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DISTRIBUTION OF INCOME IN CANADA

The returns to labour depend on supply and demand in the labour market; and the demand derives from the demand for all of the goods and services produced in the economy [1]. There are imperfections in the labour market. One is the immobility of labour, which affects the returns to workers. In an industry where there is a strong demand for the product, wages may have to be raised to attract more workers, and the incomes of all workers in the industry are likely to be increased.

At the same time, as some workers move out of an industry to a higher-paying one, the quantity supplied to the industry that is not expanding decreases, and the analysis of supply and demand suggests that as long as other conditions do not change, this will result in an upward pressure on the price (wages) of those who remain in the industry. However, if workers are not aware of the existence of higher-paying jobs, or if they know but cannot afford to move, or are not properly trained, then this immobility can result in their earning a smaller share of the income pie.

Canada's manpower policies are administered by the Department of Manpower and Immigration. Through its large network of manpower centres, the Department works on both the demand and supply sides to try to improve the operation of the labour market. It offers job information and testing and counselling services; it helps students find summer jobs and refers people for full- and part-time courses under the Canada Manpower Training Program. The Canada Manpower Mobility Program helps workers move to areas where there are job opportunities.

To talk about the market for labour is to oversimplify greatly: labour is by no means a homogeneous product. Members of the labour force include managers and professionals, labourers and unskilled workers. There are great differences in the type of market that exists for the various kinds of labour. Two thirds of the total labour force in Canada do not belong to unions. Even in the industrial sector, where most unions are concentrated, there are many firms whose workers are not unionized. In such cases, it is the market that largely determines the returns to non-unionized workers, although its power is limited to some extent by certain provisions of protective labour legislation. Such returns can be very high. Workers in some non-unionized companies get returns higher than those in unionized companies, because management is sometimes willing to pay a premium to keep the unions out.

In addition to forming unions, workers have responded to the power of employers by pressing strongly for government legislation that would protect them and their share of income; and they have been successful. Through the process of judicial interpretation of the constitution, labour legislation has come to be regarded as a matter of civil rights, and hence primarily a matter of provincial jurisdiction. The fair employment section, for example, prohibits discrimination by employers and unions on the grounds of race, colour, religion, or national origin. Another section specifies equal pay for equal work for men and women.

Provincial governments have also enacted legislation relating to all of these matters for industries under their jurisdiction. There are minimum wage laws throughout the country, and the same wage rates are established for both sexes in the majority of provinces. Most provinces have anti-discrimination laws, general hours-of-work laws, annual vacation legislation, as well as factory or industrial safety acts. All provinces have workmen's compensation laws that provide for payments to employees for accidents suffered while on the job [2].

The effect of many of these laws is to increase the income level of workers and to increase employers' costs. The minimum wage laws make the lower range of the supply curve for workers irrelevant in some markets. Some workers who might be willing to work for less are prevented from doing so; employers are similarly constrained in their hiring. The result is that fewer people may be hired in some markets, but some may earn more than would be the case if the law did not exist.

REFERENCES

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