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## Non-Standard Employment, The Jobs Crisis and Precarity:

### A Report on the Structural Transformation of the World of Work

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### Abstract

This report examines the causes as well as the symptoms of non-standard employment. Its principal wide-angled finding is that non-standard employment has always been part of the labour market but now it has become a predominant feature. The two features of non-standard work are little or no job security and highly flexible hours and conditions of work set by employers for their specific needs. A second major empirical finding is that for many experts, job tenure for mid-career men is in decline in all OECD countries with

the exception of France . Thirdly, researchers such as Standing have discovered that there is a wide range of different kinds of precarious forms of employment arising out of non-standard employment. So what is the difference between precarity and non-standard employment? The simple answer is that precarity is non-standard work that is linked to poverty and insecurity. The two are often used interchangeably and are in fact interdependent. A fourth principal conclusion is that labour is at the low point of the collective bargaining cycle and it must relearn the fundamentals of its craft to find its way back to the bargaining table. The lesson learned in the past was to win the economic war, it had to fight politically., the idea of a living wage is the leading candidate to become the high standard for government and the labour movement because it forcefully identifies the causal link between quality of life and the means to obtain it.

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### **Executive Summary: The Structural Transformation of the World of Work**

#### **The Critical Features of the Non-standard Labour Market Model**

This report examines the causes as well as the symptoms of non-standard employment.

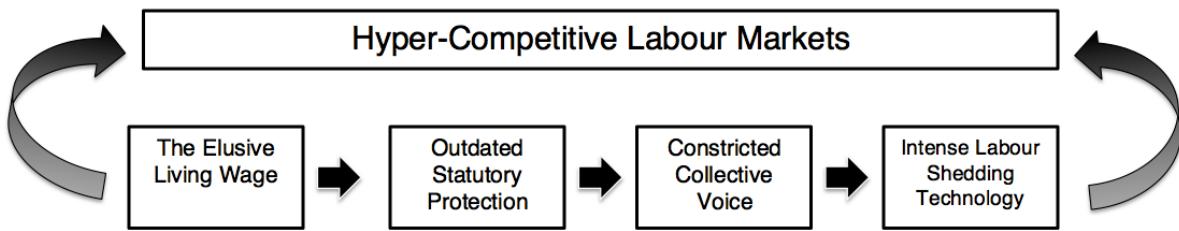
**Its principal wide-angled finding** is that non-standard employment has always been part of the labour market but now it has become a predominant feature. The two features of non-standard work are little or no job security and highly flexible hours and conditions of work set by employers for their specific needs.

Defined in the broadest sense, non-standard work is employment that differs from the full-time, permanent, standard employment relationship (SER) involving continuous employment under direct supervision on an employer's premises (Vosko and Clarke, 2009). The decline of the manufacturing industries combined with outsourcing, decreased rates of unionization and the increase of precarious forms of employment are redefining the labour market. The growing eclipse of full-time employment shows how part-time, non-standard work is replacing the standard employment relationship and all that went with it. In Ontario, we are now witnessing a transformation of the economy as employment in service producing industries increased from 73% to 79% between 2000 and 2013 and job tenure – the number of years a person holds her job and one of the best measures of stable employment – has dropped precipitously for mid-career workers over 40 (Stone and Arthurs, 2013). At the same time short-term employment has increased significantly.

**A second major empirical finding** is that for many experts, job tenure for mid-career men is in decline in all OECD countries with the exception of France (Stone and Arthurs, 2013). In Ontario job tenure for men in mid-career with more than ten years has taken a beating declining from over 50% to 35% between 1985 and 2010. The trend for men and women holding a job for 5 years or less and those under 30 has high turnover rates. This evolution of job tenure lasting five years or less seems irreversible since the growth rates of temporary and part-time work are outperforming full-time and permanent work. At a deeper level there is a marked structural transformation in the dynamics of the labour market as mass production industries have been hollowed out as production shifts overseas or to other regions, labour markets have been profoundly impacted. Job ladders, career opportunities, gender equity but, most of all, the secure and well paying stable jobs have disappeared undermining the existing labour relations regime. The consequences for organized labour are far-reaching. Labour's countervailing power has suffered a series of setbacks from which it is yet to recover (Drache, 2014).

The four main elements of the model of non-standard work are the decline of real wages, inadequate statutory protection, the weakening of labour's institutional voice, and intense labour shedding technology, compounded by increasingly competitive labour markets (See Figure below).

### **Figure - The Structural Transformation of the World of Work**



Source: Drache and LeMesurier, 2014

### Where Does Precarity Fit into the Picture?

**Our third discovery** needs special emphasis. Researchers have discovered that there is a wide range of different kinds of precarious forms of employment arising out of non-standard employment (Standing, 2011). So what is the difference between precarity and non-standard employment? The simple answer is that precarity is non-standard work that is linked to poverty and insecurity. The two are often used interchangeably and are in fact interdependent (Noiseux, 2013). Some researchers believe that precarity has become its dominant face. Specialists are divided on its causes, but there is an agreement that precarity is now embedded in the labour market as the emerging trend line.

Individuals are considered to be most at risk if they work in part-time, temporary positions at their main job and earn at or below the Low Income Cut Off. This definition suggests there are three major components of precariousness: employment permanency (permanent, temporary) form (full-time, part-time, casual) and income (wage and nonwage benefits) (Vosko and Clarke, 2009). Not all non-standard work can be described thusly, but much of non-standard work is, in fact, poorly paid, without a full range of benefits and, most importantly, job security. In fact, 60% of workers making minimum wage only find employment in the part-time sector, making them highly vulnerable (Block, 2013).

The report by Poverty and Employment Precarity in Southern Ontario (PEPSO, 2013) estimates that 20% of Ontarians now find themselves involved in precarious employment while an additional 20% report some aspects of precarity in their employment relationships. In Ontario over half a million work for minimum wages and a \$4.00 increase would push the lowest of low wageworkers out from the bottom of the labour market (Block, 2013).

### Public Policy at the Crossroads

New employment strategies must focus on **five key interrelated areas of public policy**:

- **Managing the jobs crisis:** Without a coherent jobs strategy, the inevitable outcome will be a service dominant economy premised on letting the supply and demand signals of the labour market determine the quality and quantity of jobs on offer.
- **A Living Wage:** Higher pay is the most significant step that addresses the

- interdependency between quality of life and the means to achieve it.
- **Countervailing Power:** Hypercompetitive global labour markets need to be offset by institutions capable of negotiating fair and equitable contracts with employers.
  - **Statutory Protection:** Creating a regulatory environment for the new work world to protect the rights of non-standard workers. Five flashpoint issues are gender equity, pensions, benefits, discrimination by status, and dismissal rights.
  - **Structured Intervention:** With so much long-term change and the inability of collective bargaining to adapt in the short-term, government has a new role to play as the leading actor shaping and correcting, where necessary, imbalances in the labour market.

### **What is Labour Up Against?**

**A fourth principal conclusion** is that labour is at the low point of the collective bargaining cycle and it must relearn the fundamentals of its craft to find its way back to the bargaining table. The lesson learned in the past was to win the economic war, it had to fight politically. Pessimists are of the view that labour will not win because the state is unreformable. Optimists are of the opinion that government will be forced to address non-standard work and employment issues and take reformist measures. For labour, a neutral state that prefers to play ‘umpire rather than combatant’ would be a significant achievement.

**A final concluding remark is** that of all the innovative public policy ideas surveyed, the idea of a living wage is the leading candidate to become the high standard for government and the labour movement because it forcefully identifies the causal link between quality of life and the means to obtain it. The point of the minimum wage is to ensure that rising prosperity is shared by all and to slow the race to the bottom. If there is going to be significant change in employment standards, governments need to change the direction of public policy priorities. The report concludes that public needs are best served when markets are servants of public need rather than its masters.

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# **Non-Standard Employment, the Jobs Crisis and Precarity**

## **A Report on the Structural Transformation of the World of Work<sup>1</sup>**

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### **Introduction: The Rise of Non-Standard Employment**

Non-standard employment, work that is insecure, often poorly paid with highly flexible working hours and few benefits, has always occupied a small section of the labour market. But now it is quickly becoming its defining feature. For many job seekers, it is the only employment on offer. Since moving from the margins to the mainstream, non-standard employment practices threaten the employment standards and livelihoods of all workers.

The goal of this report is to explore the principle findings from key Canadian research communities and to compare and contrast their recommendations for public policy, the transformation of collective action and amending union practices (Stone & Arthurs, 2013). It is divided into three parts. Part one examines the impact of globalization on the growth of non-standard employment practices. Part II explores who are the non-standard workforce and the challenges facing job seekers in hypercompetitive labour markets. Part III sets out the challenges for public policy makers and collective action.

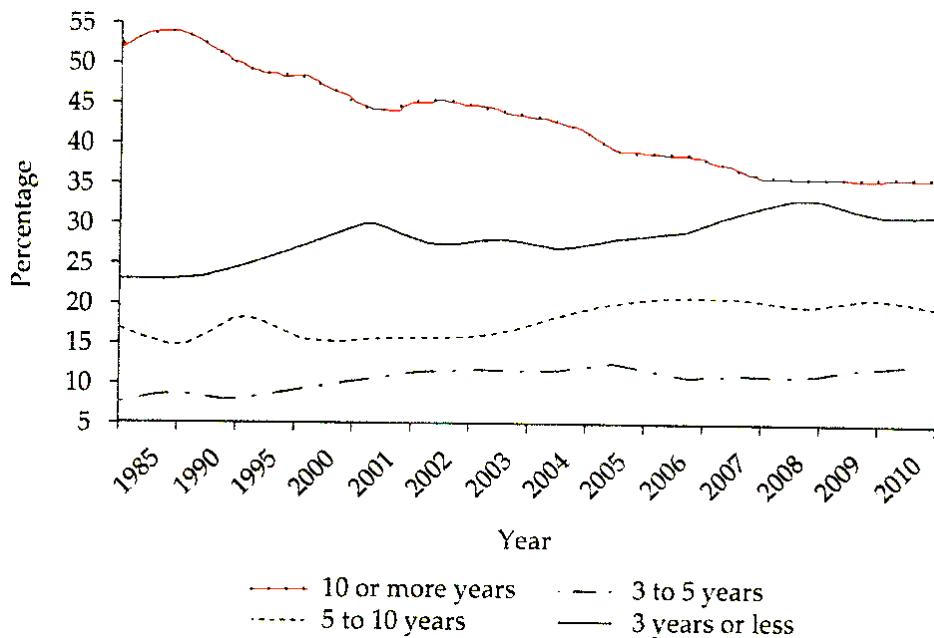
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<sup>1</sup> This paper is part of a research project on non-standard work from a SSHRC grant held by Professor Yanick Noiseux, Université de Montréal who is the principal investigator Pôle de recherches sur l'action collective et le travail atypique (PRACTA, [www.practa.ca](http://www.practa.ca)). This paper has also been supported by Centre d' études sur l'intégration et la mondialisation and a SSHRC grant held by Professor Michèle Rioux (CEIM, [www.ceim.uqam.ca](http://www.ceim.uqam.ca)).

We begin with the two features of non-standard work, namely, employment insecurity and highly flexible hours and conditions of work set by employers for their specific needs. Defined in the broadest sense, non-standard work is employment that differs from the full-time, permanent, standard employment relationship (SER). The SER was once associated with male-dominated, mass production industries with job ladders for advancement, protection against arbitrary dismissal and the prospect of a rising standard of living due to regularized collective wage bargaining. Non-standard is another work universe entirely. Non-standard work typically includes four types of employment relationships: part-time employment, temporary employment, own-account self-employed and multiple job holding (Krahn, 1995). All these are favoured by business and are part of the pursuit of enhanced flexibility and the cost-saving advantages of labour saving technology. Take for example employment growth.

In Canada, 2013 was a particularly dismal year for full-time employment with the slowest December-to-December growth rate since 2009 (Statistics Canada, 2014). The Canadian economy lost approximately 60, 000 jobs in the last month of 2013, most of which were full-time positions (Statistics Canada, 2014). The striking number was offset slightly, only by the creation of 14, 200 new part-time positions in the same month (Statistics Canada, 2014). This tendency was prevalent in regions throughout Canada as in the final month of 2013, Alberta lost 12,000 jobs while Ontario lost close to 36, 000 (Statistics Canada, 2014). In 2013 in Quebec alone, 43, 800 full time jobs were lost while 45, 800 part time jobs were created (Statistics Canada, 2014). The weakness in job creation is disturbing. As the economy begins to recover from the 2008 fiscal crisis, labour market economists point to the fact that long-term unemployment has grown.

**Figure 1.0 – The Long-Term Job Tenure Crisis for Canadian Men age 44-49**



**Source:** Adapted from Stone, 2013

What is particularly worrisome is the number of those looking for work for six months or more has doubled (OECD, 2013). The OECD says young people and low-skilled workers have borne the brunt of the crisis. They seem caught in a vortex of labour market dynamics where new jobs are being created but the pool of long-term unemployed contains many job seekers. Most important, job tenure – the number of years a person holds her job and one of the best measures of stable employment – has dropped precipitously for workers over 40 (Stone and Arthurs, 2013). In Ontario, job tenure for men in mid-career with more than ten years has taken a beating declining from over 50% to 35% between 1985 and 2010. The best evidence shows that job tenure is in decline in all OECD countries with the exception of France. This evolution of job tenure lasting five years or less seems irreversible since the growth rates of temporary and part-time work

are outperforming full-time and permanent work. For those under 30, where turnover rate are already high, the percentage of the workforce in temporary short-term employment will prove even greater.

With a stronger recovery, some job creation will again occur but it is a stop and go cycle that leaves job seekers in an uncertain position. This gloomy outlook is only the tip of much larger phenomena that is changing the face of global labour throughout the world and in Canada. Structural change has driven a wedge between non-standard work and full-time employment. In 2013, virtually all of the increase in employment came from part-time job growth (BIC Editorial Board, 2014).

In the United States, there are more than 60 million low-wage workers now making as little as \$7.25 an hour in service industries. Experts agree that the most troubling feature is that market income from employment is inadequate to live on (New York Times Editorial Board, 2014). Tax credits and other transfers are not sufficient forms of compensation to top up market income.

In Canada, the middle-class dream, once supported by the standard employment relationship, has become more of a myth than a reality (Beeby, 2014). The labour dynamics have changed beyond recognition, particularly for first time job seekers, women, immigrants and recent graduates, who are all overrepresented in non-standard employment relationships (Vosko & Clarke, 2009; Noiseux, 2012; Martin Prosperity Institute, 2013). What we are seeing is an intergenerational change of profound significance, today's 20 year olds will likely never know the security of full-time, permanent employment, if the labour economists findings are shown to be accurate and reliable (Gunderson, 2013).

For many experts such as Dani Rodrik and Paul Krugman, the change in the labour

market dynamics is due to a long-term structural shift between goods producing sector and service industries and the decline of mass production industries. The hollowing out of mass production industries in North America such as automobile, steel and electronics is the result of entire industries moving offshore to lower wage destinations. Possibly more than any other single factor the delocalization of industry and labour shedding technologies has had a major impact on labour markets. Job ladders, career opportunities, gender equity were all part and parcel of having a secure job. The massive job loss in this critical sector has weakened the postwar labour relations regime that at one time promoted the spread and institutionalization of collective bargaining (Drache and Glasbeek, 1992).

Unions have not come to terms with the new labour market dynamics and have yet to re-learn the fundamentals of organizing large numbers of workers in non-standard forms of employment (Drache, 2014). Without collective organization, labour has lost its market push to blunt the attack of employers demanding all kinds of concessions and governments who want to roll back the benefits and wages of public sector workers. So far unions have not been able to develop innovative strategies of collective action. There are, of course, bright spots where convenience store workers such as the Couche Tard campaign in Québec and agricultural workers also in Québec have overcome legal obstacles and gained the right to bargain collectively.

Despite some hit-and-miss success stories to bargain collectively, the central research questions to answer are: why has there been such a dramatic growth in non-standard employment? Why is this growth increasingly associated with low-skill, low-paying jobs? Does this have to be the case? What are the effects of non-standard work on society, particularly women, youth and recent immigrants? Where is organized labour in

the picture? Finally, in a rapidly changing labour market, what is the role of public policy?

## **Part I - A New System of Globalized Employment Relations**

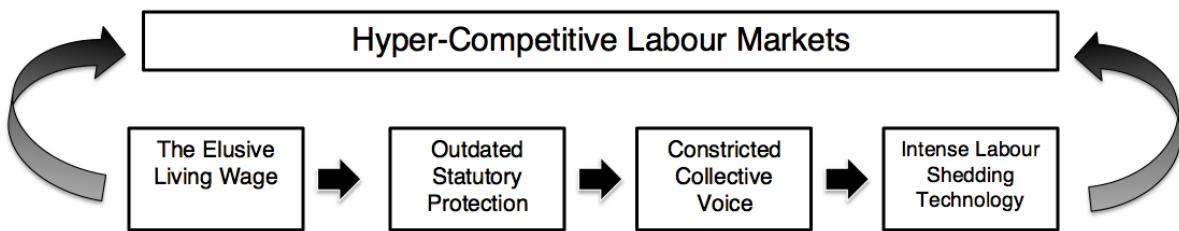
Political scientists, economists, legal experts, trade unions and community groups have often identified the symptoms but not the cause behind the explosive growth in non-standard work and employment in post-industrial economies. Non-standard work can be defined in the following way: it is a unique set of wage relations, the result of hypercompetitive labour markets and labour shedding technology. Hypercompetitive labour markets have a relentless downward pressure on wages, working conditions and benefits because the workforce is seen to be a disposable commodity rather than a valuable asset. The growth of non-standard work appears to be self-contradictory in displacing full-time employment. In many industries, such as retail and hospitality, employers are increasingly opting to hire many more people in low wage, part-time positions and less in full-time, permanent positions. The decline of the manufacturing industries has contributed to an obsolescence of past occupations, while the transition to a knowledge-based economy is disproportionately accompanied by a low wage and growing service workforce (Standing, 2011).

The other feature is more social than economic. Statutory protection which in the past was adept at adjusting to labour shedding technologies has not evolved with the rapid acceptance of non-standard practices adopted by employers (Noiseux & Boucher, 2013). If labour is in crisis across the industrialized world, much of this can be explained by the weakening of labours' institutional voice. In the US, less than 6.7% of private sector establishments are unionized, with particularly low levels in agriculture (1.0%) and food

and beverage industries (1.3%) (U.S. Department of Labor, 2014). In Germany, Canada, and Great Britain, unionization levels are at historic lows and experts are of the view that this trend will be impossible to reverse when the industrial production of goods now only employs a small fraction of the workforce (Chu, 2013).

The principal characteristics of non-standard work are presented in Figure 2.0 which identifies the structural dynamics of non-standard work and hypercompetitive labour markets.

**Figure 2.0 - The Structural Transformation of the World of Work**



Source: Drache and LeMesurier, 2014

There are two things to note: the restructuring of the labour market disadvantages a significant number of workers because they're forced to compete with each other for poor jobs, which are plentiful, compared to the scarcity of well-paying, stable forms of employment. The second feature is that it undermines group solidarity or identity so that the young, under 30 worker, has little affinity with other job seekers. Because the job turnover is so fluid and constant, employers have the dominant hand setting the terms and conditions of work and wages.

The phenomenon is even more general than that, and this highly competitive work

world creates a hierarchy between non-standard workers that grows with the adoption of increasingly flexible forms of employment. There is also a hierarchy between ‘status jobs’, often poorly paid, working for favored global brand name companies like Apple, The Gap or Macy’s, pitted against the tens of thousands working in the low ranks of Starbucks, Walmart or McDonald’s. The large amount of discipline imposed in the world of hypercompetitive labour markets to keep workers in line is a kind of Foucaultian phenomenon. Explored in his idea of governmentality, the individual becomes a self-regulating subject in a large depersonalized order (Foucault, 1978); a “precarian” figure subject to anger, anxiety, anomia and alienation (Standing, 2011).

### **Hypercompetitive Labour Markets: The Core Issue**

Since 2000, the issue of hypercompetitive labour markets, possibly more than any other factor, lies at the heart of the new understanding of globalized, fragmented employment. (Stone and Arthurs, 2013) After two decades of global free trade, global price movements set wages as well as employment conditions in most countries. Even the institutional mechanisms that countries once relied on, such as collective bargaining and safety nets, have been much weakened. It is significant that previously, economists emphasized the open nature of the Canadian economy for resources and free trade, but the same forces are now shaping employment growth. This volatility and uncertainty has had a major impact on middle-income families.

According to experts in Employment and Social Development Canada, middle-income families will have seen their earnings rise by an average of only 1.7% a year over 15 years, ending in 2017. Middle income families are not rewarded by the labour market any longer and are receiving a smaller share of the earnings pie compared with higher

income families with better jobs (Beeby, 2014). In Canada, and many other countries, there is a negative ripple effect at work. The ranks of the ‘precariat’ are swelling while the middle class is being downsized. The earnings of the bottom 20% of Canadian workers fell by 21% between 1980 and 2005, while the income of the top 20% increased by 16% (Block, 2013). The inter-provincial changes in wage inequality are driven by Canada’s reliance on resource-driven growth and prosperity (Lemieux & Fortin, 2014).

Researchers have shown that the energy boom in Western Canada has had the largest impact on earnings and the concentration of income at the top end has increased the most in British Columbia and Alberta (Lemieux & Fortin, 2014).

The drive for flexibility and hypercompetitive labour markets has led to workers frequently traveling to regions abroad, or in a specifically Canadian context, from the high unemployment rates of the Maritime Provinces to Alberta and Saskatchewan, following labour market demand. One consequence is increased competition to find the lowest labour bargain. Many employers rely on outsourcing and cost-saving, reconfiguring labour market practices. The Canadian government has taken the lead in increasing the number of temporary migrant worker controversially seen by labour as a concerted attempt by Ottawa to reduce labour’s bargaining power further

## **The Global Impact**

As labour relations have become globalized, non-standard employment practices have been adopted throughout OECD countries. Germany is one country that once set the high standard for full time, high skill employment with regular negotiated pay increases.<sup>2</sup>

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<sup>2</sup> Labour culture in Germany was unusually compared to the rest of Europe in not enforcing a minimum wage due to regular negotiated pay increases, however now due to stagnating wages, now the country is witnessing a nation-wide minimum wage of €8.50 an hour.

What now defines the German labour market is that 1 in every 5 workers are now working in what they call “minijobs,” an employment practice that reduces labour costs and perpetuates a flexible labour force (Weinkopf, 2009).

An extreme example of new management practices is Britain’s “zero-hour contract,” widely adopted in service industries, an ‘on-call’ arrangement between an employer and employee where the employee has no set hours and is only paid for hours worked.

Reportedly, these zero-hour contracts are used by one quarter of companies in the UK, with between 250,000 to up to as many as one million workers involved in some kind of “zero-hour contract” arrangement, though there has been some controversy over the official figures (Financial Times, 2013; Office for National Statistics, 2013). Nevertheless, it is a non-standard employment practice that is becoming more prevalent.

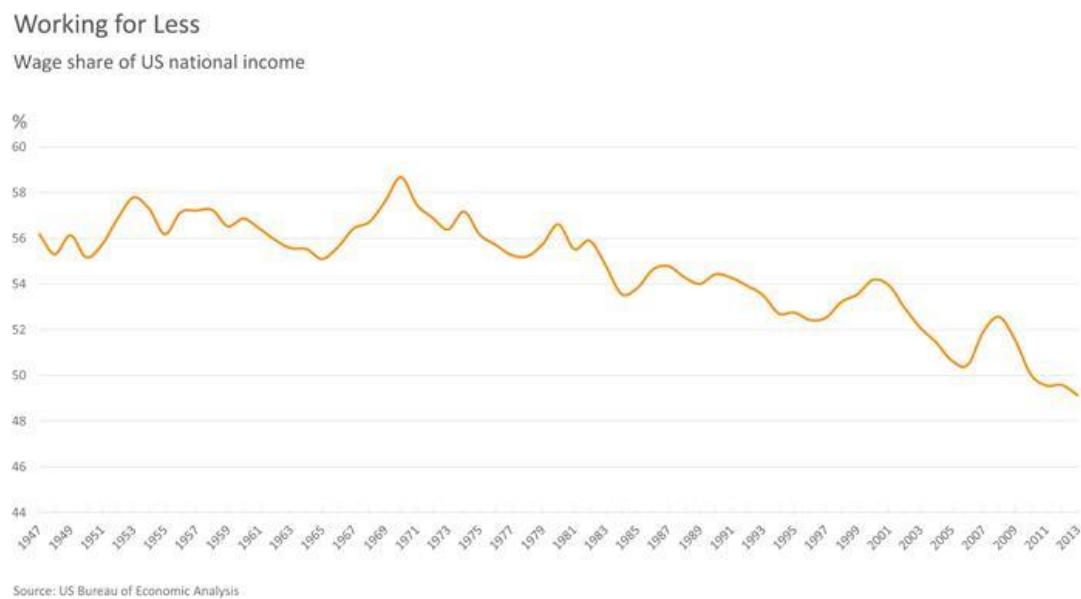
The United States is a trendsetter in this area where precarious work has gone further at a faster pace. The percentage of working poor families rose from 28% to 32% between 2007 and 2011, while the total number of people in working poor families is approximately 47.5 million (Roberts et al., 2013). The ideological absence of government, leaving terms and conditions of work up to the market, and the obsessive drive for competitiveness all contribute to the explosion of precarious conditions of employment.

The evidence points to the conclusion that non-standard work offers employers a flexible, cheap work force with little training. With unemployment levels not having recovered from the 2008 global financial crisis, particularly among youth and the under-skilled, it is easily understood that hypercompetitive labour markets act as a disciplinary brake on the collective aspirations of today’s workforce.

Not surprisingly, without the statutory presence of government, employers support these cost-saving practices out of short term self-interest profit taking. The

enormity of this fundamental realignment between business and labour has been captured in the accompanying table by Rogoff (Figure 3.0). In the US, the share of national income going to labour has declined from almost 60% in 1970 falling to a precipitous low of 49% today.

**Figure 3.0 - Wage Share of US National Income**



Source: Rogoff, 2014

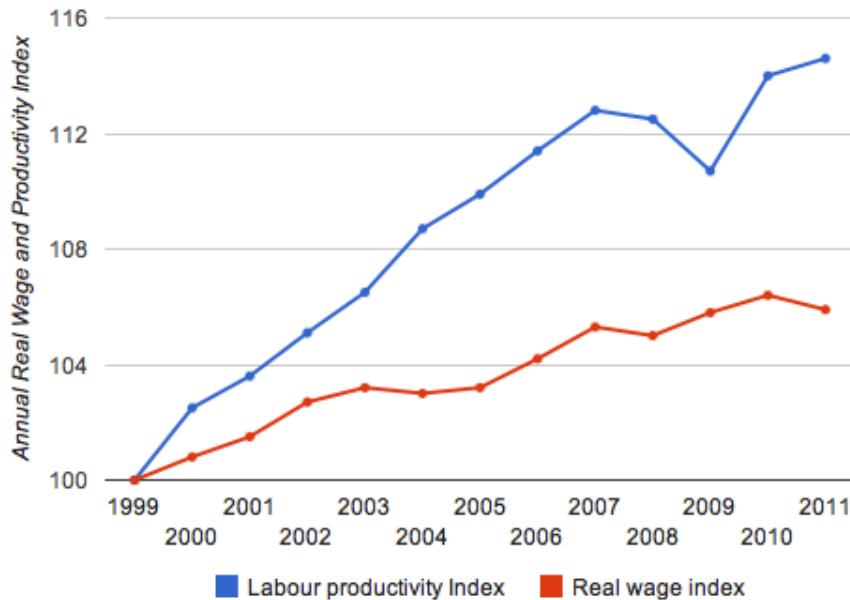
In the U.S., corporate profits reached their greatest documented share of GDP at \$1.75 trillion in the last quarter of 2013. During that same quarter, workers' wages fell to their lowest share of GDP in history. This is not an anomaly. The economic system was once perceived to be fundamentally fair because the share of income going to labour grew decade by decade after the Second World War. Now the trend line is persistently downwards as labour is working harder for less and the drag down effects of non-standard employment is the exacerbating factor.

Institutionally, labour has less leverage in advanced capitalist countries than any

time previously and the shift of income going to labour has been declining for almost three decades, accelerating downwards post-2008. Among 16 developed economies, the average labour share of GDP dropped from 75% of national income in the mid-1970s to 65% in the years just before the economic crisis. In a group of 16 developing and emerging countries, this share decreased from 62% of GDP in the early 1990s to 58% just before the crisis (International Labour Organization, 2013). This precipitous kind of distributional change is further evidence that the concentration of large incomes at the top of the hourglass effects wage-setting mechanisms in every country.

The labour movement has looked to the International Labour Organization (ILO) to set labour standards for people all over the world. Their conventions do not carry binding legal obligations, but are important nonetheless as standards to be achieved. The ILO 2012/13 *Global Wage Report* is particularly relevant in addressing workers' shrinking share of national income. In their words, "more of the national pie has been going to profits, and less to workers" increasing the risk of social unrest.

**Figure 4.0 – Trends in Growth in Average Wages and Labour Productivity in Developed Economies 1999-2011**



Source: ILO Global Wage Database, 2012

What is not widely recognized is that the minimum wage affects inequality in quite significant ways. For economists, there is a strong causal link between low/middle income earners whose income prospects were dependent on the minimum wage. One school of thought is that wages have become decoupled from growth. Though once tied to the average worker wage, since the 1990s, the minimum wage has become uncoupled from a rising middle income resulting in a kind of “wage rot” (Chu, 2013). The economy has expanded hugely, without showing any progress in reducing market income poverty. So with a minimum wage falling from its peak in the late 1970s, it has pushed many full-time workers and their families into precarious forms of employment.

### Stifling the Collective Voice

In the past, the regularization of collective bargaining and the unionization of core

industries created a level playing field between workers and employers. Even if it was not always level, the presence of large powerful unions had a direct impact on the standard of living for workers (Piore & Sable, 1984). Previously the standard employment relationship defined mass production industries with lifetime job security and regularized collective bargaining. The bedrock of the system was anchored in large-scale production in auto, steel, food processing, textiles, transportation and energy industries. Families in these areas of the economy joined with public sector employment would see their income and standard of living rise, decade by decade due to increases to their base wage. In the first three decades following the Second World War, family incomes doubled; a remarkable achievement as mass consumption spread (Drache & Glasbeek, 1992).

The golden era of rising family incomes and collective bargaining peaked in the 1980s. In the past, all industrial countries created wage floors and job ladders for those at the bottom of the labour market and collective bargaining created a multiplier effect throughout the economy. Expressed in simple terms, the lowest paid workers, both men and women, benefitted from the 'pull up' effects of collective bargaining if the playing field between workers and employers was levelled.

Currently, many experts are of the view that there is a correlation between the decline in union membership and the shrinking share of income for the middle class (See Figure 5.0). Labour's share of income is much diminished as it becomes less of a partner in an era where part-time, temporary or contracted work reduces labour's bargaining power both in the remaining unionized workplaces and non-union settings.

The idea of collective voice is a fundamental concept for groups in society to advance their interests (Hirschman, 1970). At the present time, many forget that the extension of democracy into the workplace was a transformative victory for labour and

society. The institutionalization of trade unions as “a social actor” meant that trade unions gradually became a countervailing power against big business and multinationals

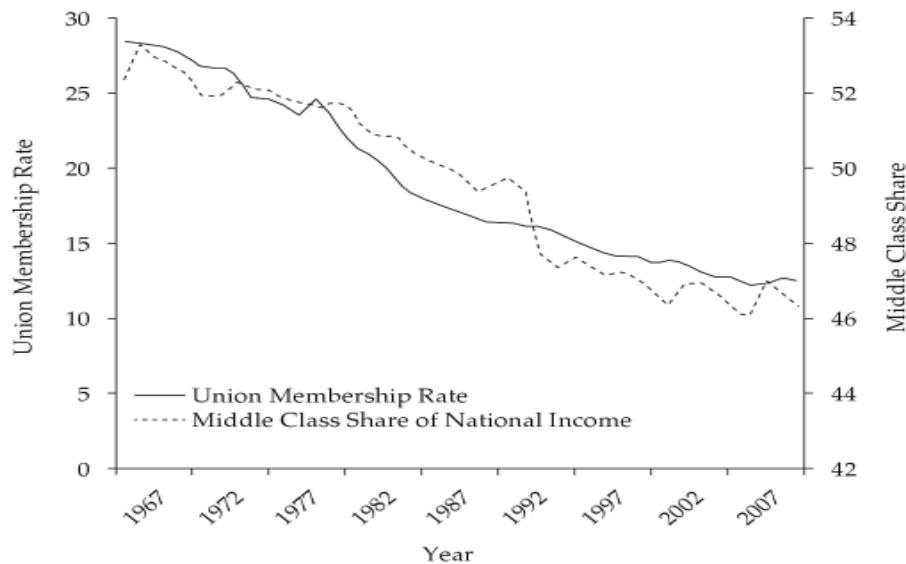
In Canada, this was particularly a significant step because so much of the resources sector and manufacturing were owned by foreign multinationals. In mine towns and mill towns, resource giants dominated not only local community life, but also public policy across the resource rich regions of Canada of Ontario, Québec, Manitoba, Alberta, Saskatchewan, and British Columbia. The dominance of resource monopolies in the Maritimes has always been particularly acute. Yet the resource sector was highly organized and collective bargaining the standard with major employers with only few exceptions.

Arguably, the most visible part of the rise in non-standard employment is the decline of collective bargaining and trade unions in the workplace. Unions have merged and suffer shrinking membership and this trend seems to be universal in the industrial world. Auto, steel, wood products, mining, meat-packing, railways – once the core of the Canadian trade union movement and the system of collective bargaining – have seen their membership decline as much as 30% or more in recent times. The result is that unions will have less leverage with shrinking memberships and they will have to learn to act strategically despite the hollowing out of many Canadian industries.

In the United States, the trend is even more pronounced as Figure 4.0 sheds light on the close relationship between union decline and middle class income. What economists have isolated is the way the collapse of American unionism has had a drag-down effect on the income of ‘middle’ America. Inequality is at its highest point in 40 years and one major contributing factor is the change in institutional wage setting. The knock-on effects of collective bargaining that, once supported middle class lifestyle, have

been blunted with the decline of mass production industry in the goods economy and there is no institutional equivalence in the new service economy.

**Figure 5.0 – The Dual Decline of Union Membership Rates and Middle Class Income in the United States, 1967-2007**



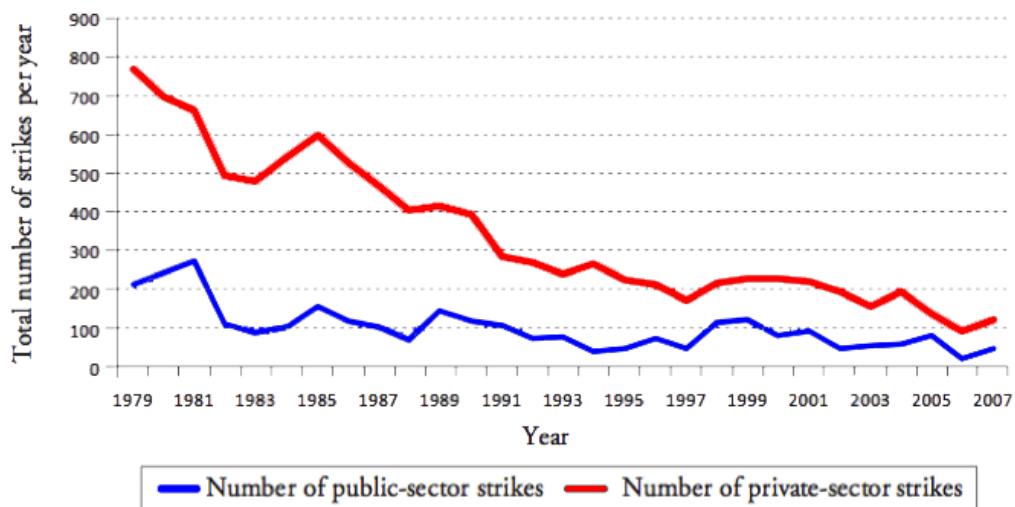
Source: Stone & Arthurs, 2013

Non-standard employment has also made significant inroads into the public sector. Many jobs have been contracted to third parties, and payrolls are slimmer with the goal of the federal government reducing public sector employment by 19,200 (while projections state that number will actually be closer to 22,700) positions (MacDonald, 2013). An extreme, but not untypical example is the intention of the management of Canada Post intends to increasingly rely on non-standard employment. It expects to end home delivery, will be open for shorter hours, requiring a “highly flexible workforce.” Crown corporations, which once relied on the standard employment relationship, are in the process of phasing it out. Increasingly governments are becoming reliant upon the use of temporary staffing agencies and contract positions. Provincial governments in British

Columbia, Alberta and Saskatchewan have begun to contract IT services and it is likely the rest of the country will follow (Morrow, 2014). A striking example of this trend is taking place in the U.S. where nearly two million federal jobs funded by taxpayer dollars are contracted to private companies paying workers \$12 per hour or less (Hiltonsmith & Traub, 2013). Another structural change is that the numbers of major strikes are few and the majority of contracts are signed without industrial action (Drachis & Hebdon, 2010).

The anti-labour industrial relations environment has had a chilling effect at the bargaining table. Of the thousands of contracts coming up for negotiations each year in Canada, in 2007, for example, there were only 200 strikes in the private sector and approximately 50 in the public sector (See Figure 6.0, Dachis & Hebdon, 2010).

**Figure 6.0 – The Number of Public Sector versus Private Sector Strikes in Canada  
1997-2007**



Source: Dachis & Hebdon, 2010

The evidence so far demonstrates that unions have lost their most important lever, namely their countervailing power. To regain their former influence is a very large but

necessary step indeed. Unions require government to remove different kinds of structural obstacles to collective organization. The reason for this is as trade unions occupy less of a social force in society, this places an onus on government to play a larger role in support of the redistributive effects of collective bargaining. So far this has not happened, but as unions change and adapt their practices, they need to rethink their institutional role in order to effectively represent the new non-standard labour force in very tough and turbulent labour markets. Theoretically, the concept they will need to look at most carefully to build institutional leverage is the idea of countervailing power.

### **Labour's Tug of War: Introducing the Variable of Countervailing Power**

Popularized in the writing of John Kenneth Galbraith, the idea of countervailing power remains highly relevant for many public policy experts. It has a large presence in the work of Stiglitz, Krugman, and Akerlof, all Nobel Prize winners in economics. The rediscovery of countervailing power in the age of market fundamentalism may not be surprising because it is a direct response to structural imbalances in the way markets operate at the global and local levels.

Countervailing power is a key idea that operates on the assumption that the concentration of power by private interests requires societal offsets. These take many forms and in the 20<sup>th</sup> century, the collective bargaining has been one of the primary means to offset the concentration of power in corporate hands. The media has often been seen as fourth force defending public interest, not always but often at critical times. Every society needs checks and balances and countervailing power is the most crucial idea that societies require to level the playing field between profit seeking and social purpose.

Building countervailing power institutions in the labour market has been slow and disappointing. In the critical areas of health, education and public housing, governments have cut back investing in ‘things public’ that negatively impact on labour market practices(Rogoff, 2014). One possible reason is the growth of non-standard employment is so complex and widespread that labour has not been able to craft an adequate response nor has society nor government. The effects of non-standard employment have so many different dimensions that it is no wonder they remain something of a puzzle. But on closer inspection, the emerging thematic is the transformation of work and the sociology of its demographics.

## **Part II - The Demographics of Non-Standard Employment**

### **The Precarity Puzzle: Why So Prevalent?**

Researchers have discovered that there is wide range of different kinds of precarious forms of employment arising out of non-standard employment (Standing, 2011). So what is the difference between precarity and non-standard employment? The simple answer is that precarity becomes the ‘bad’ end of non-standard employment linked to poverty, gender inequality and insecurity. The two are often used interchangeably and are in fact interdependent (Noiseux, 2013). Some researchers believe that precarity has become its dominant face particularly from a gender perspective. Specialists are divided on its causes, but there is an agreement that precarity is now embedded in the labour market as the emerging trend line.

Individuals are considered to be most at risk if they work in part-time, temporary positions at their main job and earn at or below the Low Income Cut Off. This definition

suggests there are three major components of precariousness: employment permanency (permanent, temporary) form (full-time, part-time, casual) and income (wage and nonwage benefits) (Vosko and Clarke, 2009). Not all non-standard work can be described thusly but much of non-standard work is in fact poorly paid, without benefits and job security.

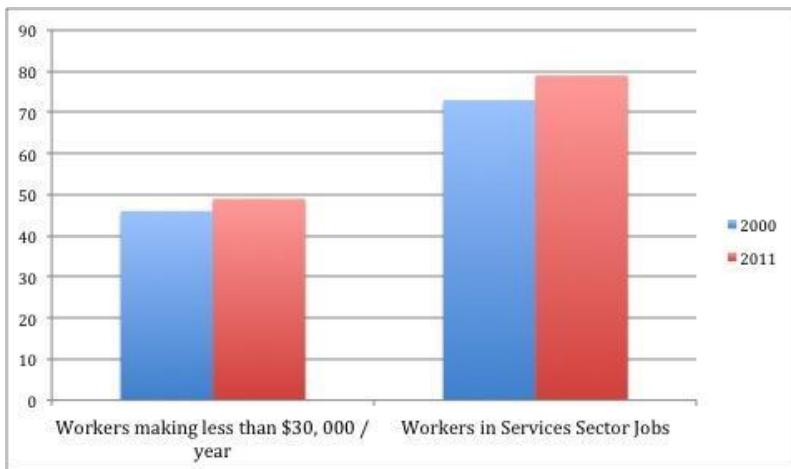
The report by Poverty and Employment Precarity in Southern Ontario (PEPSO, 2013) estimates that 20% of Ontarians now find themselves involved in precarious employment while an additional 20% report some aspects of precarity in their employment relationships. There are many new employment models competing for dominance as part-time, temporary, casual, or contractual labour characterizes much of the Canadian workforce, but the bottom line is that the fundamental category of non-standard work continues to expand at the center of the labour market.

The most affected sectors are retail and hospitality, particularly big box stores and the food and beverage service industry. The precarious routine-service industry is the fastest growing sector in the country as precarious routine-service jobs grew nearly twice as fast (33%) as the overall growth rate of non-precarious routine-service jobs (18.5%) between 2001-2012 (Martin Prosperity Institute, 2013).

What has been of interest to many researchers is the relationship between the explosive growth in service sector, low-paid jobs at the bottom of the job ladder. If it can be established that it is this dynamic which correlates to the growth of the working poor, in short the service economy is a rich source of job creation and poorly paying, part-time non-standard employment. Figure 6.0 provides the empirical evidence demonstrating that not only have service sector jobs continue to be the driver of the economy and also responsible for the growth in minimum wage paying employment. The economy is

coming to resemble more and more a labour market composed of five or six major silos where the full-time employment relationship continues to lose ground and is confined to select, privileged sectors of the economy, often export oriented large-scale production like the auto industry, mining, energy and agriculture.

**Figure 7.0 - The Working Poor and Services Sector are Expanding**



Source: Adapted from Theissen, 2014

Related is what economists have called the emergence of the “working poor,” workers being paid wages that are inadequate to support a family and provide them with the means to a decent existence -- a lifestyle consistent with the work they are willing to perform (Ehrenreich, 2001). The working poor has become a major phenomenon in the US labour market where a huge number of discouraged Americans have given up looking for formal employment and have turned to the informal economy for basic essentials. In Canada, as seen in Figure 6.0, both the number of individuals who comprise the working poor and individuals working in service sector employment are on the rise.

## **Wage-Setting and the Working Poor**

The Low Income Measures Index (LIM) is a tool developed by public policy analysts and accepted by government to establish what is necessary to maintain an adequate standard of living. The current Ontario minimum wage of \$10.25 an hour for a full-time, permanent job is 24.3% less than the pre-tax Ontario LIM for a single person, living alone, in 2011 (MacDonald, 2013).<sup>3</sup> To repeat, the crisis of the precarious worker is her inability to have a living wage.

Experts emphasize that workers cannot survive on minimum wage paying jobs alone. Different researchers have estimated the number with considerable difference between them, however the Ontario Minimum Wage Advisory Panel reported that there are 534, 900 minimum wage workers in Ontario (Ontario Ministry of Labour, 2014). The number is much greater when one includes those paid between \$10.25 and \$14.25 (Block, 2013). The key idea that a person who is paid slightly above Ontario's minimum wage, between \$10.25 to \$14.25 per hour, will continue working at that wage, without the opportunity to be able to progress to even \$15.00 to \$20.00 per hour.

Correlated is the rise of food banks to make up the difference between poverty and a living wage. 12% of Canadian households who require food bank assistance are employed, while an additional 5% are recently employed, making the number of Canadian workers accessing Food Banks close to 20% (Food Banks Canada, 2013). For others, another new phenomena is multiple job holding.

Some workers in the past have taken on additional employment to supplement their income but the new phenomenon is different because there is no choice; workers

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<sup>3</sup>\$23,690 per year from Statistics Canada custom tabulation from the Survey of Labour and Income Dynamics

must work two or more jobs to attempt to earn one living wage.

Finally, labour contractors, known as “temp agencies,” place workers in temporary employment relationships and promote the practice. Economists describe this as the ‘casualization effect’; where employers hire workers only if absolutely necessary. Researchers have developed the term *employment strain* to address the particular type of stress and associated health issues related to managing a lifestyle of precarious employment (Lewchuk et al., 2006 ). Non-standard employment relationships have far reaching societal consequences.

### **Women are Overrepresented in Non-Standard Jobs**

Researchers stress that women disproportionately feel the negative implications of new employment relationships. Vosko and Clarke (2009) emphasize that despite rising rates of employed women, the old-fashioned standard employment relationship still regulates the distribution of the associated employer-provided benefits and is based upon the patriarchal model of the family being supported by a single male earner. In Canada, this assigns men the social role of the “breadwinner” and women the responsibility as the (chiefly unpaid) caregiver (Vosko & Clarke, 2009).

Despite the emergence of non-standard work, the old standard employment relationship continues to shape the distribution of social benefits into household obligations, public policy design and the organization of the labour force. Women, who represent a higher percentage than men in part-time, temporary or casual positions, become marginalized since these positions are more likely pay low wages and less likely to provide employer provided benefits (Noiseux, 2011).

It is women who represent a majority in service sectors and own account self-

employed positions, and persistent occupational segregation poses a special danger to the female labour force (Vosko & Clarke, 2009). Specialists' study of gender relations in fragmented labour markets are empirically revealing because they identify a long-term trend where women are losing ground when they are pushed towards the low end of the transformed work world. In the 1980s and 1990s, women made significant advances in entering critical areas of the economy. As more and more service jobs fall into the non-standard variety, many of qualify to described as precarious, anchored in the low end of the labour market. Despite a general increase in multiple job holding since the turn of the century, in 2009, 56% of multiple jobholders were women, perpetuating gendered precariousness in the new non-standard labour market (Ferrao, 2010).

Unlike the resources sector with its spillover effect and high wages, women are largely excluded from these 'favoured' areas of the economy. This structural imbalance has become more pronounced as the wage gap between men and women continues to be very significant (Lewchuk et al., 2006). It is correct to see there is a causal link between the gendered character of non-standard work and wage polarization with women at the centre of this crisis. Women have less flexibility to move around to take advantage of the regional growth poles largely in construction and resources extraction (Lemieux and Fortin, 2014).

## **Youth Unemployment**

Youth between 15-24 are predominantly involved in non-standard employment relationships and the precariousness faced by youth will become problematic if they are unable to move into better paying jobs or upgrade their skills (Martin Prosperity Institute, 2013). In the Toronto CMA, 66.9% of youth between the age of 15-24 are involved in low-

skill, often precarious, routine service positions (Martin Prosperity Institute, 2013). In Québec, the number of youth in non-standard jobs rose from the already high percentage of 57.3% in 2000 to 62.1% in 2008 (Noiseux, 2012)

Youth unemployment rates in Canada have reached 14.3% while in Ontario they have reached 17% (Geobey, 2013). Employers do not hold up their end of the bargain to train youth, and there are two ends of the spectrum: employers expect high degrees of experience for very few, specialized jobs or create many low-skill, low-pay, non-standard jobs do not see the necessity to invest in a 'replaceable' employee. The unwillingness to train is identified as a barrier to pushing youth out of low end employment. Giving people access to better jobs is the goal, and for this to happen, Canada needs a very aggressive policy targeting retraining young people. Israel has very interesting initiative underway to bring the employment levels of Arab-Israeli women to national levels.

The idea of a targeted employment strategy to neutralize the negative spillover effects from non-standard employment for groups who have been historically marginalized and excluded from the labour market. This program includes child support, educational subsidies, special preparatory classes. The point is that people who have been disfavoured by the labour market have to be given the means and the motivation to have access to a work world that is not confined to marginality and minimum wage entry jobs (Bennett, 2014) . It is too early to know whether the goal of doubling the employment rate for Arab women in Israel will ever happen. From a policy perspective, it is a highly relevant example of positive innovation for government to create countervailing dynamics.

## **Recent Immigrants**

The challenges posed to recent immigrants, such as learning the local language and the lack of recognition of overseas credentials could contribute to the disproportionate number of immigrants affected by precarious working conditions (Martin Prosperity Institute, 2013). This oversimplification however must not be used to legitimize the discrimination felt by immigrants and racialized persons in the labour market through non-standard work practices. Canada's population of foreign-born residents has reached upwards of 6.8 million (Scoffield, 2013). The Canadian government has taken the lead in increasing the number of temporary migrant worker controversially seen by labour as a concerted attempt by Ottawa to reduce labour's bargaining power further. Instead of valuing a welcome addition to the Canadian economy, a recent report indicates more than half (55%) of recent immigrants surveyed from three newcomer communities in the Toronto area experienced discrimination in the workplace while 70% reported labour law violations, irregular hours and/or pay or poor working conditions (Akter et al., 2013).

Significantly, 6 out of 10 respondents reported difficulty in meeting monthly household expenses through earnings from formal employment, while almost 7 out of 10 reported engaging in some kind of informal economic activity for income assistance. This is hurting Canadian business and government needs to protect and expand the scope of labour market integration assistance programs.

## **Overqualified and Older Workers**

Additionally, 21% of individuals working in routine-service jobs in Toronto have a bachelor's degree or above (Martin Prosperity Institute, 2013). With such a highly educated workforce, companies are able to choose from a vast array of over-qualified

applicants. The Martin Prosperity Institute suggests this is due to the high number of educated immigrants working in the service industry and the concentration of universities within the Toronto CMA. In 13 of the 17 routine-service occupations surveyed, the majority of workers have more education than is necessary for their positions.

Overqualified older workers have a risk of remaining overqualified for their entire work period (Gervais et al., 2006). Despite the figures released by the Minimum Wage Advisory Panel that suggest the demographics of minimum wage earners in Ontario are majority represented by dependent youth, in Ontario, 39% of individuals working for minimum wage are 25 years of age and 61% of those making \$10.25 to \$14.25 are 25 years of age and over (Block, 2013). It is necessary to address the numbers, since this doubles the numbers of individuals working close to the Low Income Cut Off than the Minimum Wage Panel actually suggests. This is increasingly significant when considering that 69.1% of minimum wage workers work part-time, less than 35 hours a week. In addition, as the panel report stresses, minimum wage workers in Ontario are two and a half times as likely to be working in a temporary position (Ontario Ministry of Labour, 2014).

For older workers, job insecurity and low income could result in difficulty planning for retirement, resulting in the necessity to work beyond the standard retirement age, taking multiple jobs, and a lower standard of living. The Martin Prosperity Institute recognizes that in Toronto, this could contributed to a rise in elderly poverty and impact overall economic prosperity.

This section has focused on wage setting and the working poor and the negative implications of non-standard work for women. The growth in this reserve army of labour

facing highly unfavorable conditions now embraces youth, immigrants, and overqualified older workers. What is worrisome for experts is that numerous groups are trapped in fragmented labour markets, which are difficult to exit. The spread in precarity has highlighted the human costs of the world of work transformed.

### **Part III - Forging the New Consensus: The Challenge for Public Policy**

To better understand the public policy alternatives needed to address non-standard employment, the next section looks at five interconnected issues that are at the heart of the policy debate on non-standard work and employment. These include:

- **Addressing the Jobs Crisis:** An economic strategy to change the present imbalance between inadequate full-time stable employment and the growth in part-time work.
- **A Living Minimum Wage:** Flexible wage floors capable of pushing people out of poverty by legislative intent.
- **Countervailing Power Institutions:** Institutions capable of negotiating with employers fair and equitable contracts in period of hypercompetitive labour markets.
- **Regulatory Shortcomings:** New work standards and rights and obligations for employers and employees in a service economy.
- **Government's New Role:** With so much long-term change and the inability of collective bargaining to adapt in the short-term, government has a new role to play as the leading actor.

Many policymakers take a piecemeal approach to reform because it is easier to deal with

a symptom, which can be addressed through a short-term fix, rather than addressing the roots of the dysfunctionality, which requires deeper kinds of changes. In looking at alternatives, we have identified initiatives, which have the greatest multiplier effect and smallest amount of containable negative externalities. It is an important exercise to cognitively map the linkages between the job crisis, a living minimum wage, the critical role of countervailing power institutions and the benefits from addressing regulatory shortcomings as well as a new role for government.

What is apparent is that for every positive step there is a cost, as indicated in Figure 7.0. The medium term goal is to change the dynamics of the labour market so that the supply and demand signals, left to their own device, do not determine the quality and quantity of jobs on offer. This kind of rebalancing through judicious demand management and a proactive trade union movement could begin to find answers to the flashpoint issues of gender equity, benefits, pensions, discrimination by status and stronger protection against dismissal. *It is important to think in a speculative frame of mind of ways in which the regulatory environment of non-standard work and employment could evolve into a very different set of conditions.* The anti-poverty dimension is at the core of having countervailing power institutions capable of negotiating equitable contracts with employers.

An alternative approach to a job and employment strategy is addressed in the following section. Ontario provides a case study of the different dynamics and complexities of non-standard employment. Because its economic culture often assigns a very large role for the provincial state as an institution builder, public authority has acquired important experience in addressing regulatory shortcomings.

**Figure 8.0 – Five Thematic Areas for Labour Reform**

Five Thematic Areas	Multiplier Effect	Downside
<b>The Jobs Crisis</b>	Without a coherent jobs strategy, the inevitable outcome will be a service dominant economy premised on letting the supply and demand signals of the labour market determine the quality and quantity of jobs on offer.	A larger public debt, increased deficit, danger of higher inflation, costs of subsidizing job creation distorts market signals and investment.
<b>A Living Minimum Wage</b>	Increasing the minimum wage decreases poverty and increases consumer demand.	Smaller firms would have to adapt to higher wage standards, potentially leading to job shedding or more part-time work in favour of full-time work.
<b>Countervailing Power Institutions</b>	Hypercompetitive global labour markets require countervailing power institutions capable of negotiating with fair and equitable contracts with employers.  Unions are in a transition to learn the skills and develop the strategies to organize service workers, now close to 80% of the economy.	Researchers point to jurisdictional rivalries between unions that prevent them from organizing a highly mobile workforce. Duplication of organizing efforts and overlap lead to a waste of resources.  Male-dominated union traditions making it difficult to address the specific needs of women, youth and migrant overrepresented in non-standard jobs. Frequently the needs of non-standard workers are traded off in order to negotiate a collective agreement.
<b>Addressing Regulatory Shortcomings</b>	Creating a regulatory environment for the new work world that protects the rights of non-standard workers by extending them the statutory protection afforded to full-time workers. Five flashpoint issues are gender equity, pensions, benefits, discrimination by status, and dismissal rights.	The perception is that higher regulatory standards have a chilling effect on investors. More importantly, higher standards runs counter to the deregulatory framework favoring the market.
<b>A New Role for Government</b>	Ontario requires an economic strategy to row, steer, and restructure the labour market to correct the imbalance between part-time, casual, and contingent work and full-time, stable employment. If the good jobs are not there, middle class salaries are not possible, and that is the causal link.	Government programs without coordination would reinforce the heavy handed bureaucratic presence of government in the economy. Structured intervention only works when there is strong coordination across the face of government but the political culture of Ontario is unlikely to support such a large initiative.

**Source:** Drache and LeMesurier, 2014

### **The Jobs Crisis and the Minimum Wage Debate are Inseparable.**

In 2013, there is still an enormous jobs deficit of 240,000 according to strongly empirical report on the transformation of the Ontario job market (Tiessen, 2014). The new emerging trend suggests that brand new policy solutions are in order to reduce the polarization of Ontario's labour market with part-time and temporary employment growing faster than full-time, permanent work. In a similar vein, the report by Social Planning Toronto and the Alliance for Poverty-Free Toronto (2013) is an important example of an integrated approach to family poverty reduction in Ontario. The report demonstrates that the strategic goal of reducing poverty is to shrink the low end, non-standard labour market by giving people skills and changing the distribution of employment on offer.

They provide a significant set of recommendations with a particular focus on prioritizing full-time employment with a minimum wage of at least \$14 an hour as a pathway out of poverty. Their point is that people should keep more of what they earn. The report makes crystal clear the idea that the minimum wage is much more than the lowest legal hourly pay. Instead, they conceive of increases to the minimum wage as a fundamental labour standard designed to protect workers in the same way that child labour laws and overtime rules do. It needs to be properly enforced and the legislation has to be able to promote broad and rising prosperity for society.

In a recent editorial in the New York Times entitled [The Case for a Higher Minimum Wage](#), they show that if the US federal minimum wage had kept up with the increase in labour productivity, it would now be \$18.28 an hour. The minimum wage used to be

loosely tied to the average worker's wage but the inaction on the part of the federal government has effectively meant that the minimum wage is no longer benchmarked to move progressively to this index. The peg has been removed. The reality is that the average wage of production workers is approximately \$10.23, however once adjusted for inflation is \$7.25. Experts extrapolate that the take home pay is more than 50% less than it should be (New York Times Editorial Board, 2014).

What minimum wage is supposed to take aim at is the power imbalance between employers and low-wage workers corrected by pushing wages up so that poverty and inequality are reduced. The empirical research is quite convincing. Increases to the number of people living below the poverty line could be reduced by as much as five million if the hourly minimum wage in the US is raised to \$10.10 an hour. Extrapolating the data from the same economic studies, we could expect similar results in Canada. Increasing the minimum wage is the most important measure for the economic well-being of Ontarians and of course in a weak economy, would be stimulus to consumer spending.

Without a coherent jobs strategy, the inevitable outcome will be a service dominant economy premised on letting the supply and demand signals of the labour market determines the quality and quantity of jobs on offer. Much of the service sector is considered to be low-wage, with minimum job security, and the only possibility for advancement is increase skilling and jobs that offer the prospect of a career. The stereotype of the low-wage worker used to be that of a student, trapped as a part time burger flipper, working to pay for education. Increasingly, this job model has become full time, many involved are older workers and a significant number are women supporting families (Block, 2013). In the United States, two thirds of minimum wage workers are women, while 3 out of 4 female minimum wage workers are 20 years or older (National

Women's Law Centre, 2014). It is paradoxical that the focus on minimum wage reform can divert attention from the larger structural issues that have bid down the price of labour, the jobs crisis and the minimum wage debate are inseparable.

### **A Fair Wage Versus a Living Wage**

To the surprise of many, in his 2014, State of the Union address, President Obama took a small but sure step by increasing the federal minimum wage from \$7.25 to \$10.10 for contract employees working for the federal government (Perman, 2014). Significantly it excluded federal government employees. Thirteen states and additional cities have made motions to increase their minimum wages legislation (Perman, 2014). This is no small accomplishment and if the momentum continues, there could be more wage protection for workers.

Significantly, in Ontario, the industrial heartland of Canada, premiere Kathleen Wynne increased the minimum wage from \$10.25 to \$11.00, to begin in June 2014 (Morrow, 2014). This followed the report of the [Ontario Minimum Wage Advisory Panel](#). The report rejected an increase to \$14.00, the major goal of the labour movement, and it also recommended that the minimum wage be indexed to inflation. A year ago, most observers thought there was very little chance that there would be a revision upwards to the minimum wage schedule, a good example of the unexpected happening. In Canada, this increase would not have been possible without the labour movement hammering on the government's door and the committee of the legislature who made a formal recommendation to the government to increase the minimum wage after having been frozen at \$10.25 for four years.

Critics argue that higher wages would lead to job shedding for firms less than 50

(Braun-Pollon et al., 2011). However, in a review of 12 major studies on minimum wage and poverty in the United States, among other findings Dube (2013) determines that raising the minimum wage by 10% reduces poverty by 2%. Mainstream researchers like Gunderson (2013:37) admit, “active adjustment assistance programs that reinforce or grease the wheels of market mechanisms may assist vulnerable workers...”. Furthermore, the Dube (2013) makes important reading. His principle finding is that increases to the minimum wage results in higher earnings effects and no employment effects, that is no appreciable job loss (Dube, 2013). They are typical of a growing number of labour market economists who hold the view that minimum wages are an effective means in addressing inequality.

Theoretically, workers have experienced enormous difficulty in bidding up the price of their labour. They are anchored at the bottom of the wage ladder. It has been necessary for governments to increase statutory minimum wages; however there remains a significant gap between minimum wage and a living wage. It is estimated by economists and others that \$15.00 an hour would be an effective anti-poverty initiative and increasing consumer-buying power would have a strong multiplier effect throughout the economy (Dube, 2013). In his overview of the empirical literature he found that increasing the minimum wage had positive employment effects with minimal job shedding across a range of industries.

A standard feature of labour markets is high degrees of turnover and fluidity and employment is driven by many factors. The most important signals are strong domestic demand, sustained growth, and optimistic outlook for the economy. From a macroeconomic point of view, job creation increases when times are good and layoffs increase when economic growth is weak. It is often overlooked that a large part of non-

standard workers are employed by highly profitable firms, such as retail giants, fast food and hospitality multinationals, which have all been highly profitable sectors. They are in a position to increase wages and benefits to their work force, but from the standpoint of cost-cutting, business groups are visibly opposed to statutory legislation that provides workers with more than the minimum and significant rights protection in the workplace.

Generalizations are always risky and frequently used by opponents to prevent any minimum wage increases despite the fact that wage effects are always sector specific. In any event, the framing issue for the hundreds of thousands of people who work in non-standard employment will be to obtain a living wage. The determination to increase the minimum wage to a living wage is the standard to be obtained.

### **Shortcomings of the 'Gender Contract'**

Non-standard work and employment is a unique moment for policy experts and the public to examine the effects of global structural change on hypercompetitive labour markets. It is worth reiterating that even in a period of neoliberal cutbacks, government remains a critical actor in the daily lives of Ontarians despite a decade of budget cuts and austerity targeting.

Such public policy initiatives as in The Big Move campaign, the Metrolinx initiative to revolutionize Toronto's transport infrastructure; the Toronto Based University Health Network, to lower health care delivery costs and deliver the best healthcare possible; Cancer Care Ontario that coordinates treatment delivery and research across the province; MaRS, a public private partnership for research and the diffusion of knowledge; and the Human Rights Commission, a state tribunal to hear human rights complaints, are all diverse examples of the state's large oversight role in the management of the economy

and society.

These examples demonstrate that Ontario's institutional culture is open to managing structural change. So far with regards to the gendered dimension of non-standard employment, there is much to be done to extend regulatory protection.

Precarious employment has always had a strong gendered dimension because of women's considerable participation in precarious forms of part-time employment and the unequal sex-gendered divisions of unpaid work (Vosko & Clarke, 2009). In their research, Vosko and Clarke demonstrate the restrictive conditions that prevent women from moving out of low end, non-standard employment. The single largest factor they identify is the dearth of affordable, quality childcare. It would be a mistake to accept that the gender normative model of standard employment is less present in the new labour relations regime, which has been at the centre of this report.

Vosko and Clarke (2009:3) found it "exists and continues to exist independently of individuals" in the organization of the labour force, especially in the design of many labour and social policies. One way to understand gendered practices is their concept of a "gender contract" assigning men a primary role for support of the family and a woman's central responsibility is largely unpaid caregiving. Despite the growing numbers of women in the workforce and the growing inadequacy of wages for supporting the modern family, women are still assigned the primary role of caregiving and are disadvantaged by highly competitive labour markets, which are now the norm.

### **The Benefits-Hours Pivot**

In the late 1990s, 68% of total employment in Canada was full-time, in 2007 it had fallen to 64%, while all forms of non-standard employment grew from 7%-10% in the

same period (Vosko & Clarke, 2009). It is not surprising to learn that the gendered patterns of work have not only intensified, but accelerated within part-time and temporary forms of employment where many prime-aged women are employed. In addition to the low pay and few and uncertain hours, these forms of employment are generally without employer-provided benefits. The gendered distribution of employment is one area where the regulatory lag is most pronounced.

High levels of responsibility for childcare and senior care push women into the non-standard labour market because hours are often more flexible, even though pay and benefits are inadequate. One of the reasons women are trapped in segmented labour markets is that access to regulatory protection is often pegged to hours of work for certain benefits. In their study, Vosko and Clarke (2009) highlight that the decline of the standard employment relationship with its putative 40 hours a week has been a trendsetter. Employment Insurance is also tied to hours of work, which again accepts the gender contract as its regulatory mechanism. The gender phenomenon in Canada is linked to employers' demand for flexible employment practices with low wages and limited access to regulatory protection. On the other hand, many public policies are based on the old male employment model and still have not been modernized. Policymakers should look to take corrective action when something has gone wrong with the structure of the economy as in this case where as pay and benefits are out of reach for a vast number of women (Noiseux & Boucher, 2013).

### **Can Unions Do Better? Must The State be More Supportive?**

One of the critical actors in neutralizing the effects of hypercompetitive labour

markets are unions and the system of collective bargaining. Earlier in the century, trade unions faced de-unionization when mass production challenged the organizational dominance of craft unions. Industrial unionism had to learn new strategies and techniques in an economy organized around standardized goods production like steel, auto and meatpacking (Piore & Sabel, 1984). Labour confronted not only the toughest corporate forces but they also squared off against a repressive government who openly backed corporate America. US labour learned how to blunt the attack of government and big business. The lesson taught is that to win the economic war, the US labour movement had to fight their battle and win politically. The rise of the service economy is an equivalent turning point.

While parallels are never exact, labour has arrived at a similar juncture. There seems to be three scenarios on offer: the state continues its attack to weaken collective bargaining further and the public sector and labour are left to their own devices. The other possibility is that the state becomes reform-minded and addresses the dysfunctionalities of hypercompetitive labour markets with its suboptimal rules for benefits, overtime and wages. The third scenario is that the state becomes more of an umpire and less of a combatant. Politically, this is advantageous for a hard-pressed government to win votes and elections.

In a hypercompetitive world of labour markets, it is increasingly difficult for the state to be the referee when much of the political process is organized around corporate interests that work actively to defeat organized labour as it tries to rebuild its ranks and sign up new collective bargaining units.

Recently, the United Auto Workers (UAW) suffered a bitter defeat in its organizing drive of the employees at the Volkswagen Plant in Chattanooga, Tennessee in February

2014. It was not engaged with a fight with Volkswagen, but with the entire political establishment of Tennessee. The Governor and the Republican Party lined up against the union while Volkswagen and by contrast, the factory manager supported unionization in order to introduce a German-style “works-councils” (Barrett, 2014). To step up the pressure, the Republicans threatened that the legislature was unlikely to approve further subsidies to Volkswagen if they supported the UAW. Also, the attack on the UAW came from third parties, particularly The Centre for Worker Freedom. It was created especially for this purpose and had millions of dollars to spend alleging that Chattanooga would be less competitive if Volkswagen unionized. This kind of right-wing populism is toxic which turns the state into an adversary of collective bargaining. The UAW is appealing the outcome to the National Relations Board to order a new vote.

The state is not always the antagonist, but can be neutral or a facilitator. Across the globe, it certainly has not been neutral and has not been reformist when it comes to addressing the transformed world of work and employment. For organized labour, which has less market push than it needs to be an effective social force, a reformist state friendly to labour is not on the immediate agenda.

Still, organized labour has learned to fashion strategies to organize service workers in a surprising number of sectors. Perhaps the most interesting and relevant example is of the 30,000 plus New York City doormen, concierges and porters, organized by Service Workers International. In 1991, they went on strike for two weeks and settled with improvements to health benefits, wage increases and overtime pay (Kusisto, 2014). They were able to bargain with the employers' council despite working in hundreds of separate apartment buildings and establishments. New negotiations are underway in 2014 and it will be interesting to see the compromise struck between service workers and

business owners.

In Canada, there are many examples of self-organizing efforts in the new service economy, including baristas in Halifax, Couche-Tard workers in Québec, cleaners in Toronto, hospitality workers in major hotels have secured collective bargaining rights. Organized labour needs to find ways to blunt the attack of employers and redirect the state. Every union needs to find ways to strengthen itself internally and reassure their rank and file that their future lies with the non-standard work and workers, like themselves. So far, this has proved to be a very difficult challenge.

Labour is at the low point of the collective bargaining cycle and it must relearn the fundamentals of its craft to find its way back to the bargaining table. For labour, the lesson learned from the turbulent organizing campaigns of the 30s and 40s was: to win the economic war for collective bargaining rights it had to fight politically. Pessimists are of the view that there will be no turnaround for labour because the neoliberal state with its free market priorities is unreformable. Optimists are of the opinion that government will be forced to address non-standard work and employment issues and take reformist measures because labour market conditions require it. For labour, a neutral state that prefers to play ‘umpire rather than combatant’ would be a significant achievement.

## **Part IV: Conclusion**

### **The Viability of Alternative Strategies? Scenarios and Options**

The fundamental changes in the Canadian labour market, as in many other jurisdictions, are the consequence of a set of long-term structural problems, which are at once multifaceted and complex. The wage dynamic is one in which labour markets

become globalized and fragmented, wages sink downwards, lowering the wage floor and increasing the inequality gap. Non-standard employment is reviving the notion of a reserve army of labour bidding down of wages and working conditions. It is becoming the prevalent form of employment on offer but it is not the only kind of employment on offer. The labour market continues to be diverse, gender segmented and volatile, particularly for immigrants, first time entrants, and women. Numerically, this is a very large and growing demographic that is reconfiguring the labour market to an unprecedented degree. It appears that the door to a new epoch in industrial relations and collective bargaining is opening wide.

It is the view of this Report after looking at the leading empirical research by some of Canada's most important research institutes *that long-term structural change can be redirected and the negative effects neutralized by innovative intervention by government, employers, unions, and social movement actors.*

In a knowledge-based economy, the supply-side pressures are intense and arise from the changing nature of the workforce and their slow and often painful ability to assimilate into the labour market successfully (Gunderson, 2013). The expert consensus demonstrates that the market has failed to provide adequate benefits and stable employment growth to ensure economic security. There is a need to find alternative mechanisms for regulating the employment relationship, and this report has highlighted possible strategies for a transformed labour market.

These include a structured government intervention focused on a targeted employment to push as many people out of precarious employment. The only way to get out of this trap is to change the balance between low skill, low paying gendered employment to one of high skill and high pay work through training and investment. This

is one of the important steps to not only address underemployment but its discriminatory barriers women face in a non-standard labour market.

Of all the innovative and important public policy ideas surveyed, the idea of a living wage is the leading candidate to become the high standard for government and trade unions because it identifies forcefully the causal link between quality of life and the means to obtain it. Governments need to change the direction of public policy. The public is best served when markets are servants of public need rather than its masters.

## Appendix

### The Big Five: Resource Rich Studies of Non-Standard Work and Labour Market Volatility in Canada<sup>4</sup>

#### The Law Commission of Ontario (LCO)

**The multidimensional aspects of employment law and the many impacts on the new employment standards.**

**Organization:** The Law Commission of Ontario (LCO) is a large team of legal researchers that work on a wide variety of short and long term projects. It was established and is funded by the Law Foundation of Ontario, the Ontario Ministry of the Attorney General, Osgoode Hall Law School and the Law Society of Upper Canada. They commission regular reports on the interface between law and society examining new options for both legal regulation and public policy.

**Approach:** Its report adopts a regulatory perspective with sophisticated recommendations for public policy design and legislative reform. One core set of recommendations addresses the pros and cons of increasing the minimum wage; it looks at the gendered nature of non-standard work and the legal challenges posed by the prevalence of non-standard employment.

**Focus:** The report presents an overview of the legal protections available to non-standard workers in Ontario and the provincial legislation dedicated to worker protection, particularly the *Employment Standards Act* and the *Occupational Health and Safety Act*. Without the protections of the Employment Standards Act and the Occupation Health and Safety Act, workers face challenges to personal health and wellbeing. In many respects, this report explains the way the law is a laggard and needs to catch up to the changing face of employment.

**Report:** *Vulnerable Workers and Precarious Work* (2012)

**Website:** <http://www.lco-cdo.org/en>

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<sup>4</sup>This is only a partial list of prominent research bodies but we have decided to restrict our interest to those funded particularly by the SSHRC that look at the links between low-wage work, poverty, precarious employment, skills and state regulation. LCO and OML are state created bodies.

## The Ontario Ministry of Labour (OML) Minimum Wage Advisory Panel

**Recommend to the government changes for minimum wage legislation.**

**Approach:** The panel is seeking recommendations to develop a process to determine the provincial minimum wage.

**Organization:** A regulatory body set up by the Ontario provincial government. The advisory panel is composed of a group of independent chairpersons and representatives from business, labour, worker and youth backgrounds. This is an all-party panel, but can only offer advice and its recommendations are non-binding. It is an important body, if only advisory, because it gives visibility and traction to the government visiting periodically the adequacy of the minimum wage.

It is more process oriented, than substance oriented as an institutional space to present to the government informed, expert advice on the need to broaden strength and minimum wage provisions coverage. For organized labour this is a key interface, but may prove to be a limited opportunity. It is still in an organizational developmental stage.

**Focus:** As a governmental body, the emphasis of the panel is to develop a fair, regulatory process to determine the minimum wage.

**Report:** Its 2014 report encouraged the government to increase the minimum wage but disappointingly the government did not go as far as the report recommended.

**Website:** <https://www.labour.gov.on.ca/english/es/advisorypanel.php>

## **Interuniversity Research Centre on Globalization and Work / Centre de recherche interuniversitaire sur la mondialisation et le travail (CRIMT)**

**Institutional renewal and experimental collective representation.**

**Approach:** It has a very large mandate examining new work and employment relations in a macro- and micro-settings in Québec and globally. It has adopted a framework focused on the theoretical and practical challenges of institutional and organizational renewal pertaining to work and employment in globalized society.

**Organization:** CRIMT is an interdisciplinary alliance composed of researchers from universities and institutions across Canada and abroad. It is based out of three founding institutions l'Université de Montréal, Université Laval and HEC Montréal and is funded by the Major Collaborative Research Initiatives Program (SSHRC) and the Strategic Clusters Program (Fonds de recherche de Québec).

**Focus:** It has worked extensively on gender and non-standard employment as well as exploring different models of workplace representation. Much of its work is informed by interacting with trade unions, employers associations, and the government in Québec. One of their strong suits is to examine new work practices in comparative settings.

**Website:** [http://www.crimt.org/EN\\_Index.html](http://www.crimt.org/EN_Index.html)

## **Poverty and Employment Precarity in Southern Ontario (PEPSO)**

**The invasiveness of precarious work into personal life.**

**Approach:** PEPSO is concerned with the effects of non-standard and precarious employment on poverty for low income families and communities within Southern Ontario.

**Organization:** Partnered with McMaster University, PEPSO is largely funded by the Social Science and Humanities Research Council's (SSHRC) Community University Research Alliance program (CURA), with the support of the United Way and other community sponsors. It works extensively with the trade union movement.

**Focus:** PEPSO approaches the issue of precarious employment from a community perspective. The group is largely anti-poverty with a focus on recommendations for building the new employment relationship through incentives, programs and higher employment standards to move people out of precarious employment and poverty.

**Working Paper:** *It's More than Poverty: Employment Precarity and Household Well-Being* (2013)

**Website:** <http://pepso.ca>

## **Anti-Poverty Community Organizing and Learning (APCOL)**

### **Building self-help networks in the absence of unions.**

**Approach:** The Anti-Poverty Community Organizing and Learning (APCOL) project is a community-based research and action collaboration between academic and community researchers in the Toronto area. Inspired by a bottom-up approach to community organizing they highlight the importance of the role of education in assisting 'the precariat' in escaping from the traps of job ghettos and labour market segmentation.

**Organization:** APCOL is a five-year project spanning from 2009-2014 and is funded by Social Science and Humanities Research Council's (SSHRC) Community University Research Alliance program (CURA).

**Focus:** The project supports anti-poverty initiatives from a community organizing and activism perspective and highlights the role of community organizations providing employment support for families and individuals by establishing micro-solidarity networks.

**Working Paper:** *Social networks and socio-economic integration: Immigrant experiences and approaches in Toronto*, (Thomas, 2013).

**Website:** <http://www.apcol.ca>

## **The Martin Prosperity Institute/ The Institute for Competitiveness and Prosperity**

### **Economic competitiveness in non-standard employment practices**

**Approach:** The report approaches the topics of non-standard work from a perspective on economic competitiveness and labour market restructuring. Its premise is that the growth of non-standard work is a source of inefficiency and a barrier to a strong economic performance. To achieve higher productivity and global competitiveness, governments and employers need to develop an awareness of alternatives to the low-skill, low wage economy.

**Organization:** The ICP serves as the research body of the Task Force on Competitiveness, Productivity and Economic Progress. The MPI is funded by both the Provincial government of Ontario and the federal Government of Canada and is mandated to produce both original research and policy recommendations. It is housed in the University of Toronto Rotman School of Management.

**Focus:** The majority of individuals experiencing precarious employment work in routine-service jobs (servers, secretaries, cleaners, clerical staff and cashiers) and these types of jobs make up 45% of the total workforce in the Toronto CMA<sup>5</sup>. The report advocates for a coordinated market economy in which employers, government and unions become partners in addressing labour market mismatch and underperformance through incentives and inducements.

**Working Paper:** *Untapped Potential: Creating a better future for service workers* (2013)

**Website:** <http://martinprosperity.org/2013/10/03/insight-untapped-potential/>

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<sup>5</sup> Or 1.5 million workers in 2012

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