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FAST FACTS

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Raise the Minimum Wage

The Canadian Federation of Independent Business (CFIB) and the *Winnipeg Free Press* recently called on the Manitoba government to abandon a policy established in 1999 of mandating annual increases in the minimum wage. The CFIB (“Business group rejects hike to minimum wage,” December 26, 2009) says an increase in the minimum wage now would hurt some small employers. The *WFP* (“Not now,” December 31, 2009) concurs.

We believe that holding the line on the minimum wage would be the *worst* thing the government could do in the present circumstances.

The *WFP* suggests that decisions about the minimum wage are arbitrary. This was true when Conservative governments from 1988 to 1999 geared increases in the minimum wage to the election cycle. The Conservatives formed a minority government in 1988. The minimum wage was then \$4.70. During their time in office they increased it four times: to \$5.00 on March 1, 1991; \$5.25 on July 1, 1995; \$5.40 on January 1, 1996; and to \$6.00 on April 1, 1999.

After the NDP were elected in 1999 they removed the arbitrariness from the process and instituted annual increases in the minimum wage. Their reasons included a desire to reduce poverty by raising the wages of the working poor, and

to eliminate the uncertainty associated with the process of the previous 10 years. The government also recognized that increases in the wages of low-wage workers would stimulate local economic expansion.

The NDP have now been in office 11 years. Since April 1, 2001, 10 increases in the minimum wage have resulted in a cumulative increase of \$3.00, from \$6.00 to \$9.00. The position of low-wage workers has improved in both absolute and relative terms.

Currently, the effects of the global economic recession are intensifying in Manitoba. The CFIB proposes that we hold the line on the minimum wage to alleviate pressure on small businesses that are struggling to survive. Think about that. There are about 25,000 workers who would benefit from an increase in the minimum wage. These workers (around 60 percent women, 30 percent between 25 and 54, 90 percent non-unionized) are being asked to take a cut in their real wages to subsidize marginal businesses.

The result of doing this would be an erosion of low-income earners’ already frail standard of living. Many more would be driven to seek assistance at soup kitchens and food banks. Across Canada, from March 2008 to March 2009, the numbers of Canadians using food banks rose by



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18 percent. More than one-third of the total food bank users are children; one-half are families with children; one in five is a family in which someone is working full-time. In Winnipeg the trend is the same. About 18,000 children per month use food banks. Ten years ago the number was 5512--it has more than tripled. This has to do, among other things, with low wages because, as Winnipeg Harvest notes: "Poor kids live in poor families", many of them working families. Why would we deliberately increase the numbers of such people who are forced into foodbanks?

The tremendous generosity of Manitobans at Christmas and throughout the year as evidenced by charitable donations, suggests to us that most Manitobans don't want to create more despair. They want those at the bottom of the income scale to be able to live in dignity. This means continuing the policy of raising the minimum wage.

One of the things that has become increasingly apparent in recent decades is that the significant increases in inequalities that have emerged in capitalist economies as a result of policies of deregulation and tax cuts are both morally reprehensible, and detrimental to the long-term health of economies and societies. This is literally the case--the relationship between high levels of income inequality, and poor health, has been demonstrated repeatedly by studies around the world, including important and internationally recognized studies by the Manitoba Centre for Health Policy. That inequality produces poor health appears no longer to be in dispute.

Why would anyone oppose increases to the minimum wage, or for that matter to child care workers or any other relatively low-income earners, when this is the case, and when Statistics Canada has reported that a majority of Canadians has seen their incomes stagnate or decline over the past 30 years, while the incomes of the top 10 percent have continued to grow, thus further widening the gap? Why would anyone *not* oppose the huge

salaries being paid to local corporate executives, as reported by the *Free Press* in a story published January 2, 2010 ("No Gloom in Million-Dollar CEO Club"), that reveals a salary of \$750,000 plus a bonus of \$1 million for the CEO of a large Winnipeg company, and other million dollar packages for other Winnipeg executives? Yet this story included not a word about the need in these difficult times to cap, let alone cut, their salaries. It is the minimum wage, we are told, that must, for the good of all of us, be capped.

No, Virginia, the problem is not the minimum wage. An important part of the problem is the culture of entitlement at the top of the income scale--almost 5000 Wall Street bankers recently were paid bonuses, beyond their salaries, of \$1 million or more--and the irrational dog-in-the-manger attitude about perfectly modest increases for those at the bottom.

This is economically destructive, and morally wrong. Who will bell the (increasingly fat) cat?

Raise the minimum wage.

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