

NEEDED: A NEW DEAL FOR U.S. WORKERS

By Dick Meister

Finding a job is tough enough for U.S. workers, but as a recent New YorkTimes' report notes, the 145 million who have managed to get jobs are having an even tougher time getting a raise.

Workers' pay barely rose last year. It was up a mere 1.9 percent, what the Times' Nelson D. Schwartz calculates as a scant 0.4 percent after accounting for inflation.

That amounted to only half the normal rate of wage gains in the two decades before the last recession. The wage stagnation, Schwartz said, "helps explain why many people feel apprehensive even though the economy grew at a robust pace in the second half of 2013, corporate profits rose, the stock market boomed and the housing market continued to gain ground."

Workers on every level have suffered, white collar workers slightly more than others. Overall, workers with high school diplomas or more are doing better than other workers. The latest job reports show the unemployment rate for college graduates as about 3 percent. It's 6.5 percent for high school graduates and 9.6 percent for those lacking high school diplomas.

True enough, the unemployment rate has been declining. But economists generally don't think the increased productivity and spending of newly employed workers will be large enough to get the economy back at full speed anytime soon.

It's certain, at any rate, that the surplus of relatively well-educated workers looking for jobs is not going to inspire employers to raise pay in hopes of attracting them.

There is, however, a sure way to get pay raises for millions of the workers who badly need them: Increase the minimum wage. The federal rate is currently \$7.25 an hour, the equivalent of \$300 a week or \$16,000 a year.

State and municipal governments are free to set their own rates as long as they are higher than the federal rate. California, with a rate of \$8 an hour, and San Francisco, at \$10.74, are among the few jurisdictions anywhere with higher rates.

Opponents of increasing the minimum wage invariably argue that higher rates would destroy jobs because of increased payroll costs. They're wrong.

Well-regarded research shows that raising minimums would instead create jobs by giving more workers the means to spend more on goods and services that other workers would be hired to help provide.

As the Times reports, research shows that increases in the minimum wage have not reduced employment, "a point that was driven home in a recent letter to President Obama and congressional leaders, signed by more than 600 economists, among them Nobel laureates and past presidents of the American Economics Association."

Obama and other Democratic leaders and their allies are seeking to gradually increase the minimum to \$10.10 an hour by 2016. That would raise the pay of almost 28 million workers who are mostly not the stereotypical burger-flipping teenager seeking extra spending money as a part-time worker.

Their average age is 35. Most work full-time when they can, more than one-fourth are parents and on average earn half of their families' incomes.

The facts argue powerfully for an even higher raise, but opponents of a raise of any size continue a dogged struggle, led by congressional Republicans and restaurant owners and executives.

It's a struggle that's been raging steadily since the minimum wage was originally set in 1938 as part of the Fair Labor Standards Act introduced as a key part of President Franklin Roosevelt's New Deal legislation..

What's needed now is a new deal that will promise all American workers the decent standard of living promised their predecessors three-quarters of a century ago.

Copyright 2014 Dick Meister, a freelance writer in San Francisco who has covered labor and other matters for more than a half-century as a print and broadcast reporter, editor and commentator. Contact him at his website, WWW.dickmeister.com.