

Living Wages: Bringing full-time workers above the poverty line

- CHRIS CONNOLLY -

What Is A Living Wage?

The guiding principle behind the living wage movement is the notion that a full-time worker should not be living in poverty. Living wage supporters share the conviction that hard work should be rewarded with adequate pay and benefits, and taxpayer dollars should not support jobs that leave workers and families in poverty. That said, the precise definition of a living wage will vary markedly with any particular policy

objectives. Historically, a living wage bylaw usually only applies to a limited number of workers in certain specific sectors and/or industries. More specifically, the bylaw generally only affects those employers that have a contract with the city or those who receive economic development subsidies from the locality. This is because, in practice, living wage campaigns have in the past been enacted almost entirely at the municipal level. More robust campaigns may include a push for similar accountability within the private sector, such as those done in New Orleans, LA and Santa Fe, NM in 2002 and 2003, respectively.

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Image by Nadja Popovich

Journalists for Human Rights: Speak Silence

- SARAH FLATTO -

On Friday November 2nd, the McGill University and Concordia University chapters of the international organization, Journalists for Human Rights, held their annual event *Speak Silence*. This public endeavour consisted of a day-long vow of silence, a photography exhibition and a concluding celebration at Cafe L'Utopik. The event was created to recognize the numerous individuals around the world who are unable to speak out to challenge the status quo because of the political constraints of their particular locales. Whether it is violent conflict, social inequal-

ity, or acute poverty that robs them of their freedom of expression, Journalists for Human Rights strives to raise awareness for the plight of the silent across the globe.



JHR members show their solidarity with those who are forced to suffer in silence.

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The EPN Monthly defines the living wage as the hourly wage that allows a household to enjoy a decent but modest quality of life, a relatively extensive conception of social inclusion, and some basic sustainability. Thus the income from the living wage allows the family to:

- Obtain food, clothing and shelter.
- Maintain the health of family members.
- Participate actively in the community.
- Sustain some basic planning depth and accommodation for the unexpected.

The federal minimum wage, officially pegged at individual provincial minimum wages as of 1995, is the minimum amount that an employer can legally pay a worker per hour. In New Brunswick, this standard applies to all professions equally. Living wages refer to wages set by a local bylaw that covers a specific set of workers. Furthermore, minimum wage legislation tends to be set and changed in an unguided, *ad hoc* manner as political pressures wax and wane. A living wage, however, is a more deliberate measure, set with the explicit purpose of raising the working class to some adequate and well-defined standard of living.

Estimating a Living Wage

The process of estimating a living wage necessarily involves establishing the following value judgments:

A meaningful definition of poverty and well-being.

For the purposes of this article, poverty is defined in terms of the consumption of a specified basket of goods. This consumption-based approach was chosen because it identifies and estimates the specific expenses facing the average family, and is based on estimates of actual expenses at the local level.

The level of material well-being provided by the living wage.

The size and composition of the households. The chosen household compositions should be selected to coincide with the demographics of the particular region or municipality in question, in order to target those most at risk. For example, in a city in which single-parent poverty is an issue, a living wage campaign may choose to take as its model a single mother with a child.

Expense categories and amounts for each category. Calculating a living wage requires classifying categories of household expenses

and amounts for each expense. The list of expenses should be comprehensive and detailed.

The number of hours of employment. The calculations are based upon an assumption of full-time equivalents of 37.5 hours per week for 52 weeks per year.

Government deductions, taxes and government transfers. Relevant government transfers, credits, deductions and taxes are factored into the calculation of the living wage.

Research Perspectives

The empirical findings on past living wage bylaws seem to contradict some of the predictions of traditional economic theory. These results were mostly based on studies examining the experience of several US cities with living wage policies. To summarize the findings, we conclude that:

- Affected municipalities seemed to experience minimal job losses. Increased productivity as well as decreased employee turnover and absenteeism appeared to offset the wage increases. Others suggest that other factors in the economy and labour market may have a much stronger influence on employment levels than increasing wage floors.
- The increase of wages does not seem to result in substitution away from low-wage, lower-skilled workers in favour of the higher-skilled.

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SARAH FLATTO & CHRIS CONNOLLY

END POVERTY NOW IS AN ORGANIZATION THAT IS DEDICATED TO THE LONG-TERM BATTLE AGAINST ABJECT POVERTY. END POVERTY NOW REPRESENTS A GROUP OF DEDICATED INDIVIDUALS, MAINLY STUDENTS, WHO WANT TO MAKE A DIFFERENCE IN THE WORLD THROUGH WORKING TO ADDRESS THE CAUSES AND RELIEVE THE EFFECTS OF POVERTY. FOR MORE INFORMATION ON HOW TO GET INVOLVED WITH END POVERTY NOW, CHECK OUT OUR WEBSITE AT WWW.ENDPOVERTYNOW.CA. TO CONTRIBUTE TO THE PRODUCTION OF THE NEWSLETTER, E-MAIL NEWSLETTER@ENDPOVERTYNOW.CA.

Living Wages (continued)

Additionally, minimum wage earners in Canada seem to be primarily adult, have at least a high school education, and/or do not live with parents.

- The city contracting process in the studied cities seemed to experience minimally increased costs (in some cases less than inflation). Any decreases in the number of bids appear not to decrease competitiveness.

- Several reports highlighted positive effects of a living wage increase on the health of the economy. These included stronger firms (as a result of increased productivity, lower absenteeism and decreased turnover), increased circulation of money back into local economies, the opening of new markets, decreased demand for government assistance and some spillover effects to those earning just above the minimum wage.

The Case for a Living Wage

Investigating the theoretical and empirical implications of living wage bylaws has debunked some of the primary criticisms. What follows is an exploration of the moral considerations underlying the push for a living wage. Over the years, the unending drone of inflation has inevitably caused the costs of living in Canada to balloon. This is particularly true in cities where employment and total labour force numbers are high.

The current costs of living—required to ensure a modest quality of life, participation in community life and even the most basic of sustainability—have reached significant levels. The shortfall between the minimum wage and the living wage has become unacceptable.

Another consequence of inflation is its tendency to outpace periodic increases to the minimum wage in real terms. For over two decades since the mid-1970s, a steady trend of declining real wages has taken place. Fortunately, relatively consistent increases in the recent past have prevented further wage depreciation. That said, little has been done to improve the relatively low wages in any sustainable manner, let alone to restore these wages to the more robust levels of the 1970s. In fact, when past minimum wage levels are adjusted to inflation, the contrast between today's wages and those of the recent past becomes strikingly apparent.

So, despite increases in the last decade or so, most provinces have done little more than maintain the status quo of marginal wages established in the 1990s. If wages have been nearly \$10 per hour in the past, surely these

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Centraide Campaign: Where a little really does go a long way

-SARAH FLATTO-

The welcoming United Way logo, the giant red donation meter on Sherbrooke Street and the McGill web site, the line of loonies and toonies lining campus sidewalks during rally fundraising days; all are familiar signs of an active Centraide Montreal campaign. Yet many young citizens are reluctant to donate any part of their already meager savings to a cause that, though seems worthy, does not present them with an immediately tangible benefit.

Fellow penny-pinching students who lack trust funds and painfully skimp on heat in winter for fear of overwhelming Hydro-Quebec bills, fear not! The central crux of Centraide's programs lies not in a flashy societal makeover or a complete eradication of every issue is rooted in poverty. But progressively, surely, and with the fortitude of thousands of donors with an optimistic vision, Centraide is improving our community from the inside out. The clever approach of Centraide is

effectively centered upon a highly organized multilateral distribution of funds that will ensure that your donation actually positively impacts those in need. The scope of Centraide is astoundingly inclusive. Their annual campaign, which generates a staggering response each year (upwards of \$51 million in 2006), is distributed equitably to thousands of agencies, projects, and services in the greater Montreal region.

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levels can be not only recaptured but surpassed to ensure that all workers receive adequate incomes. The number of those receiving sub-standard incomes has reached intolerable levels. It has long been known that women and minority groups constitute a disproportionate segment of low-wage workers. A policy that raises the minimum wage represents a policy that helps to bring these groups back from the margins of wage earners.

What Can You Do To Help?

Learn more about living wage policies and initiatives. There are many resources available, including the selection listed on the back cover of this issue. Contact your municipal council or provincial MLA. Tell them you support the establishment of a municipal living wage policy and an increase to the minimum wage in your city or province. Join the campaign for living wage policies in your region. Get involved. Join organizations who are working together to develop a comprehensive, country- and province-wide poverty reduction strategy.

For more information on Living Wages and Poverty, please visit:

Vibrant Communities: www.vibrantcommunities.ca

Campaign 2000: www.campaign2000.ca

ACORN Living Wage Resource Centre:
www.livingwagecampaign.org

The National Anti-Poverty Organization: www.napoponap.ca

The Common Front for Social Justice: www.frontnb.ca

Canadian Policy Research Networks: www.cprn.org

The Brennan Centre for Justice:
www.brennancenter.org

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Centraide cont.

The self-proclaimed goals of the Centraide program are simple: "To maximize financial and volunteer resources in order to promote mutual aid, social commitment and self-reliance as effective means of improving the quality of life of our community, and especially of its neediest members." The support of a vast collaborative network assists disadvantaged groups in the Montreal community, touching over 500,000 people. The pragmatic outlook of Centraide-sponsored projects ensures that money isn't simply being poured into inefficient or wasteful efforts. It is purposefully applied to initiatives that empower people to become more self-sufficient. This philosophy is manifested in interactive processes such as self-help workshops, communal cafeterias, social work, resolution of family and peer crises, and educational strategies to encourage youths to succeed in school. Though Centraide's aspirations are presented in a highly professional and well-managed program, they are achieved at the grassroots level.

It is essential to keep in mind that improving the world often starts at home. Next time you have an opportunity to donate to Centraide, rest assured that your money will end up where it started, with the right intentions to make a difference. If you are interested in volunteering for Centraide's myriad of projects or if you want more information, visit their website at <http://www.centraide-mtl.org/>.