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Income Inequalities, Living Wages, and Union Organizing

by Greg Albo

It is now accepted across a wide spectrum of political thinking that the period of neoliberalism has sharpened income inequalities. This has occurred along a number of dimensions. The capitalist class has seen an increase in wealth from an increasing concentration of assets, a rapid run-up in asset prices, and corporate profits restored to historically high levels. Some professional classes, particularly in the massive financial, legal, accounting, and management bureaucracies that have grown alongside neoliberal globalization, have shared in this surge of incomes.

In contrast, for the broad swath of salaried and waged workers there has been general wage compression. This compression has slowly crept into the strongest sectors of the economy -- notably Canadian autoworkers have moved in the direction of concessions bargaining, though productivity remains high, the value extracted from workers enormous, and government subsidies vast. At one time the leading force against concessions bargaining in Canada, the CAW leadership is now regularly helping rewrite contracts to accommodate wage and work rules concessions, enabling the auto companies to whipsaw its membership from Oshawa to Windsor to Brampton, and back again. It is hard even to recall when the CAW last led a major struggle or strike against the auto companies.

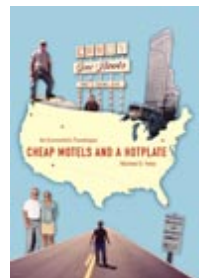
In weaker sectors, pattern bargaining has long been broken, and wage compression and dispersion even more extreme. In the bottom tranches of the labour market, precarious work, high unemployment, and the breaking of the link between minimum wages and median wages has added to the numbers of the working poor. And, in a further effort to spread labour market insecurity and bolster profitability, neoliberal policies have actively rolled back the relationship between welfare rates and average income levels. This labour market dynamics have intersected with, and furthered, racial and gender stratification across Canadian society.

This is a shorthand description of the social processes of capitalist accumulation shaping income distribution more generally today. In



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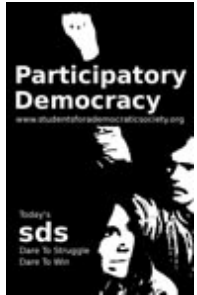
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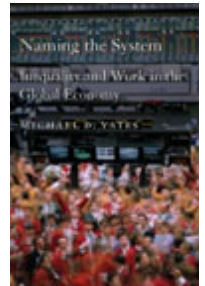
Canada, wage pressures have been impacted by continental processes since NAFTA. Such wage compression has encompassed both the U. S., where they have been just as severe as in Canada, and Mexico, where the crisis of living standards and work for the Mexican working classes cannot even be compared with the other two. Mexico fits within the general patterns of income distribution across Latin America under neoliberalism of stagnant or falling per capita incomes for some two decades, 70-80 % of new job growth in the informal sector, and half the population living in poverty.

In this context, it is imperative that the left get behind living wage campaigns as one aspect of a response to neoliberalism. The labour movement in Canada has gotten behind a \$10 minimum wage with key campaigns occurring at the Federal level, in B.C., in Ontario and in Toronto. Other campaigns are also directed at addressing welfare levels, as in the 'Ontario Needs A Raise Campaign' of the Ontario Social Justice Network and the Ontario Coalition Against Poverty's 'Raise the Rates' mobilization. In the U.S., there have been numerous successful living wage campaigns targeting the municipal level. And the economic crisis in Mexico has new sections of the labour and social movements there coming together to provocatively call for a 'continental living wage campaign'. A key political question is how to link these campaigns up. It is particularly important not to separate campaigns for minimum wages from ones for welfare rates. There is a major opportunity opening up to unite these struggles and forge major political mobilization across Ontario, Canada, and North America in the coming months.

A central component of successful class struggles for living wages rolling back the obscene income distributions of neoliberalism will be union organizing. Two articles in MRZine today -- "**Hotel Workers Lead the Struggle to 'Upgrade' the Service Economy**" by Sedef Arat-Koc, Aparna Sundar, and Bryan Evans, and "**Challenging Wal-Mart**" by Herman Rosenfeld -- address the issue of living wages in terms of organizing in the hotel and retail sectors; and see, also, the recent press release of the CLC supporting the minimum wage struggle reproduced here.

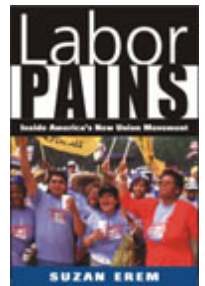
The Canadian Labour Congress: Canada Needs a \$10/hour Minimum Wage

"Canadians expect that everyone who works should be paid fairly," says Ken Georgetti, president of the Canadian Labour Congress. "Too many Canadians are working in full time jobs, yet they still have to choose between paying the rent and feeding their families. It's time to bring back the federal minimum wage to help the growing number of working families earning poverty wages."



NAMING THE SYSTEM: Inequality and Work in the Global Economy by Michael D. Yates

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A worker today needs to earn \$10.09 per hour for 2,000 hours to reach the poverty line. Disturbingly, the proportion of adult workers (age 25 plus) who are working for less than these wages has increased in 2006. They are workers who, working full-time hours for the whole year, still would not reach the Statistics Canada low-income line.

"The federal government recently commissioned and paid for its own review of Canada's labour standards. The report came in last October and it calls for the restoration of a federal minimum wage that would be set at the poverty line as a way to address the growth of precarious, low-wage jobs across the country," explains Georgetti. (That report is available at www.fls-ntf.gc.ca/en/fin-rpt.asp.)

In December, the Canadian Labour Congress' Report Card 2006 Is Your Work Working for You?, which compares job and income statistics for the first half of each year since 2001, noted a disturbing growth in the number of Canadians unable to earn enough to meet their basic needs in the first part of 2006 despite strong job creation numbers over the same period.

"Getting a job is supposed to mean getting ahead. It's supposed to be a family's ticket out of poverty. A country so prosperous and rich in opportunity should be able to do better for working citizens," concludes Georgetti.

The Canadian Labour Congress' Report Card 2006 Is Your Work Working for You?, is available at www.working4you.ca.

The Canadian Labour Congress, the national voice of the labour movement, represents 3.2 million Canadian workers. The CLC brings together Canada's national and international unions along with the provincial and territorial federations of labour and 135 district labour councils. Web site: www.canadianlabour.ca.

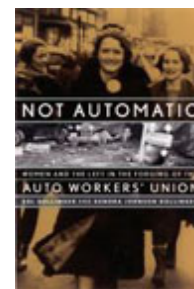
Greg Albo teaches political economy at York University. This article was first published in **Socialist Project's** e-bulletin *The Bullet* (No. 45, 13 March 2007).

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