

# Raising minimum wage doesn't end contentious debate

Massachusetts and Rhode have raised wages for the their lowest-paid workers, but critics of all kinds say that won't solve a larger problem.

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**BY ARTHUR KIMBALL-STANLEY**

**Journal Staff Writer**

State legislators in Massachusetts agreed this month to raise the state's minimum wage from \$6.75 to \$8 per hour by Jan. 1, 2008.

Initial proposals would have given the Bay State's lowest paid workers even more of a raise, increasing the minimum wage to \$8.25 and indexing future increases to inflation, but political wrangling forced legislators to aim for less. The agreed upon legislation will give Massachusetts the highest wage floor of any state in the country.

Throughout the United States over the last 18 months raising the minimum wage has figured as a prominent issue in political debates. State legislatures have increased or scheduled to increase the minimum wage in North Carolina, Maryland, Maine, Connecticut, Arkansas, Florida, Hawaii, Michigan, New Jersey, New York, Vermont and Pennsylvania. Ballot initiatives to raise the minimum wage are being organized or have been scheduled in Nevada, Missouri, Montana, Colorado, Ohio, and Arizona. In Rhode Island, the General Assembly raised the minimum wage from \$6.75 to \$7.10 in February. It will go up again, to \$7.40, on Jan. 1.

Much of this change at the state level has been in response to the stagnant federal minimum wage, which Congress has kept at \$5.15 since 1997. During the last nine years, inflation has eroded wages a great deal. Unable to change national policy, advocates for raising the minimum wage have decided to take a state-by-state approach.

Critics of raising the minimum wage argue that increasing the cost of labor will force businesses to lay off employees and drive up unemployment. But many economists say the evidence doesn't point toward that outcome, or they say the effect would be minimal. Instead, many of those who study the issue and the effect it has in combatting poverty and improving the lives of America's poorest workers

say wage increases alone won't do much to help the working poor. They say the focus is on the wrong problems. Some of those who earn low wages agree.

In Attleboro, it's hard to find workers who actually earn the minimum wage. Most retail businesses and restaurants, the usual suspects when it comes to low-pay work, are reluctant to say what they pay their employees. Those that are forthcoming usually pay between \$8 and \$10 per hour.

At the combination Shell Station and Dunkin' Donuts on South Avenue, Cheryl McNamara and Lou Guyer both earn more than the current Massachusetts minimum wage. McNamara, who works at the Dunkin' Donuts, said she makes \$7 per hour, while Guyer said he makes \$9.75.

For McNamara, 16, who lives with her parents and has been working at the doughnut shop for the last few months in order to save money for a new car, an extra dollar an hour would be a nice boost.

"I'll take eight," she said. "I'm paying for car insurance and a new car, so that would help me buy a better car."

McNamara describes her decision to work as a lifestyle choice. Still in high school, she doesn't use the money to pay rent or put food on the table. For Guyer, who works at the opposite side of the store, running the cash register for the Shell station, the situation is very different.

"I work because I have no choice," Guyer said. "An increase in the wage would be nice, if it bumped up those at my level. Every little bit helps. . . . My biggest complaint is that money doesn't come in as fast as prices go up."

Guyer is 33 and has been working 55 hours a week at the Shell station for the last nine years. Though he makes more than the new Massachusetts' minimum wage, increasing that amount has historically created a ripple effect among most low wage workers' pay.

Guyer has a 3-year-old daughter who he is raising with the help of his fiancée, whose salary helps pay most of the bills. Even with her help, he said, "you have to cut corners on some things." For Guyer, and others like him, the increases being discussed at statehouses around the country don't begin to meet with the realities of paying for middle-class life in many parts of the United States. Estimates by many advocacy groups for the poor argue that a living wage in southern New England, at minimum, is around \$12 per hour.

Guyer said he doesn't have medical or dental insurance. His employer offers it, but the contribution he's supposed to make is too much.

"You try not to get sick and try not to get a toothache," he said.

Guyer is honest about how he ended up as a clerk in a gas station. "If I had made smarter decisions I would be in a different situation," he explained. "I've always thought about going back to school, but it's hard to find time being responsible for a child."

For Massachusetts state Sen. Marc R. Pacheco, D-Taunton, it's workers such as Guyer who deserve the wage boost.

"It's an issue of fairness and economic justice," Pacheco said. "Those at the lowest rung of the wage scale have not received an increase in the last five years . . . there are a lot of things that have happened since then. Look at the cost of filling up a tank of gas to the cost of housing to the cost of buying food. All of these have gone up."

Pacheco was one of the chief sponsors of the original legislation in Massachusetts to raise the minimum wage to \$8.25 and to then index the wage to inflation. Resistance on the part of legislators responding to businesses worried about higher labor costs, he said, forced him to make concessions.

"The legislative process is one of compromise," Pacheco said. "There is a powerful small-business lobby in the retail sector and they are hammering away about what this will do to small businesses. . . . The media shares some of the burden here. As long as stories keep getting printed that the minimum wage is primarily a teenager's wage it will be difficult to get them to pay a living wage."

Some economists watching the recent rise in state minimum wages around the country attribute the issue's success in the political arena to the fact that it is, simply put, easy to do.

"It's low-hanging fruit," said Mike Ettlinger, director of economic analysis and research at the Economic Policy Institute in Washington. "The public is very supportive of it. But if your measure of success is eliminating poverty, I'm not sure that anything that is really [under consideration] right now is going to do it."

Ettlinger said that if the country, if states, are serious about reducing poverty among their poorest citizens they need to begin investing in education and health-care initiatives to a much greater extent than they are now. The country needs to

help workers take the time to get more education and more training so they can get better jobs, he said.

The fact is, while the majority of U.S. workers are putting in longer hours than ever before, most of the new wealth in America has gone to the country's richest citizens. According to data provided by the U.S. Census Bureau, when adjusting for inflation and hours worked, most Americans are not much better off than they were 30 years ago.

"For most individuals their standard of living rises over their lifetime as a part of their normal job progression," Ettliger said. "The fact that that progression would have led them to a better place 20 years earlier is not an easy thing to see . . . people have been told over and over again that any government intervention is a bad thing. They see there is a problem, but if the solution comes from government better policy they assume it's bad."

Paul Harrington, director of the Center for Labor Market Studies at Northeastern University, said that the real issue behind low wages in New England has less to do with government-set price floors and more to do with cheap labor provided by illegal immigrants.

"We've brought in so many illegals, we are undermining some of the most important industrial relationship structures we have out there," he said. Raising the minimum wage, he said, will simply result in more workers working off the books for less than the state mandates, unless the government can do something about the influx of low skilled illegal workers into the country.

"In certain ways we've become one-trick ponies," Harrington said about finding politically viable solutions to ending poverty. "The answers are much harder than we want to admit. What does minimum wage have to do with executive compensation and the hollowing out of the middle class? It's a symbolic victory."

For Kate Brewster, executive director of the Poverty Institute at Rhode Island College, raising the minimum wage means more money for workers, even if it doesn't address the larger issues of why they are working for low wages.

"For those who are earning the minimum wage it represents real dollars in their pockets," she said. "No matter how much someone wants to better themselves through training there will be workers who won't be able to move up the job ladder. These increases will help them."