

Towards a Living or Liveable Wage

REPORT FINDINGS AND COMMENTS

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Early Beginnings

Attempts to Find a Definition

- Terminology of 'living or liveable wage' is relative
- Can assume different levels according to economic/social class
 - \$55,000? Or \$100-150,000?

Basic Definition: “What annual wage or salary, at a very human, humane and basic level, will be adequate to provide an individual or given family group, an adequate, healthy and realistic basket of goods and services over a consistent period of time”?

Bermuda's Reality:

“One man's paradise is another man's hell”

Bermuda's Reality

- Bermuda is the most expensive place on earth
- Incorrect to say that goods and services must be as expensive as they are solely due to being imported from “far away” places
 - Mark-ups ranging from 250% to as high as 750%
 - Some merchants are simply gouging and capitalizing on their monopolistic positions and charging what the market can bear.
 - Predatory commercial practices being passed on to consumers thus driving up overall cost-of-living

Bermuda's Reality (cont.)

- Problem exacerbated by overwhelming number of monopolies and irresponsible behaviors of merchant and professional class
 - Eg. Importing three foreign workers and collectively paying them the wage of one Bermudian worker
 - Foreign workers living in substandard housing at lower rates, displacing Bermudians who inevitably lose jobs and homes and finally leave Bermuda
 - Bulk of money sent overseas

Overall effect = Drive up prices, Shrink our tax base, Prejudice future sustenance and sustainability, Uproots Bermudians

Bermuda's 'Wealth Gap'

Bermuda's Wealth Gap

From 1620 onwards

- Merchant and professional class have dictated moral, social and economic values and trends
- Assisted by foreign elements, eg. realtors, bankers, hoteliers etc.

Social and economic disparities will only deepen and worsen without appropriate checks and balances, eg. efficient monetary, fiscal and 'public finances' reform;

An Approach to Reform

The elephant in the room: International Business

Will they run away if we implement tax?

- IB sector is facing worldwide tax rates ranging from a low of 12 ½% to a high of 72% on profits
- Bermuda could tax ½% to 2%

Bermuda saw \$47 BILLION in deals last year from IB sector

- 2% of this is most of Bermuda Government's annual budget
- Increase in 'tax income' could lead to severely reduced tariffs, levies, import and payroll taxes, etc., leading to a lower cost of living, more spending, more employment of labour etc.

Breaking Monetary and Fiscal Barriers

- Lower cost of living would cause people to spend and save more
- But monetary policies of banks and financial institutions must be reined in and regulated by Finance Minister and Bermuda Monetary Authority
 - Eg. Set appropriate 'economy-expanding' interest rates by Finance Minister and the BMA to encourage lower-income home and small-business ownership

Political willpower and fortitude needed to accomplish these objectives

Footnotes and Endnotes

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| Monthly | Cost |
|--------------------|------------------------|
| Rent | \$1,800 (1 bedroom) |
| Food and groceries | \$ 600 (2 adults) |
| Electricity | \$ 300 (per household) |
| Health Insurance | \$ 500 (1 adult) |
| Car (Gas) | \$ 200 (commuters) |
| Prepaid Cell | \$ 200 |
| Total | \$ 3,600 |

Accordingly, for a 50-week annual wage or salary (with two (2) weeks unpaid vacation) this household would have to earn approximately \$900 per week consistently or a minimum of \$45,000 per annum.

Bermuda's Poverty Datum Line

- Estimated PDL: anywhere **between \$55,000 to \$60,000**
 - Translates to a minimum living wage of approximately \$4,500 to \$5,000 per month or \$1,125 to \$1,250 per week per household
 - “Super-profits to the merchants and professionals are the wages and salaries of the working class”
 - Community leaders morally obligated to avert an inevitable social calamity caused by maldistribution of Bermuda's wealth