

The Cayman Islands Council of the United Church in Jamaica and the Cayman Islands, which represents the nine congregations of the United Church across Grand Cayman, strongly urges the Government to institute a minimum wage (and the required law) for the Cayman Islands. We further urge that the minimum wage legislation be in accordance with the "Living Wage" concept gaining momentum in the developed world, including in the United Kingdom. This concept is interpreted by the London Citizens Living Wage Campaign as, "Our vision is of a city and country where everyone in work is paid enough to provide adequately for themselves and their family. The Living Wage Campaign aims to make poverty wages history. The Living Wage is the level of pay and conditions that enables a full-time worker to make ends meet for themselves and their family." Or perhaps more memorably in their slogan: "A fair day's pay for a hard day's work."

We believe such a requirement and objective can only be just and right. To do less, and to allow poverty wages to continue, especially in an economy like ours, is clearly unjust; therefore it is something that the Church must address because of God's unambiguous demand for justice for all and care for the weak. We therefore respectfully call on the Government to use all the data available to it to calculate what a minimum wage should be in Cayman (or in each Island if the evidence so indicates) in order to meet the standard of a living wage, and to implement the necessary legislation. We appreciate that thought will have to be given to how this is calculated in regard to such matters as number of wage earners reasonably required/expected to provide adequately for a family and the basket of costs. But we are confident that this can be done so as to make a positive impact in the lives of the families of those workers who need to be empowered in this way.

We are not asking for so called "handouts," only fair pay for fair work, and there are probably only a small number of jobs in Cayman where such intervention will be required. We realise there may be some opposition to this and we are familiar with the arguments made elsewhere on both sides of the debate. We also appreciate the benefits of a free economy but, with due respect, we do not believe that persons in the lowest levels of our workforce have truly free bargaining power in "negotiating" their wages. Recent data on pay levels in Cayman show great disparity and certain minimum salaries that we all know cannot provide a "liveable income." We do not believe that correcting those instances of injustice will have adverse impact on our economy (and indeed could help correct some of our costly social ills) but in any event would question the equity of building particular industries or segments of an economy that must be based on poverty wages for a few at the bottom. Certainly, by the grace of God (and the benefit of a small population) Cayman has not had to compete economically with overpopulated, poor countries, where often life is cheap and demeaning also, and we must strive to avoid this.

The Government will be well aware that, increasingly, other governments around the world have been finding that opposition against a meaningful minimum wage has been based on data whose integrity is now often open to question or have been reasonably refuted. In this respect, we attach a few extracts from but one publication, from the Economic Policy Institute in the United States – see appendix.

United Church Cayman Islands Council

Appendix

Extracts from Economic Policy Institute Briefing Paper #178, October 25, 2006 |

Minimum wage trends

Understanding past and contemporary research

by Liana Fox

There is a growing view among economists that the minimum wage offers substantial benefits to low-wage workers without negative effect. Although there are still dissenters, the best recent research has shown that the job loss reported in earlier analyses does not, in fact, occur when the minimum wage is increased. There is little question that the overall impact of a minimum wage is positive, as the following facts make clear:

- Some minimum wage workers remain in low-wage jobs for substantial periods.
- The best recent research on the economic impact of the minimum wage shows positive effects without job loss.
- Even the research that suggests a negative labor market effect shows only a minimal impact that is more than offset by the higher wage levels.
- The states that have adopted higher-than-federal minimum wages have seen low-wage workers' incomes rise with no negative side-effects.
- Over 650 economists, including five Nobel Prize winners and six past presidents of the American Economics Association, recently signed a statement stating that federal and state minimum wage increases can significantly improve the lives of low-income workers and their families, without the adverse effects that critics have claimed (EPI 2006).

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Some distinguished economists have acknowledged their change of opinion on the issue. Former Federal Reserve Vice Chairman and current Princeton economist Alan Blinder commented, "My thinking on this has changed dramatically. The evidence appears to be against the simple-minded theory that a modest increase in the minimum wage causes substantial job loss" (Chipman 2006). The latest version of his popular introductory economics textbook reflects his change in thinking:

Elementary economic reasoning...suggests that setting a minimum wage...above the free-market wage...must cause unemployment....Indeed, earlier editions of this book, for example, confidently told students that a higher minimum wage must lead to higher unemployment. But some surprising economic research published in the 1990s cast serious doubt on this conventional wisdom. (2006, 10th edition, 493)³⁰

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In response to dire predictions made by minimum wage opponents prior to the enactment of Florida's minimum wage, Bruce Nissen of Florida International University and Luke Shaefer of the University of Chicago followed up with a comprehensive study of Florida's economy one year after the minimum wage increase. Their conclusion:

No empirical evidence shows that Florida's minimum wage has caused businesses to lay off workers. Instead, state employment has shown strong growth since the

new wage took effect, better than in previous years and better than the U.S. as a whole. (Shaefer and Nissen 2005, 3)

Similarly, an examination of the Wisconsin labor market one year following the implementation of an increase by the Center on Wisconsin Strategy at the University of Wisconsin-Madison found that the most-affected industry, eating and drinking establishments, grew three times more rapidly than the overall Wisconsin job growth rate (COWS 2006).

Washington has the highest minimum wage in the country and was the first state to annually adjust its state minimum wage for cost-of-living increases. The Washington-based Economic Opportunity Institute has found that Washington has out-performed the rest of the country in jobs since the end of the recession in November 2001, and that industries most-heavily affected by the minimum wage have not seen adverse employment impacts (Smith 2003; Watkins 2004; Chapman 2004).

Studies by the Oregon Center for Public Policy have found that Oregon has had faster job growth than 41 other states since its minimum wage and indexing went into effect in 2002. Furthermore, low-wage employers have been adding jobs at a faster rate than Oregon employers overall since the higher minimum wage and annual cost-of-living adjustments were implemented (OCPP 2005a; OCPP 2005b).ö