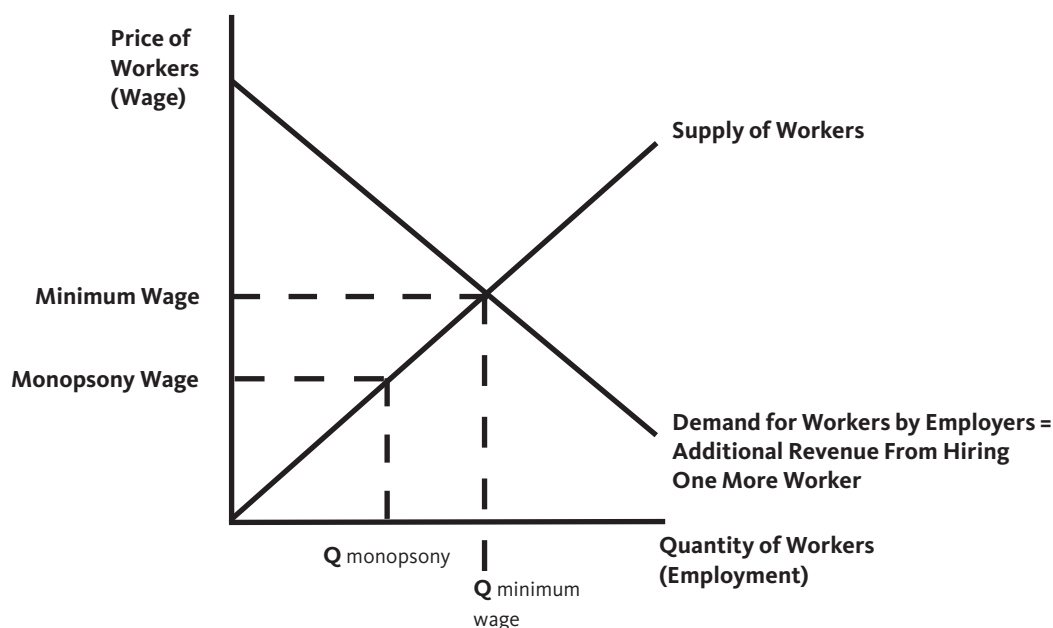
Minimum Wages and Employment Levels

There are a number of avenues through which minimum wages theoretically can impact employment. The most commonly debated is the reduction in employment that may occur because

some businesses face higher costs. This negative impact is usually situated within a ‘neoclassical’ economics framework of ‘supply and demand’ for labour, equivalent to the assumption of what economists call ‘perfect competition’ in the labour market. Understanding this framework is important because of its pervasiveness and influence; it underlies the public narrative put forward by business lobby groups against minimum wage increases, providing a misleadingly simple and superficially persuasive argument as to how the minimum wage can make workers worse off.

In the neoclassical model, employers hire workers as long as they make more revenue for the business than they cost in wages. It is also assumed that as the firm hires more workers, the extra revenue made from an extra worker falls. This means that — all other things being equal — if the market wage is higher, firms will hire fewer workers, and vice versa. On the supply side, employers as a whole need to pay higher wages to gain access to attract more workers into the labour market, to get workers to work more hours. Once the market settles, the wage

FIGURE 3 Monopsony Model of Minimum Wage and Employment Level



that emerges equates supply and demand. In this ‘equilibrium’ there is no involuntary unemployment: everyone who is willing to work at the going wage can get work. This result is commonly depicted in a diagram such as Figure 2, with E^* representing the equilibrium quantity of workers hired.

In this framework, a minimum wage above this market wage reduces overall economic welfare by preventing voluntary agreements to work below the minimum wage, generating unemployment. Those who keep their jobs now get paid a higher wage, but fewer workers have jobs. There are people who are willing to work for less, and firms willing to hire them at a lower wage, but the minimum wage prevents this mutually beneficial exchange.

There are many problems with the assumptions of the neoclassical perfect competition model of the labour market,⁸ but one of the most straightforward challenges is its assumption that firms do not have any power to set the wages they pay. In the perfectly competitive model, raising your prices by a cent means you lose all

your sales, and under-paying your workers by a cent means you lose them all — you have no choice but to charge and pay the going market rates. In the labour market, firms are assumed to be essentially powerless, with no bargaining power over workers.

There are alternative theories to perfect competition, even within the broader neoclassical approach. It has been long recognized that if a single employer has a captive set of workers, employers do have power to suppress wages to extract above normal profits (ex. Stigler, 1946). This case, termed *monopsony*, completely reverses the predicted impact of a minimum wage policy on employment. This is depicted in Figure 3. Under monopsonistic labour markets, a minimum wage increases both wages and employment. While this alternative model has existed for many decades, prior to the 1990s, mainstream economists saw monopsony as irrelevant and not applicable in practice, given the apparent plethora of options for employment in various sectors of the economy. The assumption of minimum wages reducing employment dominated.

More recent theoretical developments however have overturned this consensus. New research has shown that many of the real world characteristics of labour markets ignored by neoclassical model of perfect competition can generate monopsonistic-type market structures (Boal and Ransom, 1997; Manning, 2003). In this case, minimum wages can lead to greater efficiency, higher wages, and increased employment (Manning, 2004), even if there isn't strict monopsony in the sense of a single employer with a captive workforce. This conclusion aligns with the long-standing conclusions of heterodox economists who have taken as central importance the power of employers over workers (Kaufman, 2010; Xie and Chen, 2017).

Overall then, current economic theory is not uniformly prescriptive with respect to the impact of a minimum wage on employment, and over time, economists have been moving away from the previous consensus of the negative employment effects of minimum wages (Hill & Myatt, 2011). This disagreement has emerged based on more rigorous empirical approaches to examining the relationship between the minimum wage and employment, which we review below.

Empirical Evidence on Employment Impacts

Prior to the 1980s, empirical research on the minimum wage corresponded with the neoclassical model of perfect competition, predicting a decline in employment, but that decline was limited to young workers. In general, this literature estimated that: employment for teenagers would fall by 1 to 3 per cent if the minimum wage was increased by 10 per cent; the effect would be less than 1 per cent for 20–24 year-olds; and that there is no clear employment effect for other adults (Brown, Gilroy and Kohen, 1982). These estimated effects are relatively small, i.e. employment was found to be relatively unresponsive to changes imposed by the minimum wage (Bechtold, 2014). For example based on these estimates,

in Manitoba between 2013–2015, a 10 per cent increase in the minimum wage (+\$1.05 per hour) would have led to an associated loss of 221 jobs for teenagers and 192 lost jobs for ages 20–24.

In the 1990s, a new stream of empirical research on the minimum wage exploited greater variation in minimum wage policy, mostly between US states, and more advanced statistical methods, with the controversial finding that higher minimum wage did not seem to reduce employment. Card and Kruger's (1994) seminal study of the fast food industry's response to a minimum wage hike, along with their subsequent work compiled in Card and Kruger (2016), found that "moderate increases in the minimum wage have little to no impact on employment" (p.xvi).

Moderate increases in the minimum wage have little to no impact on employment.

They also suggest, based on a 2014 literature survey by Belman and Wolfson, that this conclusion regarding both employment and hours worked has held up very well over time, with a wide variety of estimated effects — both positive and negative — and averaging out to effectively zero. Case studies that have relied on surveying firm level responses have come to similar conclusions (Pollin, Brenner, Wicks-Lim and Luce, 2008).

There continue to be studies that do show a negative impact of the minimum wage on employment and hours worked, and authors such David Neumark and William Wascher (ex. Neumark, 2019; Neumark, Salas and Wascher, 2014; Neumark and Wascher, 2008) have made and continue to make the case that there are statistically significant employment effects.⁹ As more recent meta-analyses continue to show, if these effects exist, they are small and lower than the early 1980s consensus (Belman and Wolfson, 2019). However, what is key is that since the 1990s, the focus of debate has centred on whether moderate increases in the minimum wage have no im-

impact or a small impact, and only for a subset of (young) workers (Card and Krueger 2016; Freeman, 1999; Pollin et al., 2008). The finding that this impact is small and limited at worst leads to the unambiguous result that minimum wage increases lead to a positive earnings effect for low-wage workers (Card and Krueger, 2016).¹⁰

Minimum wage increases lead to a positive earnings effect for low-wage workers.

Much of the above research, while having international policy impact, has been based heavily on US data, but the trajectory of the debate in the Canadian context has been similar. While some earlier studies generated estimates as high as a six per cent reduction for teen employment from a 10 per cent increase in minimum wage (Baker et al. 1999; Campolieti et al 2006), other more recent studies find results more consistent with the more recent consensus of a small negative impact for teens and no statistically significant effect for other workers (Brennan and Stanford, 2014; Brochu and Green, 2013).

Explaining the Zero Effect

If one accepts the average or aggregate evidence that there is no or very little impact of moderate increases of the minimum wage on employment, why might this be the case? Studies have proposed and verified several structural explanations. Most of them directly or indirectly rely on the fact that it is difficult to go without workers, and demand for labour is based on the demand for a firm's products and services (Brennan and Stanford, 2014, p.10). This in turn is based on multiple factors, including the state of the economy and the purchasing power of consumers (Green, 2014), which can be bolstered by higher wages for lower income earners.

Additionally, in contrast to the theory of perfect competition, case studies have suggested that firms do have market power, leading to

some discretion and the ability to respond in other ways. Pollin, Brenner, Wicks-Lim, and Luce (2008) conducted a number of case study analyses of municipal minimum and living wage ordinances. Based on surveys of employers and detailed examination of cost structures, they found that even relatively significant increases in the minimum wage led only to a one to four per cent increase in firm costs for firms relying on low-wage labour, with firms adapting through a combination of price increases, lower turnover in staff and productivity increases through greater investments in worker training, and lower profits. Subsequent macro level studies have confirmed these results with respect to reduced turnover (Brochu & Green, 2013; Dube, Lester & Reich, 2010 and 2016), productivity (Riley & Rosazza, 2018), price increases (Allegretto & Reich, 2018), and profits (Bell & Machin, 2018; Draca, Machin, & Van Reenen, 2011).

Minimum Wage and Prices

If one accepts that all low-wage workers experience income increases in response to a minimum wage increase, it is reasonable to expect that they will be net gainers under the increases in minimum wage despite facing higher prices. Minimum wage earners are the full beneficiary of the wage increase, but the burden of any price increases are spread amongst all consumers. Also, those who spend more pay the greatest share. Minimum wage earners should be unambiguously better off. However, this cannot be said for other low-income families who are not benefitting from the minimum wage increase.

It has been highlighted by several studies (MaCurdy 2015; Neumark and Wascher, 2008) that even if the increase in minimum wage increases the total income of all low-wage workers, and even if one accepts that minimum wage earners are in low-income households, it is still possible that minimum wage increases could have a negative impact on low-income populations overall. Many in poverty are not working

and do not benefit from the minimum wage increase, yet face higher prices in response. This is unambiguously a net loss for those living in poverty who do not work.

These cost increases however will not fall primarily on low-income populations, given their lower spending. Also, increases in the minimum wage will likely increase the resources available to governments to compensate the poor who rely on social welfare state expenditures. Higher earn-

ing of minimum wage earners should increase tax revenue for government and reduce reliance of these workers on government programs and transfers such as food stamp programs, rental allowances such as Rent Assist in Manitoba, and tax credits such as the Canada Worker Benefit and the Employment Income Tax Credit in the US. These expenditure reductions could offset the indexing of benefits to compensate for any price increases.

Conclusions and Policy Recommendations

Minimum wage laws were initiated as a means to combat the exploitation of vulnerable workers who have little bargaining power, given their inability to meet their basic needs with very low wages. In the Canadian context, employers supported these efforts as a means to avoid being undercut by other employers who engaged in unscrupulous labour practices. Minimum wages today, along with non-wage labour legislation and regulation, can play a similar role in raising the floor and creating a level playing field for employers who recognize the importance of paying a living wage.

Current research reflects the reality that workers are losing ground and that moderate minimum wages increases are a tool to help level the playing field while improving overall economic efficiency.

The current minimum wage of \$11.65 in Manitoba is not a living wage. Full-time (35 hours per week) after-tax minimum wage earnings leave typical household types well below Canada's poverty line. Families with children — with both parents working full-time at minimum wage — only make it above the poverty line due to govern-

ment transfer programs such as the Canada Child Benefit. Even after government transfers, a single person household working full-time at minimum wage in Manitoba remains in poverty. Neither families with children nor single individual households earn what is considered to be a living wage, based on a common calculation methodology utilized across Canada.

Recent theoretical and empirical developments suggest that moderate increases in the minimum wage can be an important part of strategies to reduce poverty and income inequality. Business lobbyists and their associated think tanks continue to push outdated stereotypes and contorted claims that higher wages are actually bad for workers. Current research reflects the reality that workers are losing ground and that moderate minimum wages increases are a tool to help level the playing field while improving overall economic efficiency. Despite the idealized stories of labour markets where workers have just as much bargaining power as bosses, our interviews with Manitoba workers show that they are very much still at the mercy of employers and are failing to make ends meet.

Based on our interviews with workers trying to survive on the minimum wage, it is very

clear that workers are struggling with low wages, lack of hours, and a general inability to meet their basic needs. They are also facing a general situation of precarious labour, a condition that invokes parallels with the type of exploitative working situations and desperation that minimum wages aim to suppress. Below are our recommendations to address these findings in the Manitoba context.

Recommendations:

1. Significantly increase the minimum wage then continue adjustments according to the cost of living.

The current minimum wage is not sufficient to meet the objectives of providing a living wage, preventing the undue exploitation of vulnerable workers and keeping full-time single workers out of poverty. In line with national trends, the minimum wage should be increased as part of a broader poverty reduction strategy, with increases continuing afterwards based on the cost of living. A minimum wage of \$15 in 2019 would have brought all of the sample family types we examined, who are working 35 hours at minimum wage, above the poverty line. It would also provide a living wage for a single person, although our sample families with children would still not achieve a living wage. A \$15.00 minimum wage would also bring the minimum wage above the Organization for Economic Co-Operation and Development (OECD)'s related definition of low pay, based on two-thirds of median earnings, which on an hourly wage basis in Manitoba would have been \$14.40 in 2019.

A minimum wage of \$15 in 2019 would have brought all of the sample family types we examined, who are working 35 hours at minimum wage, above the poverty line.

2. Address precarious working conditions through actions such as mandatory minimum notice for scheduling changes and paid sick/emergency days.

In addition to raising the minimum wage, the government of Manitoba should meaningfully address non-wage working conditions that increase precarity for workers, particularly for those with the lowest wages. While the focus of this research was primarily aimed at responding to wage related issues, workers made it very clear that non-wage working conditions such as lack of benefits or sick pay, and the lack of predictability of scheduling, negatively affected their lives.

Workers made it very clear that non-wage working conditions such as lack of benefits or sick pay, and the lack of predictability of scheduling, negatively affected their lives.

Scheduling

In Manitoba, employers are currently not required to give advance scheduling notice to employees. Manitoba Employment Standards states:

“Employers [can] make schedules that suit their businesses and can change work schedules at any time. This includes deciding to close on a certain day, or to reduce or increase the number of hours they are open each week. Employers can also change employees’ schedules after a shift has started.”

Retail, fast food, and the hospitality sectors employ the majority of minimum wage workers, as well as many part-time employees. These sectors are also known for having unpredictable and erratic schedules, which make it challenging for workers to plan out the rest of their lives or to find complementary part-time work.

The Ontario Changing Workplaces Review (Government of Ontario 2017) acknowledges that scheduling cannot be the same for all employees employed in all businesses since scheduling can

be very complex and difficult. However, the Review recommends that more predictable scheduling for employees is required, particularly in the fast food and retail sectors, and especially for part-time employees. In Saskatchewan, employers must give employees notice of the work schedule at least one week in advance and must provide employees written notice of a schedule change one week in advance. Their employment code states:

“Employers must give employees notice of when their work begins and ends over a period of at least one week...The notice must be posted at least one week prior to the start of the work schedule and employers must give at least one weeks’ notice of a change in the schedule.”
(Government of Saskatchewan n.d.)

Paid Sick/Emergency Days

Currently, under Manitoba labour law, employers are required to provide employees with three days of unpaid sick leave, as well as other emergency leaves which protects employees from losing their jobs.¹¹ However, they are not required to pay their employees during this period. Employees have little control over getting sick, or having family members fall ill or other emergencies that arise. This leaves many minimum wage and low-wage employees vulnerable to losing important income. It also has important public health implications as workers should not have to choose between getting paid and protecting others from infection of a virus like COVID-19. Both Quebec and Prince Edward Island currently offer paid sick/emergency leave under the provincial employment standards — demonstrating that it can be done.

Further Actions and Consultation

The number of paid sick/emergency days and appropriate scheduling notice should be devel-

oped in consultation with labour and community stakeholders. Additional research and consultation should be conducted as to how the provincial government can meaningfully respond to precarious work in Manitoba. Other jurisdictions have established forums for this to take place and have taken similar steps to address precarity. For example, the UK government has committed to ending low pay work and has established a permanent Low Pay Commission that provides research and analysis. Also, as noted above, other jurisdictions in Canada are taking action on this issue.

3. Meaningfully address poverty through a comprehensive poverty reduction plan

Raising the minimum wage and addressing employment standards are only a component of addressing the needs of vulnerable populations. Comprehensive poverty reduction strategies are required to address the multifaceted barriers low income Manitobans face, and to help those who are able to participate in the paid workforce. Experts and stakeholders have produced such strategies demonstrating practical and fiscally responsible means to do this at both the provincial and municipal levels (CCPA-MB 2020; *Winnipeg Without Poverty* 2018; *The View from Here* 2015). In particular, these strategies highlight the need for income supports, social and affordable housing, accessible childcare, and investments in education, skill, and job training to help support sustainable employment. Additionally, access to existing benefits needs to be enhanced and promoted to ensure those who are eligible are receiving the support they need. Many of our research participants were not accessing benefits that were available, such as the Rent Assist program.

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Appendix A: Methodology & Demographics of Participants

While a significant amount of research has been dedicated to examining minimum wage work in relation to the cost of living, this study provides an important contribution to the qualitative, lived experiences of minimum wage workers in Manitoba. Qualitative data can provide rich information about the material impacts of working for a minimum wage and how this impacts quality of life, which cannot be achieved through quantitative research alone.

An ethics application for the project was sought and approval received through the University of Winnipeg Human Research Ethics Board. Recruitment of participants was achieved through a variety of methods. Firstly, as the retail sector, followed by the food and accommodations sectors, are the largest employment sectors for minimum wage workers, areas that had high concentration of these businesses were targeted for notices inviting workers to participate. As we were seeking participants from a variety of backgrounds, locations in both downtown and suburban areas were selected. Posters were put up in selected locations every two to three weeks. Community-based agencies that provided services to workers (e.g. résumé support and job search support) were contacted and

asked to put up recruitment posters. Agencies that serve new Canadians, Indigenous workers, workers with disabilities, and LGBTQ communities were intentionally sought as these workers are over-represented amongst low-wage workers. The online classified website Kijiji was also used to recruit, and snowball sampling with participants was employed. The only requirement for participation was that the subject was currently working — or very recently had been working — a job which paid minimum wage (or close to it). Recruitment in Brandon, Manitoba, was done via contact with unions and organizations with contact with low-income earners, and community-based agencies providing employment services were asked to put up posters and spread the word about the study. Facebook and Kijiji were the two online platforms utilized to announce the project. Eight out of the 42 workers surveyed were from Brandon or rural areas surrounding Brandon.

A sample size of 50 was initially selected during the research design phase, however a final sample size of 42 ($n=42$) was determined to have reached saturation point. This sample was not intended to be a representative sample as the research question was to explore the challenges

that minimum wage workers face as they relate to meeting workers basic needs.

Participants were interviewed in person with a semi-structured interview protocol. Describing working conditions and/or conditions relating to poverty was recognized as possibly triggering or frustrating for some workers. As such, participants were encouraged to share only what they felt comfortable sharing and were encouraged to take a break or shift direction of conversation as necessary. A list of counselling and employment/training resources was made available. An honorarium of \$25 plus two bus tickets were provided to each participant.

Interviews were transcribed, coded, and analysed. Findings are presented below in two broad themes. The first examines the challenges that minimum wage workers have relating to ‘hard choices’ between paying rent, food, shelter, and other basic necessities. The second examines how the working conditions of many low-wage workers fall into what can be understood as precarious work. That is, they experience unpredictable work schedules and erratic income, have little power or control over their work, wages, income and affordability, and reported a high degree of stress when combined with their meagre incomes.

This study offers a picture of the lived experience of minimum wage workers in Winnipeg and Brandon. The workers who participated in this study have the following characteristics:

Men and women were equally represented in the sample and the majority of respondents were over the age of 25 (79 per cent) — an intentional selection bias. Racialized workers were over-represented with 45 per cent of respondents

identifying as Indigenous, within which 68 per cent identified as First Nations and 32 per cent identified a Métis. In addition, 10 per cent identified as South Asian; 5 per cent as East Asian; 5 per cent as African; and 2 per cent as Latin American. 33 per cent identified as Caucasian.

When it came to housing, 62 per cent were renting; 29 per cent reported staying with friends or family; two people owned their home and one person reported living in a shelter.

Many of the workers we spoke with reported having educational credentials. Only 17 per cent of respondents had not completed high school while 38 per cent of respondents completed high school; 31 per cent completed post-secondary; and 14 per cent had started but not completed post-secondary. The highest degree conferred was an engineering degree.

Less than half of workers (45 per cent) held permanent positions. The remainder held temporary, term, casual, seasonal, or contract positions. The majority of permanent employees were part-time (68 per cent) compared to full-time permanent. This is higher than the provincial average of 57 per cent. While this selection bias was not intentionally sought, it is likely that these workers have a higher representation in our sample than in the population since it is probable that they are more likely to be actively seeking additional paying opportunities than full-time workers.

Only one worker out of 42 reported receiving extended healthcare benefits through their work. The majority of workers reported that they did not have any form of savings or retirement savings with only three out of 42 reported having any savings, and only one person reported having pension or retirement savings.

Appendix B: Interview Schedule & Demographic Questionnaire

- 1) What is your age (in years)_____
- 2) What do you identify as your gender?
 - a. Male
 - b. Female
 - c. Transgender
 - d. Two-spirit
 - e. Non-binary
 - f. Other
- 3) What is your relationship status? (circle one)
 - a. Living with your partner (married or common law)
 - b. Have a partner but not living with them
 - c. Single
 - d. Divorced
 - e. Other (please explain)

- 4) Do you have any children? (circle one)
 - a. Yes
 - b. NoIf yes, how many children do you have? _____ Ages _____
- c. Do they live with you?
 - i. Yes
 - ii. No
- 5) Were you born in Canada?
 - a. Yes
 - b. No
 - i. If not how many years have you lived in Canada? _____
- 6) Which of the following best describes your population group?
 - a. Indigenous
 - i. First Nations
 - ii. Inuit
 - iii. Métis
 - b. Arab/West Asian (Armenian, Egyptian, Iranian etc)
 - c. Asian (Chinese, Filipino, Japanese etc)
 - d. South Asian (East Indian, Pakistani, Sri Lankan etc)
 - e. Latin American
 - f. White (Caucasian)
 - g. Other (please specify)_____

- 7) What is your highest level of education?
- a. No schooling
 - b. Elementary school (highest grade: _____)
 - c. Junior High (highest grade: _____)
 - d. High School (highest grade: _____)
 - e. Vocation/technical college (circle one)
 - i. Incomplete
 - ii. Complete
 - f. University (circle one)
 - i. Incomplete
 - ii. Complete
 - a. Diploma
 - b. Bachelor's Degree
 - c. Master's Degree
 - d. Doctorate

8) What is your job title(s)?

- 9) Do you work in the same sector in which you were trained?
- a. Yes
 - b. No
 - c. Other: (please explain)

- 10) How many jobs do you work? _____
- 11) Please describe a bit more about your work
- **Job #1:** Number of hours per week _____
 Approximate hourly wage if higher than minimum wage _____
 Employment type (please circle):
 Full-time (permanent)
 Part-time (permanent)
 Casual
 Seasonal

Contractor/Freelancer
 Under the table (no contract)
 Other (please describe)

Are you satisfied with your employment type? (please circle)
 1. Yes 2. No 3. Somewhat

Are you satisfied with the number of hours? (please circle)
 1. Yes 2. No 3. Somewhat

Are you satisfied with your pay? (please circle)
 1. Yes 2. No 3. Somewhat

- **Job #2:** Number of hours per week _____
 Approximate hourly wage if higher than minimum wage _____
 Employment type (please circle):
 Full-time (permanent)
 Part-time (permanent)
 Casual
 Seasonal
 Contractor/Freelancer
 Under the table (no contract)
 Other (please describe)
- Are you satisfied with your employment type? (please circle)
 1. Yes 2. No 3. Somewhat
- Are you satisfied with the number of hours? (please circle)
 1. Yes 2. No 3. Somewhat
- Are you satisfied with your pay? (please circle)
 1. Yes 2. No 3. Somewhat
- **Job #3:** Number of hours per week _____
 Approximate hourly wage if higher than minimum wage _____
 Employment type (please circle):
 Full-time (permanent)
 Part-time (permanent)

Casual
 Seasonal
 Contractor/Freelancer
 Under the table (no contract)
 Other (please describe)
 Are you satisfied with your employment type? (please circle)

1. Yes 2. No 3. Somewhat

Are you satisfied with the number of hours? (please circle)

1. Yes 2. No 3. Somewhat

Are you satisfied with your pay? (please circle)

1. Yes 2. No 3. Somewhat

- **Job #4:** Number of hours per week _____
 Approximate hourly wage if higher than minimum wage _____

Employment type (please circle):

Full-time (permanent)

Part-time (permanent)

Casual

Seasonal

Contractor/Freelancer

Under the table (no contract)

Other (please describe)

Are you satisfied with your employment type? (please circle)

1. Yes 2. No 3. Somewhat

Are you satisfied with the number of hours? (please circle)

1. Yes 2. No 3. Somewhat

Are you satisfied with your pay? (please circle)

1. Yes 2. No 3. Somewhat

- 12) Please tell me your source(s) of income (circle all that apply)
- a. Paid employment (full-time, part-time, contract, casual)

- b. Income Assistance (EIA)
 - c. Employment Insurance (EI)
 - d. Workers Compensation
 - e. Pension or other government funding
 - f. Money from family/friends
 - g. Other (specify if you wish)
- _____

13) Where do you usually stay/sleep?¹³

- a. My own place
 - i. House
 - ii. Apartment
 - iii. Single-room in hotel/rooming house
- b. Romantic partner's place
- c. Family/relative's place
- d. Friend's place
- e. Different place every night
- f. Shelter
- g. Outside public place (park, bridge etc)
- h. My car
- i. Other _____

Minimum Wage Interview Schedule

Thanks for filling that in. Before we get started, do you have any questions?

The questions I'm going to ask you may repeat some of the questions the survey already asked you but we want to gather a bit more detailed information.

1. What is your primary source of income? (Where does most of your money come from?)
2. Does your job(s) pay you minimum wage?
3. How many jobs do you work?
 Probe: Do any of your jobs pay you more than minimum wage? If so, how much more? Do you make tips?

4. Do you receive any benefits from your job(s)? Would you like to tell me a bit more about that?
AND/OR
I see here that you receive [other income type]. Would you like to tell me a bit more about that?
5. How many hours a week total do you work?
Probe: [looking at demographic survey for satisfaction with hours] What makes the hours you work (somewhat or not) satisfying?
6. Are your hours regular or do they change? Are they flexible based on your needs? Shift work?
7. Are you satisfied with your employment type (i.e. permanent, casual)?
8. Does your job allow you to make ends meet?
Pay rent?
Buy nutritious food?
Entertainment?
Pay for child care?
Transportation?
Healthcare expenses? For example: dentist, prescriptions etc.
Pay debts?
Save money?
9. On October 1st, 2019 the minimum wage increased from \$11.35 an hour to \$11.65 an hour. Did that make a difference in your life? Probe: [If yes]: how so? [If no]: how come?
10. Do you think minimum wage is high enough?
11. What hourly wage would allow you to meet all your needs?
12. examining demographic survey for housing details] I see that you [insert details about housing tenure type].
i) Are you satisfied with your housing situation?
- ii) What kind of neighbourhood do you live in?
- iii) Does your home need any major repairs?
a) [If renting] Have you asked your landlord to do the repairs?
- iv) How does your income from your job affect your housing options?
13. Do you have any debt from education? Would you like to go back to school? Probe: What kind of education would you be interested in pursuing?
14. Do you ever have to go without things because you cannot afford it?
Probe: can you please describe what the things you would like to be able to afford that you cannot?
How does that make you feel?
15. Do you have to sacrifice time away from your family due to work hours? Probe: Can you please explain?
16. Do your job(s) provide a pension? Probe: [if yes] Do you think it is enough? [if no] Are you able to save for retirement on your own?
17. What do you feel is the biggest hurdle for you in finding or getting a better paying job?
18. What kind of work would you like to be doing?
19. Do you feel that you have ever been discriminated against in any jobs that you have held? Probe: Do you feel that you have ever not been hired for a job due to discrimination?
20. Those are all the questions I have, is there anything else that you would like to add or think is important for people to know about what it's like working a minimum wage job?

Endnotes

- 1 For more detail on the methodology of this project, including the demographic background of the participants and the interview schedule, please see Appendices A and B.
- 2 Authors' calculations, based on Statistics Canada Labour Force Survey Data accessed via Odesi (2020).
- 3 Several studies have attributed the spike in wage inequality that occurred over this period to declining minimum wages, including Autor, Manning and Smith (2016); Card and DiNardo (2002); DiNardo, Fortin and Lemieux (1996), Howell (1999), Lee (1999), Lemieux (2006), and Slonimczyk and Skott (2012).
- 4 Using an employment weight average of the minimum wages across province, Galarneau and Fecteau (2014) estimate that the real minimum wage, measured in 2013 dollars, fell from approximately \$11 to \$7 between 1976 and the mid-1980s.
- 5 Data reported below based on Government of Canada (2018), updated with posted minimum wage rates on provincial government websites.
- 6 MBM amounts do not include an allocation for childcare or healthcare expenses as those are considered non-discretionary income and these expenses are deemed non-discretionary. The calculations below assume that the households are paying childcare fees as per the posed provincial maximum rates and have healthcare expenditures equivalent to the approximate cost of a private supplemental health insurance plan, as per the Living Wage methodology.
- 7 For example, Waterloo estimated that the social return on their investment in a living wage for city employees was \$1.24 to \$1.80 for every dollar spent (Simpact Strategy Group, 2015). In addition, when employees have more time and money, they are able to better contribute to their community through volunteerism or other community engagement such as parent councils (Pathways to Potential, 2015).
- 8 See Hill and Myatt (2010) for an accessible review.
- 9 Many of the discrepancies in the debate over the magnitude of employment effects rest on different assumptions regarding the appropriate measures and variables to include in model estimates. Disputes include the appropriate time frame to expect minimum wages to impact employment, where employment should be measure based on hours or employment status, and how one should measure minimum wages. See Neumark and Wascher (2008) and Card and Kruger (2016) for the cases made from competing perspectives.
- 10 Neumark and Wascher (2008) contest the premise that effects are small, based on their analysis that "emphasized studies we regard as providing the most credible evidence, and of these, most find negative employment effects" (p.104). This leads to their conclusion that "evidence regarding the effects of on workers initially paid at or just above the minimum wage suggest that tier labor income declines as a result of minimum wage increases" (p.139). They also however note they are out of step with a large segment of the economics discipline (p.291-293).
- 11 For a more detailed description of the various leaves employees are entitled to, as well as the parameters around them, please see "A summary of leave of absence options" on the Manitoba Government Employment Standards website, available at <https://www.gov.mb.ca/labour/standards/doc,unpaid-leave,factsheet.html>
- 12 NB to committee: The reason we are asking about housing is to better understand the relationship in Manitoba between minimum wage workers and housing stability as work affects housing choice and housing stability can in turn affect the ability to find and keep appropriate work.



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