

Decades of Stagnation: Low-paid Work in Canada

Ottawa – Canada’s economy has persisted in paying poverty level wages to one in every six full-time workers for more than twenty years. This, despite an increase of some 43% in Canada’s standard of living over the same period.

“Low wages play a bigger role in our economy than they do in many other industrialized countries,” says Ron Saunders, author of a new study from CPRN.

In *Does a Rising Tide Lift All Boats? Low-paid Workers in Canada*, Saunders, Director of CPRN’s Work Network, profiles those who work full-time for less than \$10 an hour (full-time students excluded), and assesses their ability to improve their situation.

“We’ve seen the Canadian economy grow significantly, the unemployment rate fall, and the level of education rise over the past two decades,” says Saunders. “So, you might expect real wages to rise and the proportion of low-paid workers to fall. Not so.”

Real wages have stagnated or fallen in many cases and low-paid workers, especially, have been left behind. The same percentage of full-time workers who received poverty wages in 1981, receives poverty wages today.

Among Saunders’ findings:

- More than 16% of full-time workers, aged 15-64 were low-paid in 2000, almost the same as in 1981.
- The young are especially likely to be low-paid, almost 50% of the 15-24 age group.
- Women are more likely (22%) to be low paid than men (12%).
- Low-paid work is persistent – half those who are now low-paid will not see better wages in the next five years. Most of them are women with low education.
- 25% of recent immigrants, versus 16% of Canadian-born workers, are low-paid, with visible minority immigrants even more likely to be low-paid (almost 1/3).
- Lone parents (23%), unattached individuals under 40 years of age (25%), and persons with a disability (20%), are also disproportionately low-paid.
- Full-year, full-time Aboriginal workers earn on average 23% less than their non-Aboriginal counterparts.

- Education matters, but it's not a cure-all. High school leavers are four times as likely, and those with only a high school diploma are three times as likely, as university graduates (6.5%) to be low-paid.

To compound the problem, Saunders finds that 30% of those who are low-paid also live in families with poverty level incomes, and low-paid jobs are characterized by poor access to non-wage benefits, employer-sponsored training and union coverage. Finally, cut-backs in social support programs during the '90s, have left low-paid workers with few levers to improve their situation.

The result is a persistent under-class of full-time workers with multiple disadvantages, unable to access the economic and social benefits of work that other workers take for granted.

How has this happened?

“In part, it's a reflection of the competitive pressures in a globalized, free-trade environment, along with the recent erosion of our social support systems,” says Saunders. “But it also reflects our assumption that an employment contract is a reliable source of well-being. For a growing part of our labour force that is simply not the case.”

Saunders calls on employers and governments to revisit their assumptions and to develop new policies to ensure that full-time workers can reasonably look forward to a life free from the threat of poverty.

“Canadians expect no less,” he says.

The next study in this CPRN research series will explore policy options to achieve that end.

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CPRN is a national not-for-profit research institute whose mission is to create knowledge and lead public debate on social and economic issues important to the well-being of Canadians, in order to help build a more just, prosperous and caring society.

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