

NEWS RELEASE

Only 1% of minimum wage earners work more than five years at minimum wage

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For Immediate Release

TORONTO—Despite claims to the contrary, minimum wage increases do little to lower poverty rates and can actually hurt low-income workers, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“As an anti-poverty tool, minimum wage hikes are largely ineffective and can actually hurt the very people they’re supposed to help,” said Philip Cross, senior fellow at the Fraser Institute and author of *The Minimum Wage, Lost Jobs, and Poverty in Canada*.

In recent years, all 10 provinces raised the minimum wage for workers—despite the realities of minimum wage policy. For example:

- Very few minimum wage earners (slightly more than one per cent) work for more than five years at the minimum wage.
- Minimum wage increases can increase unemployment because businesses often respond by laying off workers, reducing work hours and/or hiring less (or not at all). For example, after examining Ontario’s proposed 32 per cent minimum wage hike in 2018 and 2019, the province’s Financial Accountability Office estimated employment would fall by 50,000 jobs.
- Minimum wage increases have little impact on poverty rates because most people who receive the minimum wage live in households that already earn higher incomes (i.e. the majority of minimum wage earners are young people living with their parents).

“If governments want to help low-skilled workers and people entering the workforce, they should implement policies, such as competitive tax rates, which help businesses grow and create opportunities for Canadians,” Cross said.

MEDIA CONTACT:

Philip Cross, Senior Fellow
Fraser Institute

To arrange media interviews or for more information, please contact:
Mark Hasiuk, Senior Media Relations Specialist, Fraser Institute
604-688-0221 ext. 517
mark.hasiuk@fraserinstitute.org

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