



Front Desk Staff, Strathcona Hotel 2004

## Spare Change: Raising the minimum wage is only a start

By Wayne Arthurson Photos by Pieter de Vos

STORIES ABOUT THE GROWTH AND THE PLIGHT OF THE WORKING poor have appeared in almost every major newspaper and magazine since governments across the country decided to pay more attention to business interests, accountants and tax cutting advocates. Some stories even have those competing, ubiquitous quotes from the left-leaning Parkland Institute and right-facing Fraser Institute. But this won't be one of those stories.

The minimum wage in Alberta is \$5.90 an hour and it was stuck in that spot from 1999 until 2005. Thanks to Ralph Klein's generosity for Alberta's 100th birthday, the rate is going to rise to \$7 an hour. But for the last five years, it was the lowest in the country. Here's the arithmetic: at \$5.90 per hour, a worker's annual salary is \$12,272 or \$1,022 a month, gross. With Klein's new increase, the annual minimum salary will be \$14,560 or \$1,213 a month, gross.

If this were a regular journalistic article, this is where you would start reading about someone trying to survive solely on minimum wage. I knew the type of person I wanted to find for this story. I wanted to find someone who was working really hard at a low-paying job, yet barely making ends meet. A person whose life and struggle I could summarize in the space of two or three paragraphs, give or take about 150 words. A person who didn't fall into the government's assertion that minimum wage earners are young and only work part time. I wanted someone over the age of 25 and working full time at \$5.90. If she were a single mother, that would make the story even more compelling.

She would be the "new face of minimum wage," the title I had in my head several times. It's a little harsh, but this is the way journalists think sometimes; it's good when we find someone suffering in order to make our point.

But I couldn't find such a person. I did find folks working at minimum wage, but I couldn't find the proper person to give this story the punch it needed. I really did look for that subject; I contacted friends, family, colleagues, social organizations etc., and employed a good chunk of my investigative journalism skills to find someone to fit the correct profile for this story. But no such luck.

It's not that these people don't exist. According to the most recent Minimum Wage Profile from the Government of Alberta, there are about 11,000 people, or 0.9 per cent of our workforce, working for minimum wage. More than half of those, 52.6 per cent, work part time, so that still leaves about 5,200 people working full time at \$5.90 per hour. For many of those workers, the minimum wage job is not their only source of income, and some of those still live with parents who take care of the major expenses. Alberta doesn't keep figures on that, but in B.C. (where the minimum wage is \$8 per hour unless you're just starting in the workforce; then it's \$6 per hour for your first 500 hours of work), they've determined that about 40 per cent of full-time minimum wage earners rely solely on that income.

So the person (or persons) I was looking for does exist. I just stopped looking for them. My search ended when an employee

at a food bank said, “We’re not comfortable about asking our clients to share their stories and explain their reasons for using our services.” It dawned on me that in my effort to show that the Alberta government was a bunch of misers in keeping the minimum wage at \$5.90 for more than five years, I’d hoped to use the working poor as the ball in play during a game of political football. Some people’s lives are difficult enough without some journalist coming around in order to score points.

So if you want to know what it’s like to live on minimum wage and only minimum wage, you’ll have to work that out for yourself. Take that gross income figure we worked out: the annual \$12,272 salary of a minimum wage worker. Divide that by 12. Then look at your expenses for last month—rent or mortgage, groceries, utilities, loan payments, entertainment etc.—and see what happens.

Did you pay all your utilities?

Can you afford car insurance?

Gas?

What about food?

Can you pay your rent/mortgage, your utilities and still afford the same groceries you bought last month?

Is there anything left over for savings and investments?

And remember, that figure we worked out was gross income, before taxes. The take-home pay of an Alberta minimum wage worker is \$5.28 an hour (now \$6.01 because of Ralph’s gift) and the annual salary for that is \$10,567 (or \$11,539 once the new rate is in place). Adjust your spending accordingly.

“If you have a person who works at a minimum wage job at 40 hours a week, they cannot afford basic housing. You have to be at twice minimum wage to be able to afford the costs of living in Calgary, but who’s going to agree to raise the minimum wage to 12 bucks an hour? As soon as you start talking about that, the business community will be up in arms, and rightfully so,” says Dr. Kathleen Cairns of the University of Alberta. Dr. Cairns is the author of a major study on homelessness in Calgary and says people who live on minimum wage not only have a tough time paying their bills, they can’t build enough financial reserve if something goes wrong. “If they work 80 hours a week, they still don’t make it to the poverty cutoff. So what we have is people falling into homelessness due to some financial or health problem, or job loss, and then taking much longer to get out of it than what would be possible if we had higher rates of minimum wage.”

At their spring 2004 policy convention, Tory party faithful passed a motion suggesting the minimum wage be raised to \$6.25 in 2004 and again to \$6.50 per hour in 2005. It was a gesture to show that even low wage earners could benefit from the Alberta Advantage. Some MLAs I talked to, from both sides of the Legislature, suggested that Alberta review its minimum wage annually, and raise it based on the increase in the cost of living.

But until recently any suggestions to increase minimum wage fell on deaf ears. For the past number of years, Clint Dunford was Minister of Human Resources and he was always a staunch supporter of keeping the minimum wage at \$5.90.

“If someone is working at a minimum wage job, and I’m not talking about with commissions or tips—the minimum wage is the only thing on their pay stub—then they should seriously consider looking for another job,” Dunford said. “I mean they shouldn’t quit their job, they should keep on working but in their spare time, they should look for another one with a better rate of pay.”

Dunford, who is now Minister for Economic Development, said that Alberta’s booming economy gives people plenty of room to move out of their minimum wage job. “In most cases, (employers) are being required to pay a lot more than the \$5.90, so there would be room to move without having any impact. But then what kind of game is that being played?” explained Dunford. “All of sudden somebody’s trying to get me to admit that somehow I’m embarrassed about Alberta being last. I’m not embarrassed. Alberta’s first. Alberta’s first in terms of people working, first in especially youth getting into the workplace; that’s what I think is important. But let’s allow the market to work, because to me it’s more important that people got jobs than it was necessarily what the rate was for starting out. And I think it’s important that the best social program in the world, I’m sure everybody will agree, is your own job. So I don’t want to monkey with the minimum wage right now if it prevents, especially young people, from getting started.”

That’s the argument used over and over again: if you raise the minimum wage, young people suffer. In the preamble to its annual minimum wage profile, the Alberta government states that minimum wage earners are most likely to be between the ages of 15 and 19. But if you check the actual numbers, most minimum wage workers—59.2 percent—are over the age of 20. Furthermore, 47.5 percent of Alberta’s minimum wage earners are over 25. But the argument of suffering youth persists.

“The evidence is overwhelming and I believe there is a near complete consensus among economists on what happens when you increase the minimum wage,” states Jason Clemens, director of fiscal studies at the Fraser Institute in Vancouver. “Certainly you’re going to increase unemployment for younger workers and low-skilled workers. You are certainly going to divert moneys away from fringe benefits like on-the-job training and education programs, and you’re certainly going to increase the incentive to high school dropouts.”

Here’s how that reasoning works: potential dropouts see that on a low minimum wage they can’t afford an apartment, food and an X-Box, so they stay in school. But if you raise the minimum wage to \$7 an hour, as was announced in March, then the extra \$1.10 an hour will cause kids to leave school. Of course, this theory doesn’t take into account that a high school dropout can get \$7.50 an hour working full time at McDonald’s and a heck of a lot more as a labourer in Alberta’s vibrant oilpatch or home construction industry.

Todd Hirsch, chief economist for the Canada West Foundation, says the typical arguments of why we shouldn’t raise the minimum wage don’t really work for Alberta just now. “As an economist, I understand all the arguments of why we’re not supposed to raise the minimum wage, and the idea is that we’re going to cause unemployment in low-wage workers. And while that may be true, in Alberta our problem now is not unemployment,” he says. “For one thing, very few people make minimum wage, so it’s almost a moot point because raising the minimum wage is not going to be affecting that many businesses. That’s what the Alberta Advantage is all about. We’ve got low corporate taxes, and if the government needs to lower them for small business because there is going to be a disproportionate number hurt by (a higher minimum wage), that’s okay. If you raise it to \$7 or \$7.50, it’s not going to be Armageddon and nobody’s going to die from it. The Alberta government has always instituted a

**"If someone is working at minimum wage, then they should seriously consider looking for another job, They shouldn't quit, they should keep working but in their spare time, they should look for a better paying job." — Clint Dunford**



Waitress Patricia Talarico, Tony's Pizza & Italian Restaurant, 2005

minimum wage; the government thinks enough about minimum wage to have it, then why hasn't it been adjusted for five years? There's been more than 10 per cent inflation for five years, you'd think there would some adjustment. At least we should be on par with the Atlantic provinces. Otherwise, if they're not going to do anything about it—I'm embarrassed by it—then just get rid of it altogether."

Another economist argues that raising the minimum wage would in fact have a reverse effect than expected for business. "Most businesses will factor in the wage costs, and we're not talking about huge increases in most cases. Beyond decency, there is reasonably good evidence that higher minimum wages (and wages overall) are economically beneficial, as they stimulate local markets. There are likely to be spinoff effects as more money circulates to buy goods and services, so some small businesses might even benefit in the long run," says Trevor Harrison, a professor at the University of Lethbridge and former researcher with the Parkland Institute. "Alberta's mythology of being self-made and not needing government help (and the corollary that anyone who isn't well off has only themselves to blame) is fed by politicians who ignore the poor and play the working poor off against the welfare poor. The low unemployment rate also reinforces the notion that anyone can get a job if they want. But what kind of job?"

Yeah, what kind of job is your typical minimum wage job? In my search for the perfect full-time minimum wage earner, I was told by many to hang out at mall food courts, or find someone who works at McDonald's. It's true that the term McJob is used to describe a low-paying, dead-end position, but people who work at McDonald's, Wendy's and other fast food places make more than the minimum wage. The starting wage for a full-time employee at Mickey D's is \$7.50. Even Wal-Mart prides itself in saying that it pays starting employees more than the minimum wage, but they won't say how much. And you gotta start as a part-timer first before working your way up to full-time hours.

So who is a typical minimum wage worker? According to the Alberta Minimum Wage Profile, he or she is over 20 and working in the service sector, mostly food service or retail.

In a funky new restaurant in downtown Edmonton, one of those new downtown spots where the evening crowd is overtaking the lunchtime group as the downtown starts to liven up after 5 p.m., work Martha and Henry (not their real names, obviously). In a sense, they are typical full-time minimum wage earners: mid to late 20s and working in the service sector. Both are veterans of the restaurant business: Martha has been a server since she was 18, while Henry has bartended throughout western Canada. "You don't say being a waitress is your career, but when you've been doing it as long as I have, I guess it is my career," Martha says.

Both make \$5.90, but they really don't care what their pay stub says because the bulk of their income is derived from tips. "You could raise the minimum wage tomorrow to seven bucks an hour and the most it will mean to me is another bag of groceries a month, or maybe another night out," says Martha, who estimates that about 70 per cent or more of her \$30,000-a-year income is in tips. "But with tips, you never really know from one day to the next what you'll be making, so you can't really plan anything."

"I'd keep my tips and give up the wage if it meant I would get benefits, because benefits would be much better. I haven't been to the dentist in years," says Henry. "But the big problem I got with minimum wage is credit. Banks won't even look at you for any kind of credit."

Martha nods in agreement. "I can never get credit, can't get



Bartender/waitress Aaron Meckling, Chicago Joe's Pub, 2005

## Children need to be raised in conditions comparable to the children they share their schools with, so they can begin and end at the same level.

a loan to buy a car, can't get a credit card. I've been working full time since I was 18, but I've never ever had a credit card."

Since most of Martha's and Henry's incomes are undeclared (which is why I'm not using their real names), they don't officially make enough money to qualify for a loan, even though Henry uses his tip income, with his father, to flip houses in the booming real estate market.

So where are we in this minimum wage chronicle?

To Martha and Henry, the minimum wage has a minimum effect on their lives save for thwarting their desires for credit.

As for the working poor...

Every weekday, a group of folks gather at the front door of the Bissell Society next to the old railway tracks north of downtown Edmonton. To keep warm in the cold, they shuffle from foot to foot and a good number of them are smoking. At exactly 7 a.m., an hour before the sun rises above the horizon, the men are let into the centre. They head downstairs and after getting a number and grabbing a cup of coffee, they sit and steal glances at the round metal cage filled with numbered balls sitting at the front of the room. When a job comes in—not a minimum wage position, because the Bissell Centre believes that these people deserve more than minimum wage—a worker spins the cage, pulls out a ball and like a caller at a bingo hall, announces the number. If someone's number is called, they get a job, for the day, a week, however long it lasts. After an hour or so, most of the jobs are filled and those unlucky enough not to have their number called move on.

We could raise the minimum wage to \$7 an hour and it would have no real effect on the lives of these men and others of the working poor.

"The problem is enormously complex; there are no simple solutions," notes Dr. Kathleen Cairns. "In the long term we have to think about reducing the high school dropout rate, about things like implementing more student support programs, about intervening in the health of children at an earlier age,



Meaghan Heins, video clerk, Five Star Movies 2005



Housekeeper, Strathcona Hotel 2004

trying to provide universal daycare, and not just any daycare but developmental daycare. We need resources for families that allow their children to be raised in conditions comparable to the children they share their schools with, so they can begin and end at the same level, so they have the ability to pursue some kind of employment so that they can provide for themselves and their own future families. Raising the minimum wage will be part of a solution, and it's an important part, but it won't have much effect."

I've discovered that raising the minimum wage is like tossing some quarters to one of those folks on the street asking for spare change. It's a gesture. For a short time it makes me feel good, like I've helped someone get a leg up, but in reality I know I haven't changed anything in that person's life. As Dr. Cairns said, the problem is enormously complex, and for me to demand a short-term solution from a government that I feel often lacks long-term plans, seems almost hypocritical.

But if the wages of MLAs, doctors, judges, teachers or any other profession whose income is somewhat controlled by the government were 35 per cent higher in B.C., 26 per cent higher in Ontario and 10 per cent higher in Nova Scotia than it was in Alberta, I know deep in my heart that the discrepancy would be dealt with pretty quickly. We would feel compelled to show that we valued these professions in Alberta just as much as our counterparts in the rest of the country do.

And every year the salary of an Alberta MLA is reviewed and adjusted according to the cost of living. It's done that way to take the politics out of the decision. So why not with the minimum wage? Why do we still keep playing political football with the working poor? Figure that one out.

I know it doesn't make a difference when I offer my spare change to someone on the street, but I can't ignore those people. If I did, well...you know what that means.

I still have to toss those coins.

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