

Raising Minimum Wage: Arguments For and Against

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Approximately one fifth of American Citizens live in poverty; they are unable to secure basic necessities such as food, shelter, health care, and transportation. Raising the current minimum wage is one way to reduce poverty.

The Rev. D. James A. Forbes Jr., writes in the forward to: [A Just Minimum Wage](#), “Poverty is one of silent killers in the life of our nation. Its cumulative effect is as devastating as earth quakes, floods, forest fires and hurricanes. More people die each year from poverty-related causes than the combined casualties from war, natural disasters and homicide....The impact of poverty, while less dramatic, less visible and rarely reported, is nonetheless lethal...Poverty is a weapon of mass destruction in our midst.”(1)

Raising the minimum wage will help to narrow the growing and increasingly devastating gap between the rich and the poor. It is especially shameful to have such a large percentage of our citizens living in poverty amidst the extreme affluence of our nation.

The existence of extreme poverty and extreme wealth harms everyone. It decreases our personal sense of security – the rich must live in gated communities to keep out the poor. Many people remember living in small towns in the not too distant past and not even having to lock doors on their homes.

Poverty also impacts our criminal justice system. The great majority of people in prison come from backgrounds of poverty. The enormous cost of building and maintaining such large numbers of people in prisons (another kind of gated community) means that money is spent to control and keep people down rather than offer programs to enhance the quality of life.

Just as the percentage of people living in poverty has increased in the last thirty years, so have the total number and the percentage of the people living in prisons. Jan Chaiken, director of the United States Bureau of Justice Statistics, reports a “quadrupling of the United states incarceration rate since 1975. This rate is by far the highest rate in the industrialized world. The United States incarcerates its’

citizens at a rate six times higher than France and England, and ten times higher than Sweden and Finland. High poverty communities find a greater percentage of their young men imprisoned than do more economically privileged communities. (2)

The Federal Minimum Wage was enacted in 1938, during the Great Depression. It was established at a time when one out of five workers was out of work “It was meant to strengthen the depressed economy by increasing consumer purchasing power and generating new jobs to meet rising demand; to stimulate economic development in lagging regions of the country; and stop the original ‘race to the bottom’ of employers moving to cheaper labor states in a downward spiral.” (3)

Today, there is at least that percentage of workers living below the poverty line. Given our current economic conditions, and the fear of a severe economic depression, a big hike in the minimum wage seems to make sense. The very reasons that a minimum wage was established in the first place, are the same reasons we need to increase it today. The same arguments that George W. Bush made to establish the Income Tax Rebate can be used to support raising the minimum wage (and even to establishing movement toward a living wage).

Unlike Social Security, the specific dollar amount of the minimum wage has not been automatically raised each year to keep up with inflation and the cost of living. Since September 1997, the cost of living has risen 26%, while the minimum wage has fallen in real value. After adjusting for inflation, the value of the minimum wage is at its lowest level since 1955. (4)

The fact that the value of the minimum wage has dramatically dropped affects the general average wage for *all hourly workers*. Wage inequality has been increasing, in part, because of the declining real value of the minimum wage. Today the minimum wage is 31 % of the average *hourly wage of all American workers*, the lowest level since the end of World War II. (5)

Fair wages will help to narrow the gap between the rich and poor. When people work for wages below that which is necessary for basic necessities, it is detrimental to the lives of the workers and our nation. A job should keep you out of poverty, not keep you in it.

“Currently, in 2008, one-third of North Carolina’s working families earn low incomes... And this has increased from one-fourth in 2006. Low-wage workers are

less likely to receive workplace benefits and advancement, no matter how hard they work.” (6)

Not only are the poor getting poorer, but it is also true that the rich are getting richer. In 1979, the bottom third of taxpayers had more than twice as much combined income as the top tenth of 1 percent. In 2003, it was the other way around: The top tenth of the richest 1% of taxpayers had more income than the bottom third of taxpayers combined. (7)

The growth of the gap between CEOs and minimum wage workers has grown astronomically. In 1980, the average CEO made as much as *97 minimum wage workers* and in 2004, the average CEO made as much as *952 minimum wage workers*. (8). “Pay for the top five executives at companies takes more than double the bite out of company earnings that it did a decade ago.” (9)

Yet, in spite of the above statistics and reality, some economists argue against raising the minimum wage. What are their views?

According to David R. Henderson (2006), most economists oppose raising the minimum wage because it will only help a small percentage of low wage workers, and help them only a slight amount and will harm a much larger number of low-wage workers. Raising the minimum wage does not automatically increase productivity, so employers must look elsewhere to compensate -- maybe by cutting nonwage benefits, by working the labor force harder, or by cutting training. Henderson writes that “when the government raises the minimum wage, it doesn’t guarantee jobs. It destroys jobs. (10)

Joe Messerli, writing for BalancedPolitics.org, claims raising the minimum wage will hurt small businesses. His most interesting objection is that minimum wage laws are the government controlling our actions. He says citizens can “just say no” and exercise personal choice. Raising the minimum wage will limit personal choice and freedom. This goes against the American idea of Freedom, is his claim. (11)

Messerli also claims that most minimum wage workers are teenagers, living at home, working for extra spending money. He also claims that raising the minimum wage will reduce the incentive of teenagers to go to college or seek additional training if they can already earn a high minimum wage. (12)

Concerning the teenage argument, many teenagers are working minimum wage

jobs *in order to pay for college*. The Fayetteville, NC Observer reported about Ashley Harrison, who is 17, and works at Subway to save money for college. It is difficult because the annual tuition and fees have almost doubled in recent years, and of course the value of the minimum wage dollar has decreased. (13)

Actually, the typical minimum wage earner is an adult woman, not a teenager and three-fourths of the minimum wage workers are age 20 and older. Two out of three minimum wage workers are women and most minimum wage workers have high school degrees or more, including 7 percent with a bachelor's degree or higher. (14)

Arguments against raising the minimum wage frequently include claims that it will destroy small businesses and increase unemployment. However, current research presents a different picture. The American economy and labor markets in particular have continued to perform very strongly. After the 1996–97 minimum wage increase, unemployment went down, across the board, across the country – including among people of color, teenagers, high school graduates with no college, and those with less than a high school education. (15)

“New research on the minimum wage has swayed a substantial part of the economics profession over the past decade towards support for a higher minimum wage,” (16). In 2004, 562 economists, including four Nobel Prize winners in economics, endorsed a statement in support of raising the minimum wage. “The minimum wage has been an important part of our nation’s economy for 65 years.” The economists said. “It is based on the principle of valuing work by establishing an hourly wage floor beneath which employers can not pay their workers. The minimum wage is also an important tool in fighting poverty.” (17)

The states of Oregon and Washington have the highest minimum wage, and their economies are improved. Dan Gardner, commissioner of Oregon’s Bureau of Labor and Industries, says “Overall most low-wage workers pump every dollar of their paychecks directly into the local economy by spending their money in their neighborhood stores, local pharmacies, and corner markets. When the minimum wage increases, local economies benefit from the increased purchasing power.” Contrary to predictions, there have been job gains, not losses. (18)

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