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British Columbia's Minimum Wage Debate

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British Columbia currently has the highest rate of poverty and the lowest minimum wage in all of Canada. Although the debate around raising the minimum wage is contentious, it is clear that the current rate of \$8 an hour and a training wage of \$6 an hour is no longer tenable. With no changes to the current wage since 2001, BC minimum wage earners have now fallen 15% behind inflation. The minimum wage was introduced in 1918 to protect vulnerable workers from being taken advantage of by their employers. By ensuring that workers in BC receive a wage that keeps those employed full time above the low income cut-off (LICO) level, BC will become a province that recognizes equitable and fair wages and supports a quality of living beyond poverty.

Despite falling to last place among minimum wage rates in all of Canada there are those in BC who argue that the current rate of \$8 an hour should be maintained (Peter). They propose two arguments. First, that there are more jobs available when wages are lower and second, that the current minimum wage limits costs to business. In a research report released earlier this year, The Canadian Federation of Independent Business (CFIB) contends that minimum wage increases tend to hurt the very people they are designed to help. With a 10% increase in minimum wage the CFIB estimates 12,000 to 40,000 jobs could be lost in BC (Jones/Braun-Pollen). The province could see job cuts, hiring freezes and slower economic growth. The CFIB reports that 52% of BC hospitality business owners indicate that an increase in the minimum wage would result in staff cuts and that 62% would also reduce staff hours (Jones/Braun-Pollen).

Those who argue against an artificial increase in minimum wage also point to evidence that suggests the labour market naturally sets wages in-line with skill and experience. As workers develop more advanced skills, wages increase. The market has shown that skilled labour commands pay above minimum wage and, in response, employers will pay higher wages (Peter). An additional argument against increasing minimum wage looks at who BC's minimum wage earners are. 2.3% of BC workers currently earn minimum wage; many of those are young people who are not the main wage earner in their homes (Jones/Braun-Pollen).

Throughout the minimum wage debate in BC strong passionate voices have been heard in favour raising minimum wages to address poverty. The BC Federation of Labour has called the minimum wage in BC a 'national embarrassment' (Stewart). Jim Sinclair, the Federation President, has accused the BC government of "abandoning its responsibility to establish a minimum wage that is fair to the hundreds of thousands of low-wage workers in BC," (Knell). The Federation points out that despite the tough economic climate across the country other provinces have increased minimum wages as part of their anti-poverty strategies. According to economist Iglia Ivanova, the fears of job loss proposed by the CFIB are simply unfounded. In a quotation Ivanova cites from a 2006 statement by 650 U.S. economists, including five Nobel laureates, "A modest increase in the minimum wage would improve the well-being of low-wage workers and would not have the adverse effects that critics have claimed." (Ivanova (1)). Ivanova suggests that the key is implementing a modest increase. As businesses in other provinces with higher minimum wages have demonstrated it is possible to increase the wage in BC and have business remain viable. It is simply inexcusable for the minimum wage to remain as low as it currently is.

Current leadership within BC's political parties have indicated support for increasing the minimum wage. A recent headline in the Vancouver Sun sums up political sentiment on the issue: "Minimum wage increase in BC: No longer an 'if,' but 'how much?' and 'how fast?'" (Cayo). The Canadian Center for Policy Alternatives (CCPA) suggests that BC develops a rationale for setting the minimum wage. They propose the rationale be based on a goal of poverty reduction. In order to do this most effectively, the minimum wage should be set above the current LICO level and indexed to inflation; "A single person working full-time year-round should earn (at least) enough to live above the poverty line." (Ivanova (2)). Ivanova suggests this translates to an increase from \$8 per hour to \$11.11 per hour. She recommends an immediate increase to \$10 per hour with additional increases spread throughout the year to bring the minimum wage up to the poverty line (Ivanova (1)).

Along with resetting the minimum wage further action on addressing rates of poverty in BC could be taken. Laura Jones of the CFIB suggests that there is even more that can be done to support low wage earners. She points out that, "Several recent studies suggest that training and education can better help those permanently in low-wage jobs transition to higher paying positions. This combined with tax relief seems like a more effective, targeted way to help those most in need," (Jones/Braun-Pollen). While it is widely known that education can be the ladder out of poverty, it is often our students who are minimum wage earners and facing overwhelming debt. As well, "few people will argue in favour of maintaining a group of working poor." (Ivanova (2)). As BC has a cost of living that is the highest in the country, and the lowest minimum wage, it is no longer feasible for the minimum wage rate to remain as it is. As businesses in other provinces have shown it is possible to pay higher wages, remain successful,

and support anti poverty strategies. According to Willams-Derry from The Daily Score, such a move would, “turn BC from laggards into leaders.”

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