

# Pushing the Envelope: Defining and Fighting for a Living Wage Priority #2: Demand More From the System, Not Less, Despite the Crisis

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company that it would not agree to a roll-over that would break the western pattern.

In the countdown to the expiry of the industry agreements on May 1, 2009, the drama surrounding AbitibiBowater's attempt to refinance debt at the risk of bankruptcy has once again raised the stakes. In a bankruptcy-driven restructuring, should the union then roll back wages and benefits at some mills? Would it be any more likely in that situation that concessions could save jobs?

The CEP's paper industry caucus has made a choice to hold the line and, to this point, they have not crossed that line. The caucus is convinced that if separate deals to save mills undercut their industry agreement, not only wages and benefits, but the overall pattern bargaining system and the caucus itself will be undermined.

Dave Coles' prediction that the union's paper caucus will be smaller when it emerges from the crisis is certain. But if it does so with pattern bargaining intact and without sacrificing its basic wages and benefits, tens of thousands of pensioners and the next generation of workers will owe these union leaders a great debt. By holding the line on our existing standards, defensive struggles against concessions – even if they involve plant closures and job losses – will be historically important in both preserving the value of our movement's past gains, and in demonstrating concretely that workers will not pay (through concessions) for a crisis they did not create.

## ***Pushing the Envelope: Defining and Fighting for a Living Wage***

Priority #2: Demand More From the System, Not Less, Despite the Crisis

### **Marcy Cohen**

Families who work for low wages face impossible choices – buy food or heat the house, feed the children or pay the rent. The result can be spiraling debt, constant anxiety and long term health problems. In many cases it means that the adults in the family are working long hours often at two or three jobs just to pay for basic necessities. They have little time to spend with their family, much less to help their children with their school work or participate in community activities.<sup>9</sup>

THESE WORDS APPEAR in the introduction to a recent report from the BC branch of the Canadian Centre for Policy Alternatives calling on private and public sector employers in Vancouver and Victoria to pay their direct and con-

9. Tim Richards, Marcy Cohen, Seth Klein, and Deborah Littman, *Working for a Living Wage 2008: Making Paid Work Meet Basic Family Needs in Vancouver and Victoria*, Canadian Centre for Policy Alternatives (Vancouver 2008), 6.

tract employees a “living wage.” The living wage initiative differs in a number of ways from the labour movement’s traditional demand to increase the minimum wage. The minimum wage sets a statutory minimum below which the wages of an individual cannot legally fall. The living wage, on the other hand, addresses the adequacy of wages. It focuses on the basic economic needs of families, and is directly tied to the actual cost of living in any given community.

In BC, as in the rest of Canada, the majority of families are falling behind compared to a generation ago.<sup>10</sup> They are working longer hours and yet find it harder to make ends met. With the economic downturn, this situation can only get worse. Organizing in support of the living wage concept provides a way for unions to build alliances with community partners – in contrast to employers and government, who will try to manage the economic crisis by limiting the earning power of low-wage families.

We know, based on a growing body of evidence, that children from low-income families are less likely to do well at school, have lower literacy levels, and are more likely as adults to suffer from job insecurity, underemployment, and poor health.<sup>11</sup> Ensuring that families with children have a living wage is therefore a sound, far-sighted public policy.

The principles underlying the living wage build on the work of Harry Arthurs, who recently reviewed the Canadian federal labour standards. He argues that no matter how limited the bargaining power of a worker, “no worker and by implication their family should receive a wage that is insufficient to live on.... or be required to work so many hours that he or she is effectively denied a personal or civil life.”<sup>12</sup>

The living wage is defined as a wage sufficient for working families to pay for basic necessities, support the healthy development of their children, and participate fully in their communities without experiencing undue stress. A living wage is calculated with reference to families with young children. But the intent is to ensure that the wage level is adequate to support families throughout their life cycle. The living wage concept is relevant even to families without children – so that young people, for example, are not discouraged from having children, and older workers are able support a family member with chronic ailment or disability.

In the CCPA report, therefore, the calculation of the living wage is based on a family with two parents and two young children, with both parents working full-time and year-round. We recognize, of course, that there is a diversity of

10. Armine Yalnizyan, *The Rich and the Rest of Us: The Changing Face of Canada's Growing Gap*, Canadian Centre for Policy Alternatives (Ottawa 2007), 3.

11. Health Officers Council of British Columbia, *Submission on Child Poverty to the British Columbia Conversation on Health* (Vancouver 2007), 4.

12. Harry Arthurs, *Fairness at Work: Federal Labour Standards for the 21st Century*, Human Resources Development Canada (Quebec 2006), 47.

family forms. Making ends meet will be even harder for families with only one wage-earner, or for families with more than two children, or families facing other special needs (such as disabilities or elder care needs). The two-parent two-child household is just a prototype, that allows a certain economic standard to be defined, but we must never forget that different families will have different needs.

The living wage must provide for necessities like housing, food, clothing, child care, and transportation expenses. But it does not include money for saving for a down payment on a house, making debt payments, or saving for retirement. Amounts set aside for recreation, education, vacations, and emergencies are minimal. In other words, the living wage provides only for a very modest, bare-bones budget, lacking many of the features of life that many Canadians take for granted. For Vancouver in 2008 the living wage was \$16.74, and for Victoria it was \$16.39. A similar report was published by the CCPA to estimate a living wage for Toronto, which was set at \$16.60 for 2008.<sup>13</sup> In each case, the living wage is the wage *each* of the two parents would have to earn, working full-time for the whole year, to support their family at the basic standard of living specified in the report. For those experiencing temporary, seasonal, or precarious employment, even a living wage won't allow them to meet the minimal living standard (since one or both of the parents won't have enough hours of work to reach the required income).

Public service provision has a tremendous impact on the level of the living wage. After all, many of the components of necessary family consumption depend in whole or part on services provided by governments – including health care, education, public transit, and child care. The more extensive and universal these public services are, the less individuals have to pay for those things, and hence the lower the level of private income that must be attained (through employment) for the family to adequately support itself. Similarly, tax and transfer policies (such as the Canadian Child Tax Benefit) also affect the level of income that must be generated through employment for a family to reach the minimum living standard. This dimension of the living wage analysis provides an important opportunity to explain how strengthening public programs is as important as winning higher wages for enhancing the living standards of working families.

The idea of the “living wage” is relatively new in Canada, but in the US more than 120 cities have passed living wage ordinances (requiring public contractors to meet that minimum standard in their own hiring). Similarly, in Britain many leading public and private sector employers pay living wages to both their direct and contract employers. For example, in London the Greater London Authority is a living wage employer, and as the host of the 2012

13. Hugh Mackenzie and Jim Stanford, *A Living Wage for Toronto*, Canadian Centre for Policy Alternatives (Ottawa 2008).

Summer Olympics, the city has agreed to pay everyone working at the site the London living wage.

In a time of economic hardship, fighting to define and promote the concept of a living wage is more important than ever. We can highlight the social costs that result from poverty among working families. By the same token, we can point to the fiscal savings to government that will result when those social costs are avoided, thanks to decent living standards among working families. We can also emphasize the benefits of better pay for local economies. It is well known that low-income families spend most of their money locally, on the necessities of life (rather than on foreign travel and imported luxuries). Every dollar put into the pocket of a low-wage worker multiplies as it circulates among local businesses and services. And businesses that have agreed to pay living wages report higher productivity and reduced turnover among their workers.<sup>14</sup>

In BC (and in Ontario), the living wage was defined at a level that is roughly twice as high as the legal minimum wage. It may seem audacious to demand, in essence, a *doubling* of the minimum standard that we expect workers to be able to earn. But this is both a legitimate demand, and a strategically important one, for the labour movement to advance. The living wage demand pushes the envelope, which is crucial at a time when many workers (and their unions) are likely to feel naturally defensive. Through living wage campaigns, we can highlight that wages for a very large share of workers in our economy are not enough for a family to support itself at a very basic standard of living – even with two parents working full-time, full-year. (Barely more than half of employed Canadians earn a “living wage,” by the standard defined in the CCPE studies.) We must challenge governments to address this fundamental failure of the labour market (by increasing the statutory minimum wage; by supporting collective bargaining; and by expanding the provision of social programs and services which, as noted above, supplement the living standards of working families). We must also challenge employers, by demanding that they pay living wages to their workers. That demand has an extra degree of moral credibility when it is backed up by a concrete, item-by-item description of the cost of running a household and raising a family.

For example, the living wage was a key bargaining demand in the April 2009 contract talks between the Hospital Employees Union (HEU) and the three multinational service providers (Sodexo, Aramark, and Compass) that have been contracted by regional health authorities to provide cleaning and food services in hospitals in the greater Victoria and Vancouver regions. Although these workers – mostly immigrant and visible minority women with children – have little traditional bargaining power (they are considered an essential service and hence have no right to strike), the union did succeed in negotiating increases that will bring these workers very close to the living wage in just

14. Tim Richards *et al.*, 39–40.

over two years. The demand that these companies pay a living wage, backed up by careful, community-specific research that defines that standard, was a powerful tool in the HEU's successful campaign. The victory would not have been possible without a systematic educational and organizing campaign that connected union members with community partners (such as child poverty and faith based groups, teachers, municipal councils, etc.), and provided the union with many opportunities to talk with health authorities, MLAs, and the public about the link between low wages, high turnover, and poor cleaning standards in hospital.

Even in non-union settings, the living wage can be a powerful rallying point. In Vancouver, anti-poverty advocates have begun targeting employers (including municipal government, private companies, and high-profile non-profits like the VanCity Credit Union) to meet the "living wage" challenge in their own employment practices.

It is often said that the best defense is a good offense. The labour movement must point out that even *before* the onset of the current crisis, millions of working Canadians did not earn enough from their jobs to cover the basic necessities of life and community participation. The living wage initiative is an example of what can be achieved, even in a challenging economic climate, when unions work with the broader community around an issue that touches so many – the daily struggle of so many Canadian families to pay their basic bills.

## ***Employment Insurance: Liberal Design, but Harper's Downfall?***

Priority #3: Set Winnable Goals, and Mobilize to Win Them

**Lana Payne**

IT IS A STRANGE SORT of irony; some might call it hypocrisy. But then politics is full of such happenings.

Canada's lean-and-mean Employment Insurance system is the product of painful changes implemented largely under a Liberal federal government in the 1990s. Yet now it is a Conservative government facing intense pressure – from the labour movement and all three opposition parties (*including* the Liberals) – to undo some of those painful changes, or else potentially face being turfed from office. But this is more than just another story of political duplicity. It is a story of how fighting back makes a difference, of how years of patient educating and organizing can pay off, finally, in the potential to win incremental, but important reforms. And in this context, the EI struggle has a