

Fair Wage For Fair Work

Millions of workers are paid much less than is needed to provide "life, liberty, and the pursuit of happiness." Social safety nets such as Social Security, Medicare, Medicaid, SNAP (food stamps), Unemployment Insurance, etc. were invented to cover a part of the gap between wages received and the costs of being a full participant in our social life. But these social payments are inadequate to meet the need, because the wage system and the wage levels are fundamentally unfair. You will hear testimony in these hearings describing just how unfair they are.

I will make four main points.

- Workers are caught in a dependent relationship beyond their control as *individuals*.
- A large percentage of workers are paid inadequately.
- The *social wage* is inadequate and stigmatized.
- The range of inadequately paid workers is wide.

Free Wage-dependent Labor

Historically, freedom is a relatively new phenomenon. For much of human history workers were tied to particular locations and types of work. Peasants, serfs, slaves, indentured servants, etc. are terms used to describe such unfree labor. Less than 200 years ago slavery in the US coincided with wage labor. In the 1830s, Frederick Douglass, while still a slave in Baltimore earned \$1.50 per day in wages working as a caulker in the shipyards, but all the wages he earned went to his owner.

I was now getting, as I have said, one dollar and fifty cents per day. I contracted for it; I earned it; it was paid to me; it was rightfully my own; yet, upon each returning Saturday night, I was compelled to deliver every cent of that money to Master Hugh. And why? Not because he earned it, — not because he had any hand in earning it, — not because I owed it to him, — nor because he possessed the slightest shadow of a right to it; but solely because he had the power to compel me to give it up. The right of the grim visaged pirate upon the high seas is exactly the same.¹

Free wage workers along side Douglass in the Baltimore shipyards were free to refuse work if they chose and they kept their wages to spend, but as Marx pointed out², free wage workers are also free from owning any means of producing something to sell on their own. They have only their labor power to sell. They are free to choose to work or not work at a particular job, but not free to choose not to work at all. Workers are forced to work somewhere. Therefore they are **dependent** on what kinds of jobs are available and how much competition there is for such jobs.

Workers are increasingly forced out of regular payroll employment by major companies. They are turned into freelancers, contract workers, and employees of outsourcing firms that tightly control what the workers do, eliminate benefits, and cut wages. Work is being debased.³

¹ From: Douglass, Frederick. Narrative of the Life of Frederick Douglass. Chapter X”

² Marx, Capital 1, Chapter 6 The Buying and Selling of Labour-Power

³ Kuttner, Robert. 2014. “Why Work Is More and More Debased.” The New York Review of Books, October 23. (<http://www.nybooks.com/articles/archives/2014/oct/23/why-work-more-and-more-debased/>).

At the end of the week workers do not have to hand over their pay to some one who owns them, but the costs of food, shelter, clothing, taxes, and other necessities are high and recurring. If wages are too low to meet these needs misery ensues.⁴ For many thousands of households in Monroe County workers are forced to take one or more low-wage jobs trying to avoid that misery.

Wages

The hard fought victories won by organized workers are under continuous attack and the US minimum wage, set at 25¢ per hour by the Fair Labor Standards Act of 1938, is kept low precisely to make sure workers have to work in order to live. The 1968 minimum wage of \$1.60 per hour would be almost \$11 per hour in today's dollars.⁵ In the 1950s and 1960s the minimum wage was set at 50% of the average hourly wage of production workers in manufacturing. The percentage dropped to the 40% range in the 1980s and the 30% range in the 1990s. The NY State minimum wage of \$8 is about 33% of average hourly earnings of a production worker. On December 31st when the minimum wage in NY rises to \$9.00 per hour the percentage will rise to 37%.⁶

At \$8.00 an hour a worker who works 40 hour weeks would have \$320 a week before taxes and if they are paid for 52 weeks they would have an annual income of \$16,640 before taxes. The official 2014 poverty threshold for one individual is \$11,670 and for three individuals it is \$19,790⁷ Minimum wage in New York puts most workers at or below the poverty line. Since the official poverty thresholds are based on a formula created with 1963 expenditure data, the validity of the thresholds as measures of poverty is questionable.

Low Social Wages

Only through organizing and engaging in political struggle have workers been able to change some of the conditions of their labor and their life chances. Over the past century capitalist societies were forced to shorten the workday, introduce some safety standards, limit child labor, and set a minimum wage, provide health insurance to some, unemployment insurance to some, food stamps (SNAP) to some, and so forth. The U.S. provides a minimal *social safety net* that is stigmatized and almost always less than working for a living wage.⁸ In order to keep workers wage-dependent the social safety net is kept low so workers do not have the option of not working at the current wage level. All the benefits available to workers are stigmatized and limited in order to

⁴ Mr. Micawber— "Annual income twenty pounds, annual expenditure nineteen [pounds] nineteen [shillings] and six [pence], result happiness. Annual income twenty pounds, annual expenditure twenty pounds ought and six, result misery." Charles Dickens, *David Copperfield*

⁵ National Employment Law Project

http://www.nelp.org/content/content_issues/category/federal_minimum_wage/

⁶ Social Security Administration, Social Security Bulletin, Annual Statistical Supplement, 1984-85 p. 68 and Bureau of Labor Statistics; <http://www.bls.gov/cps/tables.htm#minimum>

⁷ U.S. Department of Health and Human Services. n.d. "2014 Poverty Guidelines." (<http://aspe.hhs.gov/poverty/14poverty.cfm>).

⁸ Piven, Frances Fox, and Richard A. Cloward. 1993. *Regulating the Poor: The Functions of Public Welfare*. New York: Vintage Books.

Fair Wage For Fair Work

make sure that such benefits do not keep workers from taking jobs. Thousands of households in Monroe County receive SSI, SNAP, and other forms of public assistance.⁹

Academic Definitions of Low Wages

1. Absolute Measures of Low Wages

- a. In capitalist society "the poor" were judged by their presumed moral standing as "deserving" or "undeserving." The deserving poor were those who worked but had inadequate income and those who were physically unable to work. All others were undeserving.¹⁰
- b. An absolute measure is one that is based on some model of the "cost of living." How much does food, clothing, shelter and so on cost. Anyone who is close to the minimum "cost of living" is undoubtedly a low wage worker. Therefore, a worker who is not self-employed, who earned any wage or salary income during the year, and who earns income near or below the official poverty threshold is clearly a *low wage worker* because her income is inadequate for a basic cost of living.
- c. The Massachusetts Institute of Technology Poverty In America website has a calculator for a living wage in each US County. The calculator is based on the cost of such items as food, child care, medical, housing, transportation, and other items. A living wage for a worker and one child in Monroe County is estimated to be \$20.55 per hour.

2. Relative Measures of Low Wages

- a. One common definition in academic research on low-wage workers defines the category as a worker who is not self-employed, who earned any wage or salary income during the year, and who earns less than 50% of the median wage for a full-time year-around worker. Currently that would be about \$20,540 per year (\$395 per week or \$9.88 per hour).¹¹
- b. Some researchers use the same basic idea but consider a low-wage worker one who earns less than two-thirds of the median wage for a full-time year-around

⁹ See the table "SSI, Public Assistance, and SNAP" in the Appendix

¹⁰ Thomas Mayhew, "Answers to Correspondents", London Labor and the London Poor, Cover No. 7, 1851. [Quoted in *The Unknown Mayhew* by Eileen Yeo and E.P. Thompson, Pantheon Books 1971 ISBN: 0-394-46861-9] *Under the term "poor" I shall include all those persons whose incomings are insufficient for the satisfaction of their wants-a want being, according to my idea, contra-distinguished from a mere desire by a positive physical pain, instead of mental uneasiness, accompanying it. The large and comparatively unknown body of people included in this definition I shall contemplate in two distinct classes, viz., the honest and dishonest poor; and the first of these I purpose subdividing into the striving and the disabled-- or, in other words, I shall consider the whole of the metropolitan poor under three separate phases, according as they will work, they can't work, and they won't work.*

¹¹ Survey of Income and Program Participation Working paper No. 119 defined "... low or inadequate earnings as earnings which are less than 50 percent of the median earnings of full-year full-time wage and salary workers." (p. 3) <https://www.census.gov/programs-surveys/sipp/working-papers.html> Median usual weekly earnings of full-time wage and salary workers in 2014 were \$790. If paid for 52 weeks that would be \$41,080 annual income. <http://www.bls.gov/news.release/wkyeng.t03.htm>

worker. Currently that would be about \$27,500 per year (\$528 per week or \$13.22 per hour).

- c. Statistical estimates of wage level percentiles allow us to make relative comparisons between wage levels for **all** workers. In 2013 the 30th percentile wage level for **all** workers was \$11.94 per hour.¹²

I don't find it easy to give a specific hourly, weekly or annual wage as the threshold for low-wage work. In fact there is wide range of wage levels within the general category of low-wage work. Clearly we are talking about a range of wages from \$8 to \$20 per hour and annual incomes from \$10,000 to \$40,000 per year, depending upon circumstances.

Misconceptions About Low-Wage Work

Low-wage careers

It is often claimed that low-wage jobs are temporary positions that people move through as they progress up the career ladder. In fact, for many workers there is a kind of low-wage career. Here is an example from a woman in Milwaukee.

"My very first job—I was sixteen. And I worked for Burger King. I can sing the Burger King song—that's what got me hired. After that it was school bus, modeling, factory... not counting factory, I'd say I've had about twenty-five different jobs over the years. Ebony Walker

"Between many of Ebony's jobs were episodes on welfare, occasioned by illness, injury, and childbirth. ... the kinds of jobs in which she worked did not provide workers' compensation, maternity leave, or even sick leave, and welfare was the lifeline that allowed her to feed herself and her family as she recovered and regrouped. For women like Ebony, it was a source of support that, while punitive and insufficient, allowed them to deal with the inadequacies of jobs in the low-wage labor market and the absence of other, less stigmatized forms of assistance."¹³

Low-wage Occupations

Often we think of low-wage workers in fast food or big box retail stores, but there is a wide range of occupations that are low-wage. The MIT Living Wage Calculator shows the following wages as below a living wage for 1 adult and one child (\$20.55) in Monroe County.

<i>Occupational Area</i>	<i>Typical Hourly Wage</i>
Healthcare Support	\$13.17
Food Preparation and Serving Related	\$9.61
Building and Grounds Cleaning and maintenance	\$13.32
Personal care and Services	\$10.99
Sales and Related	\$13.38

¹² See "Hourly wages of all workers, by wage percentile, 1979-2013" in the Appendix.

¹³ Collins, Jane Lou, and Victoria Mayer. 2010. *Both Hands Tied: Welfare Reform and the Race to the Bottom in the Low-Wage Labor Market*. Chicago; London: University of Chicago Press.

Fair Wage For Fair Work

Office and Administrative Support	\$16.37
Farming, Fishing and Forestry	\$13.36
Production	\$14.83
Transportation and Material Moving	\$15.53

Most of these occupations are subject to wage pressure from automation and management practices that speed up or intensify work, but they generally cannot be outsourced overseas. Perhaps many of us in the room are inadequately paid. If you look about on your daily round, people who are paid less than they are worth and less than they deserve will be everywhere.

Appendix

SSI, Public Assistance, and SNAP

There were about 354,455 ($\pm 2,351$) employed civilian workers 16 years of age and older and 294,726 ($\pm 1,553$) total households in Monroe County, 2008-2012

DP03: 2008-2012 American Community Survey 5-Year Estimates, Monroe County, NY Households

	<i>Number</i>	<i>Margin of Error</i>	<i>Percent</i>	<i>Margin of Error</i>
Supplemental Security Income	15,582	± 800	5.3%	$\pm 0.3\%$
Cash Public Assistance	12,236	± 600	4.2%	$\pm 0.3\%$
Food Stamp/SNAP Benefit	37,063	$\pm 1,216$	12.6%	$\pm 0.4\%$

<http://factfinder2.census.gov>

23.6% of all households had income and benefits below \$25,000 per year. Close to 70 thousand households in Monroe County are low-income households.

Living Wage Calculation for Monroe County, New York

The living wage shown is the hourly rate that an individual must earn to support their family, if they are the sole provider and are working full-time (2080 hours per year). The state minimum wage is the same for all individuals, regardless of how many dependents they may have. The poverty rate is typically quoted as gross annual income. We have converted it to an hourly wage for the sake of comparison.

Hourly Wages	1 Adult	1 Adult, 1 Child	1 Adult, 2 Children	1 Adult, 3 Children	2 Adults	2 Adults, 1 Child	2 Adults, 2 Children	2 Adults, 3 Children
Living Wage	\$8.79	\$20.55	\$28.14	\$36.65	\$13.54	\$16.78	\$18.19	\$20.86
Poverty Wage	\$5.21	\$7.00	\$8.80	\$10.60	\$7.00	\$8.80	\$10.60	\$12.40
Minimum Wage	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25

Poverty in America Living Wage Calculator Mass. Institute of Technology website. (<http://livingwage.mit.edu/>).

Hourly wages of all workers, by wage percentile, 1979-2013

TABLE 1

Hourly wages of all workers, by wage percentile, 1979–2013 (2013 dollars)

Year	Wage by percentile*									
	10	20	30	40	50	60	70	80	90	95
Real hourly wage										
1979	\$8.84	\$10.08	\$11.83	\$13.92	\$15.75	\$18.26	\$21.58	\$25.15	\$30.76	\$37.56
1989	7.55	9.40	11.27	13.47	15.65	18.28	21.75	26.00	32.85	40.37
1995	7.68	9.39	11.22	13.20	15.37	18.19	21.68	26.25	33.92	42.54
2000	8.53	10.51	12.27	14.19	16.56	19.59	23.23	28.22	36.88	47.04
2007	8.75	10.62	12.39	14.54	16.98	20.15	23.92	29.51	39.58	51.14
2013	8.37	9.99	11.94	14.19	16.70	19.75	23.88	29.81	40.44	52.80
Annualized percent change										
1979–1995	-0.9%	-0.4%	-0.3%	-0.3%	-0.2%	0.0%	0.0%	0.3%	0.6%	0.8%
1995–2000	2.1	2.3	1.8	1.5	1.5	1.5	1.4	1.5	1.7	2.0
2000–2013	-0.1	-0.4	-0.2	0.0	0.1	0.1	0.2	0.4	0.7	0.9
1979–2013	-0.2	0.0	0.0	0.1	0.2	0.2	0.3	0.5	0.8	1.0

* The xth-percentile wage is the wage at which x% of wage earners earn less and (100-x)% earn more.

Source: Authors’ analysis of Current Population Survey Outgoing Rotation Group microdata

UPDATED FROM: Table 4.6 in *The State of Working America, 12th Edition*, an Economic Policy Institute book published by Cornell University Press in 2012