

WORKING FOR A LIVING: THE LIVING WAGE MOVEMENT IN CANADA

Think piece for the Citizen series Nov 4th 2010

What is a living wage?

The living wage is a movement to promote the idea that working people should receive wages that allow them to afford the necessities of life and be able to save for the future. For the most part, the movement is aimed at employees in the public sector, arguing that tax dollars should not support poverty but rather support people to improve their lives.

What is it not?

It is not a minimum wage, though many people think minimum wage and a living wage are one and the same. They are not. The minimum wage is a legal limit below which employers cannot fall in setting hourly wages.

What is wrong with a minimum wage?

The problem with a minimum wage is that it does not take local circumstances into account, nor does it account for inflation. It is very easy for people working full time at minimum wage NOT to make enough money to support themselves and their families. For example, rents in Fort St. John, currently in the midst of a boom, are outrageously high, even for inadequate housing.

How does a living wage work?

A living wage policy adopted by, for example, a municipal government would state that all city employees and any staff employed by contractors awarded city work will be paid a living wage. A living wage would be calculated as the hourly wage rate needed to support a family of two adults and two children, both parents working full time, using local costs for housing, groceries and other essentials.

What are the outcomes?

There are some arguments that a living wage policy could drive business away, cause increases to taxes or increase the costs of services to taxpayers and only helps a small percentage of the lowest income earners. Proponents of the living wage argue that a living wage can reduce turnover, increase productivity and attract new workers - all important factors in competitive times. Some research has shown that low income earners tend to spend locally. So increasing the wage of those workers has a direct impact and positive benefit on local economies. Living wages also reduce the burden on taxpayers to provide support to poor families in "invisible costs" (e.g., income assistance, poor health, crime, etc.)

Is anyone actually doing this?

- Over 140 cities in the US have already implemented the living wage. *Over 140 jurisdictions in the United States currently have Living Wage ordinances that guarantee a minimum hourly wage at a rate that exceeds the legal minimum wage. These policies have reduced poverty, increased productivity, reduced staff absenteeism and turnover, and improved the quality of life for hardworking people.* Vibrant

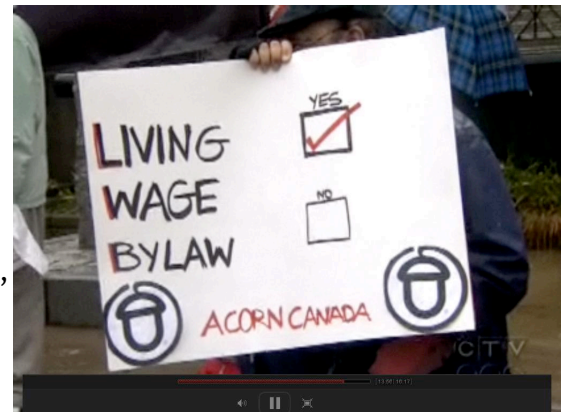


Figure 1: From the Living Wage Resource Centre at <http://livingwages.ca/>

A living wage is a tool for reducing poverty and improving democracy”

“Based on the principle that full-time work should provide families with a basic level of economic security, not keep them in poverty. The amount needed for a family of four with two parents working full-time to pay for necessities, support the healthy development of their children, escape financial stress and participate in their communities.” From the Canadian Centre for Policy Alternatives

Communities Calgary. Living Wage Fact Sheet.

http://www.vibrantcalgary.com/uploads/pdfs/VCC_Living_Wage_Fact_Sheet_August_2009.pdf

- ⊗ New Westminster is the first municipality in Canada to institute a living wage, though there have been investigations and recommendations in Ottawa, Toronto and Calgary: *“While other cities in Canada have adopted policies dealing with ethical purchasing, supplier conduct and fair wages, the City of New Westminster is the first city in the country to adopt a living wage policy tied to a specific hourly figure.”* New Westminster Web site, *What’s New? Page* found at: http://www.newwestcity.ca/2010/05/13/living_wage_policy.php
- ⊗ In England, the new Labour Party leader has put forward a manifesto that includes a proposal for a living wage: *“Labour’s manifesto contained a proposal for a “living wage” of £7.60 an hour for employees in some parts of the public sector. [Party Leader] Ed Miliband has taken this a step further by suggesting that the policy should also apply to those in the private sector. At present some London-based companies, they include Barclays and KPMG in Canary Wharf, have voluntarily given their staff a living wage, since they regard the national minimum wage as insufficient to live on in the capital.”* From “Labour Conference: just the facts.” *The Financial Times*, September 28 2010

Want to learn more?

Canada has a living wage resource centre at: <http://livingwages.ca/>

Canadian Centre for Policy Alternatives. “2010 living wage shows the real costs of raising a family in Metro Vancouver.” May 4, 2010. Found at:

<http://www.policyalternatives.ca/newsroom/news-releases/2010-living-wage-shows-real-costs-raising-family-metro-vancouver>

Canadian Centre for Policy Alternatives. *Working for a Living Wage: 2010 update*

http://www.policyalternatives.ca/sites/default/files/uploads/publications/reports/docs/ccpa_bc_livingwage_2010.pdf

“One city’s bold act to give workers a ‘living wage’” *Vancouver Sun* April 29, 2010. Found at:

<http://www.vancouversun.com/business/city+bold+give+workers+living+wage/2964924/story.html#ixzz114rmJP3d>

Pov Net: <http://www.povnet.org/node/3855> A great resource on issues related to poverty.

Poverty in America Living Wage Calculator

<http://www.livingwage.geog.psu.edu/> has a calculator that estimates local cost of living and average local wages for various towns and cities and identifies the payment of living wages as an important strategy for achieving economic well-being.

Canadian Centre for Policy Alternatives has a technical guide to calculating the living wage for Canadian Communities available for download at:

www.policyalternatives.ca/livingwage2010.

“...every American who wants to work, and is able to work, can find a job, and a job that pays a living wage. That was my focus last year, and that is my focus this year.” Barack Obama, March 2010 <http://www.nytimes.com/2010/03/03/us/politics/03obama.html>