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Topic On Minimum Wage

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Introduction

We would like to submit our suggestions for the anticipated increase in minimum wage. Our submission is based on 4 discussions that we held internally between the 14th of December 2019 and the 21st of January 2020; each meeting consisted of up to 12 attendees.

Who We Are

LANDS is an emerging grassroots movement that aims to build a network of political cadres and non-political community clubs to discuss current affairs, national problems, and the problems being faced by people in communities, in order to come up with democratic solutions. We were founded in November 2016, and most of our members and observers are youth.

Over 130 persons are involved in LANDS. We have multiple groups that meet on their own schedules; we had held over 80 meetings in 2019 alone. We have been invited to send delegations to international events hosted by grassroots movements, labour unions, political parties, and governments.

Please send responses to info@jalands.org

A Liveable Wage

We firmly hold the position that the minimum wage should be a liveable wage. To that end we ask that comprehensive research be done to keep track of housing, utilities, groceries, meals, transportation, and other necessary living expenses to develop a sense of what people need to earn in order to be able to survive.

We think that the government should develop a recommended budget to be published alongside the new minimum wage that they decide on. For example, with the current minimum wage at only 7,000 JMD per week, which works out to roughly 30,000 JMD per month¹, the Ministry of Labour and Social Security could publish a recommended budget to show how citizens are expected to survive on that income; it should include housing, utilities, groceries, meals, transportation, and other necessary living expenses, as well as disposable income to be used on recreation, leisure, and entertainment.

Below could be an example of a recommended budget if minimum wage was 60,000 JMD per month:

Item	Description	Allocation (JMD)
Housing & Utilities	Home insurance, mortgage, or rent + electricity and water	25,000.00
Groceries	Contribution to household groceries	12,000.00
Meals	Lunch + a drink (\$400) for 20 workdays	8,000.00
Transportation	\$100 bus fare for 4 trips per day for 20 workdays	8,000.00
Other		3,000.00
Savings		4,000.00

The above recommended budget is more of a sample of how one could be formatted than a serious recommendation of how someone could survive on 60,000 JMD per month. Housing and groceries are expenses that can be shared among family members and roommates, so such a person may have to either live somewhere where they share amenities like the kitchen, or live with someone rather than live alone if they want to afford to live in a decent apartment. It also just assumes that someone has no children, and it allows savings of only 4,000 JMD per month (which is less than 50,000 JMD per year). The government could (and should) publish a recommended budget alongside whatever it decides as the new minimum wage, to show how persons are expected to survive on it.

¹ There are 52 weeks in the year, not 48.

There could be different variants of recommended budgets based on lifestyles; for example, there could be a recommended budget for a single adult living alone, as well as a recommended budget for a household of 2 adults² without children, a recommended budget for a household of 2 adults with a child or 2 children, a recommended budget for a household with a single parent with a child or 2 children, etc.

This would force the government to admit whether or not the minimum wage that is set is capable of supporting a household, and to come to transparent conclusions on whether they expect people earning minimum wage to:

- be reliant on co-living arrangements with family members or roommates, or not
- have children or not
- afford to spend money on entertainment or not
- afford to save money for emergencies or disasters, or not

These suggestions are in line with the suggestions we made in June 2017³.

Inflation

Our members discussed whether increases in minimum wage should be based on inflation, sparking much internal debate. We came to simple short conclusions on this topic:

1. If minimum wage isn't a liveable wage right now, increasing it by 2% when there is 2% inflation won't make it a liveable wage. Before tying minimum wage increases directly to inflation could make any sense, it would have to be a liveable wage in the first place.
2. The basket of goods that is used to determine the inflation rate may not accurately reflect the average Jamaican's breakdown of living expenses, and fluctuations in the prices of those commodities may not be proportional to changes in living expenses.
3. Minimum wage increases will drive up aggregate demand on their own, which would contribute to inflation, therefore basing minimum wage increases on inflation could lead to a feedback loop of perpetual inflation.

We believe that a liveable wage should be determined by research on living expenses, including things like housing and transportation, and that minimum wage should be based on what is deemed to be a liveable wage rather than having increases based on the inflation rate.

² Two adults may or may not be a couple; this can make the difference between 1-bedroom and 2-bedroom housing

³ Position Paper on Minimum Wage (Simpson 2017)

Business Size

Some of our members felt that businesses of different sizes could afford to pay different levels of minimum wage. There could be a base rate of minimum wage that all workers can survive on, but larger businesses that hire above a certain number of employees could afford to pay higher levels of minimum wage.

This is not a strange or radical proposal:

- In the State of California in the US, the minimum wage is currently 12.00 USD per hour; this applies to businesses that employ up to 25 employees, but business that employ 26 or more employees are required to pay at least 13.00 USD per hour⁴.
- In the Dominican Republic, minimum wage is “between 7,843 and 12,873 pesos”⁵ for businesses outside of free trade zones, “depending upon the size of the company” – this doesn’t mean that the wages are between 7,843 pesos and 12,873 pesos; it means that the minimum that some companies are allowed to pay is 7,843, and the minimum that some larger companies are allowed to pay is 12,873.

The argument could be made that this would discourage businesses from growing above a certain size, but:

- There are already variations between business sizes, i.e. there are already large companies that this would apply to even without looking at smaller businesses that are growing.
- A small business that is growing into a medium business or large company could only do so if it has been very profitable already, so it should be able to afford to pay more money to its workers, whose hard work generates the profits.
- Large financial businesses (like banks, insurance companies, etc.) pay most of their staff above the minimum wage already, so this would be protection for the staff they pay the least (like janitors or office attendants) rather than requiring them to pay the bulk of their staff more than they already do.

⁴ Minimum Wage (State of California 2019)

⁵ Dominican Republic Minimum Wage Rate (Minimum-Wage.org n.d.)

Summary of Recommendations

Our main recommendation is that the government should develop a sense of living expenses that people have, in order to inform them when deciding what the new minimum wage should be. An increase is welcome regardless, but the government needs to show exactly how it expects people to survive on what it declares as the minimum wage.

In the near future, we intend to write to the Ministry of Labour to give our concerns and recommendations regarding working conditions overall. We are particularly concerned with the welfare of contract workers and self-employed freelancers who may be harmed by unfair business practices. We also have proposals on reforming the workday to allow workers to have more free time and workplaces to function more efficiently.

Please send responses to info@jalands.org

References

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