
The minimum wage in Ontario

After years of discussion, the government of Ontario passed legislation to increase the (general) minimum wage from \$11.60 per hour to \$14 per hour starting on January 1st of 2018. While this may be good news for those who rely on minimum wage, this more 30 percent in increase will give a devastating impact on both the businesses and the workers.

Many typical minimum wage or entry-level job is in a restaurant or small retail stores where the profit margins are very low. If the minimum wage goes up drastically from \$11.60 to \$14, then many employees will lose their jobs or have their shift hours cut. One of the basic lessons of economics is that when the price of a good goes up, consumers buy less of it. This law of demand also effects the market for low-skilled workers, raising the minimum wage means a higher cost of employing each worker which makes workers less affordable than before.

For a small business for example, won't keep a worker at a mandated \$14 per hour if that worker's efforts only result in \$7.25 per hour in added revenue. Over the course of the year, a shop that keeps such a worker full-time would have a huge loss from their margin. So instead, it would eliminate that job and evidence shows that employers in fact do respond in this way to minimum wage hikes. Recent research by economists Jeffrey Clemens and Michael Wither finds that 1.4 million jobs were destroyed in the late 2000's when the minimum wage rose across all 50 states in the United States by an average of nearly 30%. Worse, those job losses were probably suffered by the people who need jobs the most.

This fact brings us to the next reason: minimum wage disproportionately hurts marginalized groups. When the minimum wage rises, the workers fired first are the ones who are valued as un-skilled and un-educated. So those who are most disadvantaged, tend to suffer the most job losses. This reality is compounded by the fact that raising the minimum wage causes more competition for jobs.

The last reason is that minimum wage hikes aren't necessary to give deserving workers raises. Meaning, businesses do voluntarily raise wages. Currently, about 90 percent of Ontario workers earn wages higher than the current minimum wage, which proves that employers don't just pay the minimum that they're obliged to pay by law. However, when government imposes such raises by hiking the minimum wage, some of the least experience workers will not only lose their current jobs, but they won't be able to find any other jobs. In essence, the minimum wage cuts off the first rung on the employment ladder, and it is that first, lowest paying rung, that provides the skills and experience workers need to reach the next rung, and to continue climbing their way to a better life.

Need help with the assignment?

Our professionals are ready to assist with any writing!

GET HELP

gradesfixer.com

Need help with the assignment?

Our professionals are ready to assist with any writing!

GET HELP