

# ONTARIO REPORT

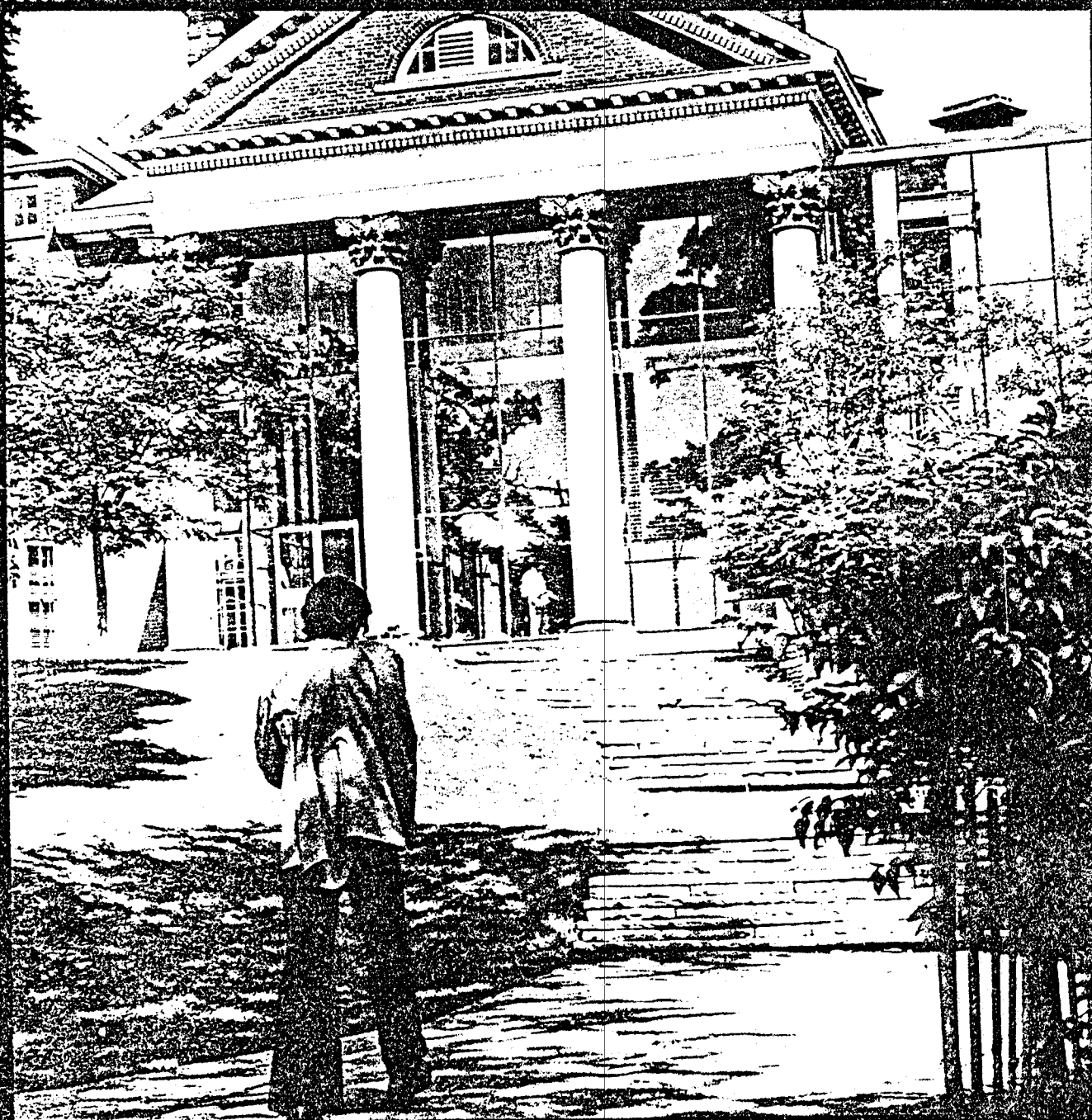
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□ PIPELINE

□ WAITRESSES

□ RAILSTRIKE of 1950

## CANADA'S DECLINING TV INDUSTRY



The Province:

## Below the minimum

By Marjorie Cohen

The next time the minimum wage in Ontario is increased people who serve alcoholic beverages will not receive the benefits of this increase. In fact, the government plans to exclude this group from further increases in the minimum wage until they earn 50 cents less than the standard minimum wage.

The last time the minimum wage was raised, in March, 1976, workers serving alcohol in licensed establishments were treated separately for the first time. While the standard minimum wage was raised to \$2.65 an hour, this category of workers had their minimum wage limited to \$2.50 an hour.

The reasoning behind this discriminatory treatment for one group of workers is not complicated. Ontario's tourism industry is losing business because its prices are higher than those in the U.S. The industry and government attribute these higher prices to higher wages, and feel that the solution to the tourist industry's problems is to reduce wages. The government rationalizes this point of view by saying that, in any case, these workers do not really need the protection of the minimum wage because they receive tips which more

than compensate for the lower minimum wage. Claude Bennett, the Minister of Industry and Tourism, describes the extra income received through tipping as "enormous."

### Not a fair wage

While the tip differential associated with the minimum wage currently applies only to workers who serve alcohol, the government has spread the rumour that it could be extended. At a meeting of the Ontario Motel Association last November Claude Bennett suggested that part of the solution to the problems of the industry would be to introduce a differential in the minimum wage for all employees who earn tips in the restaurant and hotel industry. When this announcement received substantial publicity the government quickly denied that they were going to reduce the minimum wage in the tourist industry. And strictly speaking they were telling the truth - the minimum wage will not actually be reduced, but no one denies that it will be frozen while the minimum wage for other employees is permitted to rise.

The real danger in this action is that it

minimum wage is being regarded as a maximum wage. This was never the intention of minimum wage legislation. When minimum wage legislation was introduced in Ontario in 1920 it only applied to women and was designed to protect them from exploitative employment practices. During the Depression there was considerable pressure from industry to reduce the minimum wage or put it aside until the Depression was over. However, the Minimum Wage Board made it clear that the profitability or unprofitability of business was not the yardstick by which the minimum wage was measured and reminded the public that the minimum wage was not a fair wage but simply a minimum on which an individual could exist. It felt that "The Minimum Wage Law asks no more for its working women than society demands for its criminals, imbeciles and paupers, viz.: sufficient food, proper shelter and modest clothing."

### Governments differ

There are inconsistencies in the government's contention that tipping more than compensates for the lower minimum

wage for workers in the hospitality industry. First of all, there are many other people in this province who receive income other than their wages, yet the minimum wage is not reduced in their cases. It is obviously discriminatory to lower it in this case. Part of the problem here is that the provincial government treats tips as wages while the federal government does not. This is where workers get caught up in the inconsistencies between federal and provincial jurisdiction. The federal government treats tips as gifts, and while they must be declared as income for tax purposes, they are not considered as wages when an application is made for unemployment insurance benefits. This rate is calculated only on the wages paid by the employer. The provincial government is now treating tips as part of the basic wage. So the worker sometimes has tips treated as wages and sometimes not, always to the benefit of government and industry and to the detriment of the worker.

### Women's work

The second problem with the government's assertion that minimum wage protection for this group of people is unnecessary is that this is simply government opinion. There is no information on the income received from tips. In *Equal Pay for Work of Equal Value*, an Ontario Ministry of Labour publication of October 1976, the median income for men who

work as waiters in Ontario was \$4431; this occupation was ranked 100 out of 404 occupations listed for men with only fishermen, hotel clerks, farm workers and newsboys receiving less income. But women make up the major portion of the workers in this industry accounting for more than 70% of the jobs. Their median income for full-time, full-year work was \$2997 and waitress work ranked 284 out of 288 occupations listed for women.

The fact that these data are old, based on 1971 information, works to the advantage of the government. The figures are so absurdly low as to be quite unbelievable. The impression created is that the people in this industry must be under-reporting their tip income. But there have been no studies to determine the extent of income from tips and there are no studies planned. The decision to maintain a lower minimum wage in this industry is based only on the belief that tips are large.

Tipping itself is an insidious practice. The tourist industry like it because tips keep the wage bill down. The people who receive tips feel that it is a miserable way to earn a living because there is no guarantee of a decent wage. The waitresses' Action Committee, a group formed to fight the lower minimum wage, says that a waitress usually only keeps a portion of her tips. Paying a percentage of tips to other staff members such as busboys, cooks, barmen, maitres d'hotel or hostesses is common practice and ranges from 10 to 20% of the total tips received. This is an obvious subsidy to the employer which also helps to keep the wages of other employees down. Sometimes even management takes a cut of the waitresses' tips.

There are other employment practices which reduce the waitress' income. Usually the waitress is held responsible for the bills of customers who leave, without paying. While the employer cannot legally require her to pay it, if the waitress refuses she has no recourse if she is fired. Also a substantial amount of work that a waitress performs goes unpaid altogether. Setting up a part of the restaurant before a shift begins and cleaning up when a shift ends are part of a waitress' job, but few employers pay the waitress to do this work.

### Sane legislation

It is no accident that the lower minimum wage is being introduced in an essentially



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female industry where the government can count on little organized resistance to limits to the minimum wage. Less than 10% of the workers in this industry in Canada are unionized. Also the fact that a change in the minimum wage requires a regulation change rather than a change in legislation means that there will be no public debate on this issue in parliament.

Frederick Boyer, Executive Director of the Division of Tourism, in response to a letter of protest from me said "The hospitality industry is a very significant employer of women. If the various elements cannot earn a reasonable profit there will be fewer jobs available. . . All Mr. Bennett and this Division are trying to do is to make our industry healthier." This is an old argument: if women are not prepared to accept a low wage for their work, they will not be able to work at all. It is an argument that is used every time there is an adjustment to the minimum wage, but it is an unconvincing one.

There is little likelihood that new jobs will be created in the industry as a result of the minimum wage freeze, as the government contends. The economic effects of a freeze in the minimum wage are ambiguous but the meagre pay cheques of the individuals who live on the minimum wage are real enough and this action to reduce their real wage will seriously affect those who by definition are living at the margin of economic life.

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Claude Bennett