

## How to Help Low-Wage Workers

There were headlines a week ago: *In rich Canada, welfare worsens*, the very poorest are getting poorer. We should also be aware that too many Canadians working full-time jobs are living in poverty too.

On Labour Day, we salute working people and we honour the struggles by organized labour to secure decent wages and working conditions for workers everywhere. But we need to recognize that even today, in our rich country, which has seen strong economic growth for many years, work is not always rewarding.

About one in six full-time workers earns wages so low that an individual living in a city would have difficulty making ends meet on that income. Those with other earners in the household generally are able to avoid poverty. But almost half the people earning low wages at full-time jobs are the major income earners in their family. And many people get stuck on low-wage jobs for long periods of time, with poor or no supplementary benefits, and little access to training that could help them improve their skills. These workers are ‘vulnerable’ in that their well-being is at risk, even though they are working. They do better if they belong to a union, but relatively few low-wage workers are unionized.

When people talk about “work” today, it’s about skills shortages – workers are in demand. But the rising tide is not lifting all boats.

Vulnerable workers are locked in a Catch 22 situation. They cannot earn enough to make a decent life, they have limited access to training and education which would improve their chances of a good job, and many are excluded from basic social protections (such as employment insurance) by outmoded eligibility rules. The result is that many of these working people are worse off than others on social assistance. This also means wasted productivity and potential. When workers are treated fairly, absenteeism and turnover fall and commitment to the employer improves. This, in turn, encourages both workers and employers to invest in developing people’s skills.

The experience of vulnerable workers is part of the breakdown of our income security system documented by the Task Force on Modernizing Income Security for Working Age Adults (MISWAA) in its report, *Time for a Fair Deal*. The Task Force included representatives from major employers, labour unions, policy institutes, academia, community organizations, advocacy groups, foundations, and individuals with first-hand experience of income security programs. Everyone involved agreed that the current income security system is broken.

Canadian Policy Research Networks, which participated in the MISWAA project, has examined the question of how we can help vulnerable workers realize their potential. Our conclusion, based on research on the experience with policy instruments here and in other countries, is that action is needed on four fronts:

1. **Adequate income.** The combination of market wages, plus any government income supplements for the working poor, should be enough for someone working full-time and living by themselves to avoid poverty. This means that governments need to develop an income-supplement program. But the research evidence also tells us that there is room for higher minimum wages in Canada with little risk of job loss.
2. **Basic protections regarding conditions of work.** All employees should have access to basic protections (such as minimum wages, overtime and vacation pay, public holidays, and job-protection for maternity or parental leave) that are enforced. It is not enough to wait for complaints from the vulnerable. Governments need to take active measures to obtain compliance with employment standards laws.
3. **Basic social benefits.** All workers (and arguably, all individuals, whether working or not) should have access to benefits and supports – such as coverage for catastrophic pharmaceutical costs, access to affordable housing, access to good quality, affordable child care - that are important to well-being.
4. **Opportunities to move up.** Workers who are low paid or able to find only part-time work should have opportunities to improve their labour market prospects. The best way to do that is provide these people with opportunities and incentives to upgrade their skills.

There is no quick and easy way to meet these four policy objectives. Vulnerable workers are a highly diverse population and their needs vary tremendously – some need training, some need better housing and care-giving services, others need recognition for credentials they have already earned or a reliable package of employment benefits. Meanwhile, employers face competitive constraints and governments face financial limits. It will take a comprehensive, multi-layered, response to make a difference, using a variety of policy instruments. Labour Day 2006 is a good day to start.

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