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Op-Eds

Low minimum wage impedes BC’s economy

It’s September 15, and today BC’s lowest paid workers get a raise. That’s right, today is the day that the minimum wage increases by a whopping 20 cents – from $10.25/hr to $10.45/hr.

But before we celebrate this raise, let’s put it in context.

There are more than 110,000 working people in BC earning the minimum wage. And despite the common stereotype, they are not all young people, living at home and saving up to buy another video game.

In fact, nearly half are over 25 years old.
Almost 2/3 are women.
And more than 12,000 are over 55.

The reality is that minimum wage earners are mothers and fathers, they are students putting themselves through school, and even seniors who can’t afford to retire.

And right now, a minimum wage earner, working full-time, is living $6,000 below the poverty line.

The government’s pathetic 20-cent lift will do nothing to help these hard-working people make ends meet. In fact, it will only serve to deepen the already stark income divide in BC.

Even organizations not traditionally seen as champions of poverty reduction efforts are sounding the alarm bells that increasing poverty is hurting economic stability.

For example, a recent report by five economists with the International Monetary Fund (IMF) claims, “increasing the income share of the poor and the middle class actually increases growth while a rising income share of the top 20 percent results in lower growth—that is, when the rich get richer, benefits do not trickle down.” (Causes and Consequences of Income Inequality: A Global Perspective. June 2015)
In essence, raise the wages of low-paid workers if you want to see economic growth.

One of the solutions to the growing crisis of poverty and income inequality is to increase the minimum wage to $15/hr.

The movement to a $15/hr minimum wage is sweeping across North America – Alberta, Seattle, San Francisco, Los Angeles, and now New York City have all put plans in place to bring the wages of the lowest-paid workers above the poverty line.

Seattle, for example, will reach $15/hr by 2017.
Alberta will get there by 2018.

BC, on the other hand, under the current plan put in place by Christy Clark, will reach $15/hr by 2034.

We are simply way behind the times – and real people are struggling as a result. In fact, by the end of 2015, BC will be 12 out of 13 provinces and territories when it comes to minimum wage rates.

We will have the second lowest wage, but the highest cost of living.

That doesn’t make sense. And it certainly is not sound economic management.

We hear the sky-will-fall predictions from the critics of higher wages all the time. How will business survive?

But flip that question on its head – how will businesses survive as more and more people have less and less disposable income to spend? We must stop thinking in the short-term, and consider the

long-term health of our economy.

Make no mistake, low-wage workers are not hiding money in offshore accounts. They spend every penny of what they earn in the local economy. They buy more groceries, they take their kids to movies, they eat out more often - all the things we need people to do to keep the economy healthy and sustainable.

In BC, more than 500,000 people earn less than $15/hr – that's one quarter of all working people. And in the simplest of terms, if you earn under $15/hr you are likely struggling to make ends meet. You may even need to work more than one job to support your family.

There is a cost to poverty, that research has been done time and again – and it's a cost we all pay as taxpayers.

Basically, we can't afford not to increase the minimum wage to $15/hr.

Other jurisdictions have put into action phased in plans that work for their communities. We should be reviewing these different roadmaps and having an earnest discussion about the best way forward for British Columbians.

This is no longer about BC being a leader. We are far from leaders on this issue. It is about BC playing catch-up, and Premier Clark realizing her views on minimum wage and minimum wage earners are outdated, and worse, detrimental to our long-term economic success.

It is time we build an economy that works for everyone.

To learn more about the BC Federation of Labour's campaign to increase the minimum wage, visit www.fightfor15bc.ca

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