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## Inaction Threatens to Stagnate Manitoba Minimum Wage

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**U**nless immediate action is taken, 2016 will be the first time in a generation that minimum wage workers will see their wages stagnate, which will result in fewer earnings for basics like food and shelter.

The 2016 budget failed to signal even an inflationary increase in the minimum wage. This means these earners will make \$400 less in 2016/17 – the first minimum wage freeze in 16 years.

It is not too late for the new provincial government to take action. Cabinet can still approve an increase to the minimum wage in time for the traditional annual increase date of October 1st.

Examining the economic evidence shows what action – or inaction – on minimum wage looks like for the 38,000 Manitobans who earn \$11/hour and for Manitoba businesses.

Over the past 16 years Manitoba has steadily increased the minimum wage without harming job creation – in fact, the economy kept growing, which was beneficial to small businesses. This is because the minimum wage plays only a bit part in determining employment.

If we look over time and across Canada, increasing the minimum wage does not result in job losses. A Canadian Centre for Policy Alternatives study of all provincial minimum wages and employment changes from 1983 – 2012 found no consistent evidence that minimum wage affects employment levels. Employment,

job loss and creation, is determined by larger economic factors, not minimum wage policy.

One example of a larger minimum wage increase did not result in job losses for adults, and had a small impact on teenage employment. For example, in 2011 British Columbia increased the minimum wage by 28 percent to catch up for past inaction. This increase did not result in job losses for adult minimum wage earners.

For those aged 15 to 24, employment declined slightly by 1.6 percent. Interestingly over the same time period the number of young people age 15 to 24 who became students increased by 1.1 percent. Likely young minimum wage earners returned to school, which improves their earnings in the long run.

Manitoba's minimum wage currently ranks 8th out of 15 provincial and territorial jurisdictions. When considering to where to locate or if to relocate in Canada, businesses take into account many factors, including the cost of inputs (goods, utilities, insurance and labour etc). Studies show that minimum wage is not a significant factor. In fact, low wage employers dominate service sectors, such as restaurants and retailers, and must stay close to the consumers that support their businesses.

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IN LABOUR ISSUES

**“Minimum wage earners spend in the local economy on basic goods and services, not abroad on foreign holidays.”**

Economic development relies on consumer spending. Higher wages feed back into stronger demand and more jobs. Minimum wage earners spend in the local economy on basic goods and services, not abroad on foreign holidays.

From an employer perspective, a higher minimum wage is good for business, leading to lower turnover rates, reducing costly searches to fill positions, training costs and employee turn-over.

Not increasing minimum wage forces these workers to cover the rising cost of living from within their already low earnings. That would hurt a lot of households: the majority of minimum wage earners are adults, women, and many with children.

If the Manitoba minimum wage were increased to inflation this year, full time earners would take home an additional \$400. Due to rising food costs, without this \$400, more minimum wage earners will have no choice but to turn to already over-burdened food banks. Food bank usage is on the rise in Manitoba and Winnipeg Harvest estimates currently a third of food bank users are working poor.

It is important to note that Manitoba's minimum wage is set by policy and not based on the actual cost of living. *The View from Here: Manitobans Call for a Renewed Poverty Reduction Plan* finds that the minimum wage should be set at \$15 per hour to lift a single parent out of poverty. This is consistent with the

“\$15 and Fairness” movement sweeping North America. Making the minimum wage a living wage is a key step in addressing Manitoba's child poverty crisis and building our local economy.

Economic studies indicate that policy makers need not worry about reductions in jobs and both businesses and workers benefit when minimum wages are raised with regularity. Hopefully the new provincial government acts on the minimum wage soon. Otherwise low wage workers will see their spending power shrink and along with it their ability to support the Manitoba economy.

*Molly McCracken is the director of the Canadian Centre for Policy Alternatives Manitoba.*

**work** *References available upon request.*  
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