Growing Number of Workers Low Paid, Without Rights and Benefits

November 14, 2003 – Two million adult workers in Canada today (that's one in six workers) earn less than $10 an hour. Barely enough to sustain an individual, let alone a family, or lift them out of poverty.

Many of these workers are not protected by employment standards legislation. Many are not eligible for benefits like extended health care, dental care, sick leave, disability and life insurance and pension plans. Many fall through the cracks where public programs, like EI and public pensions, are concerned. Two-thirds of them are women.

"Labour market policies are failing the growing number of Canadians in non-standard jobs, and many others as well," says Ron Saunders, Director of CPRN's Work Network, and author of the first in a series of papers on the predicament of Canada's "vulnerable workers".

In his paper, ***Defining Vulnerability in the Labour Market***, Saunders describes vulnerable workers as "those whose participation in the labour market leaves their well-being at risk, because they have difficulty accessing work that is decently paid and/or offers conditions of work that meet basic social norms."

Full-time, permanent, paid employees now represent only 63% of the total work force. The remaining 37% are either self-employed or work at part-time or temporary jobs.

"Policies designed in an era when it was assumed that every family would have a principal wage earner with a well-paid, full-time job, who could access benefits and rights on behalf of the family," says Saunders, "no longer meet the needs of a significant portion of the workforce."

It is important to note that not all those with non-standard jobs are vulnerable workers, self-employed professionals, for example. At the same time, there are workers in traditional employment relationships who are vulnerable to low wages and standards and a lack of benefits.

Saunders points to the impact of globalized markets, technological change and demographic factors in exacerbating conditions facing vulnerable workers.

Mobile capital, mobile jobs, and demands for workplace flexibility in the face of increased foreign competition, have reduced workers' leverage. They also produce greater income inequality between low and high skill workers in high-wage countries like Canada. Technological change demands higher skills and adaptability. Finally, demographic change places new demands on the family. Eighty per cent of women with school-aged children have jobs outside the home, while 14% of all families are headed by single parents, usually women. Support for family care-giving is inadequate.

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The current paper defines some of the dimensions of vulnerability in the workforce, identifies a need for public policy responses and action by employers, and points to areas for further research.

Among the policy responses worthy of further investigation are:

- Extending the scope of coverage of statutory minimum standards to include more non-standard employment relationships.
- Improving compliance with existing employment standards, to protect workers unaware of their rights or fearful of making them an issue.
- Encouraging employers to offer decent pay and better access to non-statutory benefits. Evidence suggests this can be a win-win situation.
- Increasing the minimum wage.
- Providing better access to training for those in low-paid jobs.
- Tax relief for the working poor, effectively increasing the rewards of work, and
- Wage supplements to help move people from social assistance to work.

The reasons for improving the pay and working conditions of vulnerable workers go beyond a matter of fairness to the individuals involved.

“There is evidence that improving the quality of jobs boosts economic productivity (in both the firm and the economy), as well as social well-being,” says Saunders. “This is every bit as much an economic project as it is a strictly social one.”

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