Justification For Raising The Minimum Wage In Ontario

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Debate Over Ontario Minimum Wage

There is considerable debate on whether the Canadian government should increase the minimum wage in Ontario. The debates followed the increase in the minimum wage since January 1, 2018, from $11.60 every hour to $14 every hour. In contemporary society, it is nearly impossible to survive on a mere income of $11.60 an hour, particularly for individuals who are raising a family. As such, a higher minimum wage would serve to help individuals living in poverty by offering better means of economic stability.

Poverty Reduction and Economic Stimulus

What is more, raising the minimum wage would be critical to improving the chances of people trying to escape poor living conditions. Additionally, by raising the minimum wage in Ontario, the Canadian government sought to potentially help boost the economy back up and lift it out of possible recession. The reason is that when people receive high wages, they will have a higher likelihood of spending more money, thus leading to an increase in the revenue for the province or the nation at large. Overall, while others believe that increasing the minimum wage in Ontario would have economic repercussions, the act would serve to boost the economy, promote equality among Canadian citizens, and promote sufficient funds to improve the living standards of Canadians.

Living Costs and the Value of Wages

The previously extremely low minimum wage in Ontario saw millions of Canadians live in poverty. Besides making a very low annual salary, workers who received the low minimum wage had to deal with the actual fiscal value provided for by this type of wage. While in the past centuries, earning a minimum wage was relatively sufficient enough to raise a single-parent family of about three or four out of poverty, this has proven difficult in the contemporary world. According to (), the minimum wage was established to ensure that Canadian families were given a living wage for the purpose of affording basic needs. However, in the present day, such a low minimum wage cannot offer an efficient living wage but rather a mere wage that each Canadian citizen is entitled to earn.

Employment Concerns and Policy Debate

Admittedly, just like with any significant policy issue, there will always be a clash in peoples' opinions, which in turn creates heated debates on the side that offers the best solution. Similarly, the debate around whether it was justified for the Canadian government to increase the minimum wage in Ontario is no different. Several skeptics have argued that increasing the minimum wage would destroy the present Canadian economy rather than improve it. In view of these skeptics, an increase in the minimum wage would lead to more unemployment while also causing an increase in the cost of living. The argument that opponents of raising the minimum wage involve increased unemployment, however, is often based on the assumption that employers will be compelled to reduce staff sizes for purposes of compensating for the higher wages they pay employees. However, contrary to this belief, research findings have established that a modest increase in the minimum wage has negligible or no effect at all on the rate of unemployment. Thus, the rate of employment needs to be considered insignificant when determining whether the minimum wage ought to be increased or not (Card & Krueger, 1994).

Inflation and Welfare-System Effects

Pessimistic views also contend that raising the minimum wage will lead to an increase in the cost of living and, hence, fail to reduce poverty. Considering the manner in which the Canadian welfare programs have been working, an increase in the minimum wage is likely to lead to people being cut off from receiving government assistance. The reason is that the amount that individuals receive from the government is often dependent on their individual levels of income. The implication is that at the very same rate, individuals earn an extra wage, there will be a decrease in their level of assistance. This argument has been supported by research conducted by (), which establishes that the minimum wage has completely no direct effect on poverty. This implies that raising the minimum wage in Ontario will not cause an increase in poverty levels.

Minimum Wage and the Gender Pay Gap

Increasing the minimum wage in Ontario will also help reduce the gender wage gap in Canada. The reason is that several factors have been attributed to the gender wage gap in Canada. Among these factors is the low minimum wage. It has been established that in middle-skill careers, workers in jobs that are majorly done by women receive only 65 percent of those in jobs that are predominantly done by men. Undeniably, women's earnings are central to the economic well-being of their families. However, whether the gender wage gap is determined based on hourly, annual, or weekly earnings, both across and within occupations, the median earnings of women are lower than those of men. In view of (), if efforts toward closing the existing gender wage gap remain at the same pace, then equal pay for men and women may hardly be achieved. Research findings have indicated that whether

women in Canada work in professions that are dominated by women, those dominated by men, or those incorporating both men and women, on average, women still earn less income than men. For instance, even in nursing and teaching careers that are heavily professionalized occupations having a robust union, women's incomes are still below those of men. Hence, increasing the minimum wage would help address this problem (Government of Ontario, n.d.).

Conclusion on a Living Minimum Wage

Overall, in contemporary Canadian society, a $11.60 minimum wage every hour does not adequately yield enough finance for a person to afford a basic standard of living. Essentially, it does not even accommodate the basic needs deserved by everyone. As such, an increase in the minimum wage in Ontario would serve to improve the lives of those living in poverty and conceivably boost the entire Canadian economy by boosting revenues since individuals would be in a position to spend extra money. Thus, the implementation of a higher minimum wage by the Canadian government was essentially a great solution, particularly for the looming economic recession. The strategy would not only offer sufficient funds necessary for a decent life but also promote equality among Canadian citizens while also improving the Canadian economy. Therefore, the Canadian government was right to raise the minimum wage in Ontario as it proves the most effective way of resolving the present economic crisis in Canada and is in the best interest of all Canadian residents.

References

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