

2011

**Professional Employees Association
Scholarship Essay**

on the topic:

“BC currently has a minimum wage of \$8 per hour, the lowest in Canada. Do you think this is a positive or negative for those who live and work in BC? Do you think the minimum wage should change? Discuss the impacts of your choice with regards to government, large and small businesses and workers.”

**Jordan Pryce, Grade 12 Penticton BC
March 14, 2011**

Overview

Over the course of the past decade, there has been increasing debate whether British Columbia should raise the minimum wage. In November 2001, the Gordon Campbell Liberal government increased the minimum wage from \$7.60 per hour to \$8.00 per hour (Government of Canada, 1995-2004 Report). At that time it was the highest in Canada and no further increases have occurred since then. Other provinces and territories have systematically raised their minimum wage, so currently British Columbia's ranks as the lowest in Canada.

Background

There are compelling arguments why the minimum wage should change. Proponents advocating an increase have undertaken very well researched studies, polls and analyses to support their case. They consider facts and figures relating to the number of people impacted under the current minimum and training wage allowances. Those in opposition to increasing the minimum wage portray a doom and gloom scenario where small businesses will fail, the economy will tumble and the rate of unemployment will soar. Throughout the discussion however, the missing element is the simple question of what do we, as a mature, empathetic and responsible society, truly want for our children, our youth, our single parents, our immigrant families; all of which are the most vulnerable members of British Columbia's communities. British Columbia proclaims itself as "The Best Place on Earth", and the new Premier Christy Clark ran on a campaign of "Families First" – what do these bold statements truly mean? I contend that the \$8 per hour minimum wage in British Columbia has negative impacts for those who live and work in British Columbia and that the minimum wage should be increased. I will discuss this from the perspective of impacts on government, large businesses, small businesses, and workers.

Government Perspective

The provincial government believes that the current minimum wage is satisfactory, although there is evidence that their approach may be shifting. In March 2010, when the province of Ontario increased their minimum wage to \$10.25 per hour, British Columbia's Labour Minister of the day, the Honourable Murray Coell responded that British Columbia did not need to increase its minimum wage. He argued that his government's tax cuts over the last ten years were so beneficial to low income earners, that a minimum wage increase was unwarranted (Ivanova, April 2010). Since then, the Select Standing Committee on Finance and Government Services' November 12, 2010 report (Province of British Columbia, 2010) makes the following recommendation: *"Increase the minimum wage in small increments with appropriate advance notice."*

Increasing the minimum wage will benefit government and all British Columbians. There will be reduced expenditures on health care and the justice system, and less reliance on other social services that are typically associated with low income citizens. Ivanova's February 2010 paper states: *"A decent minimum wage can be an effective anti-poverty tool and is cheaper than providing direct income supports to the working poor."*

Large Business Perspective

Large businesses can look to their counterparts across the country to understand the impact of an increased minimum wage. There is little evidence to support the contention that increases in minimum wage in other provinces created widespread and significant job losses. Large businesses in other jurisdictions remained profitable even under the trend of an increasing minimum wage. The proportion of minimum wage earners in British Columbia is minimal; in 2009 British Columbia's employed workforce was nearly 2.5 million workers (BC Stats, 2010). According to the BC Federation of Labour (BC Federation of Labour, date unknown), only 63,000 people earn minimum wage. This is a paltry 2.5% of the working population. Even through the global economic downturn which began in 2008, large businesses in British Columbia remained intact and competitive, demonstrating that they can weather changes in the business environment in which they operate.

Small Business Perspective

Can small businesses afford an increase in minimum wage? The argument presented above for large businesses should also apply to small businesses. The small business sector in British Columbia is robust, innovative, creative and resilient. These characteristics alone provide an indication that their response to an increase in the minimum wage would be positive. The province released their annual report "Small Business Profile 2010" in October 2010 (Government of Canada, 2010). This point was affirmed by the statement made by then Minister of Small Business, Technology and Economic Development Iain Black (Province of BC, 2010): *"This annual report shows that small business helped British Columbia pull out of a downturn that brought entire countries to their economic knees. B.C.'s nimble, resilient small businesses are leaders in creating jobs and increasing wages, while boosting our province's GDP and export numbers."*

Worker Perspective

In British Columbia, social justice issues such as child poverty and reliance on social programs are an increasing phenomenon. Increasing the minimum wage would benefit those who are financially needy by increasing the standard of living of those workers. Minimum wage earners still have to pay all of the increased 2011 prices that everyone else has to pay. This is not sustainable. The established minimum wage should be enough to at least put full-time workers over the poverty line. The British Columbia Federation of Labour, who is advocating for an increase in minimum wage to \$10, states (BC Federation of Labour, 2007): *"The \$10 figure will allow single full-time workers to just barely climb above the poverty line set by Statistics Canada. The \$11 rate will raise the income of a single earner family of two above the low-income cut-off."*

Opponents of increasing the minimum wage argue that the majority of minimum wage earners are women who are secondary (and therefore surplus) income earners or teenagers living at home. The reality is that the working poor include low income families who rely heavily

on two incomes to sustain their families and young adults aged 20 to 30 still living with their parents (Ivanova, February 2010).

Children from families stressed by the constant struggle to make ends meet are more prone to issues in school and possibly less attention from their parents – the very threads that create the social fabric we value in this province. The cycle of poverty is vicious and self-perpetuating. People over the age of 20 are more likely to have significant financial and social responsibilities than a teenager. A decent minimum wage would enable young adults to better cope with increased tuition fees, pay off student debt and afford housing; they would ultimately become independent.

Concluding Remarks

Preventing our most vulnerable citizens from earning a living wage is socially unjust. The people who work full-time and are living below acceptable standards deserve to have the same opportunities that every other British Columbian has. The minimum wage must be increased.

British Columbia is a province rich in natural resources and an intelligent, talented and motivated population. With these assets, there is no sound rationale for why any member of our society should be living in deprivation below the poverty line. British Columbia collectively has the resources and capacity to ensure that every citizen has the opportunity to live with dignity and independence. Increasing the minimum wage, long overdue, as evidenced by our fellow Canadians, will only serve to provide our citizens with the tools to develop self-esteem, self-reliance and the freedom to provide for themselves and their families without the crushing burden of poverty. British Columbia truly can put “Families First” and be “The Best Place on Earth”.

Bibliography

Government of Canada, Human Resources and Skills Development Canada. *Hourly Minimum Wages in Canada for Adult Workers* (1995-2004 Report)

<http://srv116.services.gc.ca/dimt-wid/sm-mw/rpt2.aspx?dec=4>

Ivanova, Iglia. *Tax cuts don't make up for BC's low minimum wages* (April 4, 2010)

<http://www.policynote.ca/tax-cuts-dont-make-up-for-bcs-low-minimum-wages/>

Province of British Columbia, Select Standing Committee on Finance and Government Services. *Report on the 2011 Budget Consultations - #37 Community Services Recommendations* (November 12, 2010)

http://www.leg.bc.ca/cmt/39thparl/session-2/fgs/reports/HTML/Rpt-FGS-39-2-1stRpt-Budget2011Consultations-2010-NOV-12.htm#summary_community_services

Ivanova, Iglia – Canadian Centre for Policy Alternatives (BC Office) *Myths and Facts About the Minimum Wage in BC* (February, 2010)

http://www.policyalternatives.ca/sites/default/files/uploads/publications/BC%20Office/2011/02/CCPA_BTN_minimum_wage_facts_2011_web.pdf

BC Stats, Ministry of Citizens' Services. *Quick Facts About British Columbia 2010 Edition* (2010)

<http://www.bcstats.gov.bc.ca/data/qf.pdf>

British Columbia Federation of Labour. *Minimum Wage*, date unknown

http://www.bcfed.com/issues/minimum_wage

British Columbia Federation of Labour. *Make It 10!* (April 4, 2007)

http://www.bcfed.com/files/Minimumwage_campaign_fast_facts.pdf

Government of Canada. Western Economic Diversification Canada. *Small Business Profile 2010*

<http://www.resourcecentre.gov.bc.ca/pdf/SmallBusProfileEngWeb.pdf>

Province of British Columbia, Ministry of Small Business, Technology and Economic Development. *Small Business Driving B.C.'s Economy, Says New Report* (October 18, 2010)

http://www2.news.gov.bc.ca/news_releases_2009-2013/2010STED0035-001278.htm