

The Minimum Wage Debate in the United States

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THE DEBATE OVER the minimum wage exposes the sharp class (and racial) divisions in U.S. society. The majority of working people support an increase from \$7.25 to \$10-15 per hour. President Obama supports a phased-in raise to \$10.10. Many states and cities have moved to do so. San Francisco has the highest at \$10.74.

Yet rightwing politicians and pundits don't agree. The goal of the conservative movement is to convince the working poor that a minimum or living wage undermines "freedom" and American individualism that is the bedrock of the country. The "middle class" lifestyle is possible through hard work. Those who rely on the government to regulate wages and benefits, they argue, undermine the capitalist market system.

Koch's "American Ideal"

An op-ed article by the billionaire conservative Charles Koch outlined this rightwing vision in the April 3 issue of The Wall Street Journal. "A truly free society," he wrote, "is based on a vision of respect for people and what they value. In a truly free society, any business that disrespects its customers will fail, and deserves to do so. The same should be true of any government that disrespects its citizens.

"The central belief and fatal conceit of the current administration is that you are incapable of running your own life, but those in power are capable of running it for you. This is the essence of big government and collectivism."

Koch continued, "Instead of fostering a system that enables people to help themselves, America is now saddled with a system that destroys value, raises costs, hinders innovation and relegates millions of citizens to a life of poverty, dependency and hopelessness.

"This is what happens when elected officials believe that people's lives are better run by politicians and regulators than by the people themselves. Those in power fail to see that more government means less liberty, and liberty is the essence of what it means to be American. Love of liberty is the American ideal."

For the right wing, the term "collectivism" is a synonym for "communism" and "socialism." The truth is that socialism is what's needed today. Socialism, ideologically and philosophically, is more than an

economic solution to the greed of capitalism. It is a society that is moral and just — based on the principle that the individual will give according to one's abilities, and receive according to one's needs.

To Koch and his ilk, "collective" good for society is not "freedom or liberty" but a road to permanent decline. While farfetched, Koch's argument rings true to many white workers who see African Americans, undocumented immigrants and others as taking "their" jobs.

This attitude is especially strong in the Old South but is prevalent among many white workers in the rest of the country. That's why class and race cannot be separated in any discussion about the safety net and the minimum wage. Opponents of government programs always frame the issue in racial terms as a way to trump class solidarity.

MLK's Alternative Vision

The alternative to Koch's distorted American "ideal" is the vision of Martin Luther King, who understood the link between racial discrimination and class exploitation. He said after the Civil Rights Act was passed by Congress in 1964 that it was the first step to bring economic freedom and equality for African Americans.

King pushed for affirmative action by the government in hiring. He supported striking Black workers and labor, and planned the Poor People's campaign that was cut short by his 1968 assassination. He also opposed the Vietnam War both on moral grounds and because of its impact on the working poor. He never believed, however, that racial issues could be subordinate to class concerns in a country that was built on the backs of former slaves.

King said true Black and white equality would eventually do away with racial prejudice. So long as the African American was not equal in income and wealth, solidarity and freedom was impossible.

The FBI's J. Edgar Hoover understood that King's message was a threat to the system. The FBI went after King because he was a radical democrat, and also targeted Black Power militants in the 1960s and '70s.

King's protégés for the most part, however, failed to continue his fight for full equality and economic freedom. They were absorbed into the system (the new Black middle class) after the end of Jim Crow era segregation. They took positions in big business and the Democratic Party.

Soon after president Johnson signed the historic Civil Rights and Voting Rights laws, conservatives who saw these as un-American began their drive to reverse those gains. Affirmative action programs barely survived a decade. By the 1980s public school desegregation through busing programs was pushed. African Americans never achieved economic equality — paralleling what happened after the Civil War.

Background to Minimum Wage Laws

The debate over minimum wage — one of the most powerful ways to increase income to the poorest Blacks and other low-wage workers — has a long history of fits and starts precisely because racism retards class solidarity.

Conservatives may coach their opposition to the law on the principle that it hurts business. But

racism has always been a tool to weaken increasing wages when it seems that African Americans benefit more.

Capitalism is based on a simple proposition that wages are rigidly tied to supply and demand, and labor productivity. The demand for the minimum wage is a moral/social question because it is not about labor productivity or labor supply and demand in the marketplace.

Instead it is a mandated wage that must be paid — a basement wage — whether there is high unemployment and plenty of workers or not. It is a nonmarket-based concept of labor compensation. Socialists support it as a fundamental right that should adjust automatically to meet basic needs.

According to the nonprofit Economic Policy Institute, the minimum wage would have been \$18.28 in 2013 if the wage kept up with the pace of labor productivity. Currently there is no automatic adjustment for inflation or labor productivity; all the gains go into the pocket of the employers and top one percent.

There are three categories of “minimum wage” under the law. First is “non-tipped” wages, now \$7.25, after it was increased under president Bush in 2007 and went into effect January 2009.

Second is the “tipped” wages at \$2.13. This hasn’t been raised since 1991. The assumption is that tips will get these mostly female workers up to the \$7.25 hourly minimum wage. Some states like California and Connecticut mandate that “tipped” and “non-tipped” wages are identical.

Finally, there are sub-minimum wages for teenagers (under 20 years) set at \$4.25 in 2009. This rate applies to the first 90 calendar days of employment, then reverts to the state minimum wage.

Federal law (and many state laws) mandates that certain types of employees are exempt from minimum wage requirements — such as administrative, professional, executive, and outside sales employees.

Federal and state laws provide for additional exemptions from the minimum wage for employees who are full-time college students, workers on some farms, workers employed in fishing enterprises, and other types of employees.

Until the 1930s employers paid no minimum wage. There were few standards protecting workers at all. President Franklin Roosevelt in the midst of the Great Depression — and growing labor unrest — argued that no business should exist that doesn’t pay a “living wage.” A minimum wage was included in the National Recovery Act of 1933 but ruled unconstitutional by the Supreme Court in 1935.

In 1938 under the Fair Labor Standards Act, the minimum wage was re-established at \$.25 per hour (\$4.10 in today’s dollars). The Supreme Court upheld the Fair Labor Standards Act, holding that Congress had the power under the Commerce Clause to regulate employment conditions.

The Struggle Heats Up

The current attack on raising the minimal wages is in line with a “free market” ideology. It is part of the larger drive by the ruling elite to shift the battle between labor and capital more to its advantage.

It is also aimed at keeping poor whites at odds with working-class African Americans, similar to the strategy behind stop-and-frisk, stand your ground and other laws aimed first at Blacks, Latinos and

other minorities. Whites may suffer too, but the ruling class knows that prejudices and racism can be used to convince a plurality of white people to vote/act against their own real interests.

Yet a fightback to increase the minimum wage is beginning and can impact this rightwing strategy. Most Americans support a minimum wage increase as well as Social Security, Medicare and other safety net programs. Protests at Wal-Mart (the biggest beneficiary of government “corporate welfare”), McDonalds and other fast food chains reflect the anger of the low paid.

Seattle is moving to raise the minimum wage to \$15 per hour. In a 2013 referendum in a town that includes the Seattle-Tacoma International Airport, voters approved that wage (now in a court battle). The Seattle City Council, which includes the newly elected Kshama Sawant, a socialist, is moving to make the \$15 minimum wage the law.

San Francisco is expected to vote in November on the “Minimum Wage Act of 2014” to raise the minimum wage to \$15. The ballot measure was drafted by labor and community groups. Companies with more than 100 employees would have until 2016 to raise wages to \$15; employers with fewer than 100 workers would have until 2017. The law, if adopted, would apply to all part-time, temporary and contract workers.

The organized protests by groups demanding an increase in the minimum wage at a city, state and national level are the vanguard for change. The most effective strategy is independent mass actions and targeted campaigns against individuals like Charles Koch and corporations such as Koch Industries. They need to pay a big price with higher individual taxes, strong government regulations and even public takeovers if they fail to meet the higher standards.

The battle over the minimum wage is winnable. It is also, as the Occupied Wall Street movement showed, about a working-class democratic vision where the interests of society as a whole come first.

Malik Miah

P.S.

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