2024 September - October

Kankee Briefs

Resolved: The United States ought to require that workers receive a living wage.

## Letter From The Editor

Worthwhile topic research is a hefty task for the experienced debaters and coaches – this is why many debate organizations have consolidated topic research in the form of briefs. However, debate briefs cost hundreds of dollars over the course of a year of topics, which can add up quickly, especially for smaller programs just starting off. Some of the best debaters in the country often spend thousands of dollars debate briefs and private coaches who’ve competed and coached debate for decades, who will strategize and research for them (in comparison to a small school which doesn’t even have a full-time debate coach). Debate is expensive enough without trying to outcompete the best and brightest minds money can buy.

Money should never be the reason why someone’s debate career isn't successful. Kankee Briefs hopes to eliminate those financial inequities as much we can by removing the research gap between those who can afford private coaching, and those who can’t. For the past 3 years, we’ve released debate briefs for every NSDA topic, at no charge to debaters.

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## Topic Analysis

### 1.1 Introduction

#### Introduction

Enjoy a topic that will literally impact everyone everywhere all the time and the entire economy. Break the glass ceiling by raising wages or something.

#### What does the topic and common terms in topic literature mean?

Resolved: The United States ought to require that workers receive a living wage.

Debates over the proper valuation of work and what’s appropriate to pay workers have existed since the beginnings of capitalism and industrialization, a virtually ubiquitous topic for anyone who has had a job or deals with people with jobs. In fact, a lovely FDR quote that someone likely will use as a lay case intro also serves as an intro for this topic analysis: “[N]o business which depends for existence on paying less than living wages to its workers has any right to continue in this country.”

Regardless, the subject of dignified and living wages has existed for a long time. Definitions of a living wage obviously vary, such as by the [International Labor Organization](https://www.ilo.org/resource/news/ilo-reaches-agreement-issue-living-wages), but in the US specific context, the most cited source for what a living wage is state by state is the MIT Living Wage Calculator, which uses metrics to determine the minimum wage necessary to afford basic needs

#### Living wages must cover basic needs

MIT No Date [MIT Living Wage Calculator, No Date, "Living Wage Calculator,” MIT Living Wage Calculator, [https://livingwage.mit.edu/pages/methodology]/Kankee](https://livingwage.mit.edu/pages/methodology%5d/Kankee)

What is a living wage and how is it estimated? Today, families and individuals working in low-wage jobs make too little income to meet minimum standards of living in their community. But just how much do families need to meet these standards? Policymakers often turn to measures like the federal poverty line – a national number based on three times the cost of a minimum food diet in 1963 – to answer that question. However these benchmarks no longer reflect the true cost of living in a modern economy. The Living Wage Calculator was originally developed in 2003 to more comprehensively estimate the employment earnings – or the living wage – that a full-time worker requires to cover or support the costs of their family’s basic needs where they live. Now, the calculator features geographically-specific costs for food, childcare, health care, housing, transportation, other basic needs – like clothing, personal care items, and broadband, among others – and taxes at the county, metro, and state levels for 12 different family types. Read on for an overview of how the living wage is calculated or dive into the technical documentation produced by the Living Wage Institute for a more detailed description of the estimation methodology. Overview At its simplest, a living wage is what one full-time worker must earn on an hourly basis to help cover the cost of their family’s minimum basic needs where they live while still being self-sufficient. Here’s a quick guide for what you need to know about the living wage data you see on the calculator. GEOGRAPHY The calculator includes living wage estimates for 3,143 counties to account for the geographic variation in costs across the U.S. The data is also available for 384 Metropolitan Statistical Areas (MSAs or metros) and 50 states plus Washington, D.C. FAMILY TYPE For each geography, there is a living wage estimate for 12 family types, with varying numbers of adults and children as detailed in the graphic below. It’s important to note that in households with multiple full-time working adults, the living wage is what one of them would need to earn hourly at a full-time job, assuming the other is also earning the same. BASIC NEEDS There are eight basic needs – food, childcare, health care, housing, transportation, civic engagement, broadband, and other necessities – that make up the cost components of the living wage, with an additional cost associated with income and payroll taxes. Use the table below to explore the data sources for each of these components included in the living wage estimates for 2024. Because each source includes data from different years, all data used in calculating a living wage is adjusted for inflation to December 2023 dollars using expenditure-specific indexes from Consumer Price Index-All Urban Consumers (CPI-U).[table omitted] FAMILY BUDGET AND LIVING WAGE CALCULATION The underlying data on the cost of basic needs is used to calculate the actual hourly living wage for each county and each family type through a four step process, summarized in the figure below. What are basic needs? The Living Wage Calculator’s estimates are based on the costs of eight components, each of which represents a basic need: childcare, civic engagement, food, health care. housing, internet & mobile, transportation, and other necessities. It also includes relevant income and payroll taxes, but how they are determined will be covered in the following section. In general, it is assumed that families select the lowest cost option that enables them to meet each of these basic needs at a minimum but adequate level. As such, the living wage does not budget for eating out at a restaurant or meals that aren’t prepared at home; leisure time, holidays, or unpaid vacations; or savings, retirement, and other long-term financial investments. Below, explore the definitions and underlying data sources for each of the cost components of a living wage. How is a living wage calculated? The cost estimate for each basic need are used to calculate the hourly living wage in four steps for each of the 3,143 counties. Then, an additional step aggregates county-level living wages into metro- and state-level estimates. [table omitted] METRO- AND STATE-LEVEL LIVING WAGES While similar goods and services are available across the U.S., factors like state and local tax rates, market demand, competition, shipping, logistical costs, and seasons, among others can greatly impact the local prices of basic needs. To account for this localized variation in costs, the Living Wage Calculator data is computed and primarily meant to be used at the county-level. For ease of reporting, however, we also provide living wage estimates for 384 Metropolitan Statistical Areas – more commonly called MSAs or metros – and each of the 50 states plus Washington, D.C. To aggregate county-level data to these larger geographic areas, where applicable, we use county population estimates from the U.S. Census Bureau to take a weighted average of the living wage – or its underlying components – across counties. What’s different between this year and last year? While the methodology to calculate a living wage remains relatively consistent year-over-year, changes in the underlying data sources can increase or decrease the estimates for the cost of basic needs or the living wage overall each year. This year, in addition to leveraging expenditure-specific price indexes for inflation adjustments, many of the changes were focused on introducing more geographic variation to the data to more accurately estimate differences between labor market areas. In some cases — like with the childcare, transportation, and internet and mobile cost components — this meant using a new underlying source for the model. In other cases — like with the food, health care, and housing cost components — this meant carefully applying indices to introduce new variation to otherwise aggregated estimates. On net, the cost of living has increased due to inflation, and changes to both data sources and indices have generally resulted in higher living wage estimates for all 12 family types across the vast majority of counties. At the cost component level, there may be increases or decreases in values due to all these factors. Want to learn more?

#### Living wage is adjusted per inflation per CPI, increasing each year to match needs

Corvallis No Date [City of Corvallis Oregon Finance Department, No Date, "Living Wage Ordinance,” City of Corvallis Oregon, https://www.corvallisoregon.gov/finance/page/living-wage-ordinance]/Kankee

As of July 1, 2024, the current living wage is $16.23 per hour. The living wage is adjusted annually on July 1 based on the prior calendar year’s Consumer Price Index. A citizen sponsored initiative to have a Living Wage was passed by voters in November, 1999. Following passage, the City Council developed implementing language, adopted as Corvallis Municipal Code chapter 1.25. The basic concepts of the Living Wage are: The Living Wage was set at $9.00 per hour in wages or wages plus medical benefits, with an annual inflator tied to the Consumer Price Index. The Living Wage applies to most contracts for service that the City of Corvallis enters into that exceed $10,000 per year. The Living Wage applies to most employees of the contractor, with exceptions identified in section 1.25.050 of the Municipal Code (attached). Voluntary compliance is expected from all vendors, but a complaint process was developed to allow employees to seek an investigation by the City if they believed that they were entitled to earn the Living Wage but were not paid a Living Wage. Employee Sign Notification

It is safe to assume when workers “receive” a living wage, it would be through their employers, with companies burdened by additional expenses; however, there are somewhat fringe [discussions](https://www.latimes.com/opinion/op-ed/la-oe-harris-minimum-wage-20140221-story.html) of the government subsidizing wages, sometimes to the level of a living wage, to avoid potential job losses or cut hours by economically challenged businesses.

Another interesting topic development could be in loose definitions of “worker” to include independent contractors, who are technically self-employed. For instance, do non-employees such as Uber drivers, strippers, hairdressers, or underpaid debate brief writers receive a living wage, as they are separate business entities and do not receive a wage. Could the aff incentivize an increase in independent contract work to circumvent living wage requirements?

### 1.2 Affirmative Topic Analysis

#### 1.2.1 Economy

Contention 1 is the Economy. Impoverished folks and low-wage workers are comparatively much higher to spend and increase consumer demand through increased wages, as they actively are lacking key necessities for a good standard of living (hence them being impoverished). In contrast, wealth accumulated by the middle and upper class is much more likely to be invested in savings accounts, 401ks, Roth IRAs; investment vehicles intended for expenditures in the far future. This is especially true for the ultra-wealthy and mega-corporations, who effectively compete to consolidate hordes of wealth.

All the analysis above indicates that millions of Americans lack the spending power to increase consumer demand. If low-wage workers were granted a living wage, new jobs would be required to manufacture, sell, ship, etc. new goods and services that otherwise would not be sold, and companies would have higher profit expectations through increased sales.

Independently, workers that are not actively struggling with unmet basic needs are much more likely to consistently come to work, not quit, and have better performance. With lower turnout, employers are more likely to invest in employees through trainings and certifications, increase the quality of the workforce. In an economy with high turnover, however, improving the quality of your existing employees is often nonsensical as they’re likely to work for a competitor or drop out of the job market.

#### 1.2.2 Poverty

Contention 2 is Poverty. Wages, being often the only and chief source of income, are of vital and paramount importance when it comes to whether workers meet their basic needs. If they are lacking and insufficient, that directly impacts the viability of budgets that include living standards the worker has been priced out of (unfortunately, being trust fund playboys à la Logan Huntzberger is not the norm). Increased wages are part in parcel with increased ability to pay for goods and services that lift millions out of poverty and able to have a good standard of living worthy of any decent person.

Poverty, as indicated in cards present in this contention, has two primary impacts. 1st is the psychological harms/social stigma of poverty – society has an inherent negative viewpoint towards those not able to sufficiently provide for themselves, often implying lower social status and unworthiness of respect (imagine any depiction of the unsavory treatment of low-wage by Emily Gilmore for instance). Note that many of the cards in the philosophy contention can act as impact cards regarding the importance of wages worthy of a dignified life. 2nd is the economic consequences for a country with a large homeless population – obviously, poverty causes large amounts of social ills such as crime, drug use, incarceration, teenage pregnancies, high school dropouts, inequality, etc., which are all structural drags on the economy. Solving poverty acts as a multiplier effect to help solve a laundry list of social problems that adversely impact GDP growth.

#### 1.2.3 Gender/Racial Pay Gap

Contention 3 is the Gender/Racial Pay Gap. Irrespective of its size or causes, there is a significant gap between what white males and what women/non-white men, and especially non-white women make. For instance, studies have shown that women are more likely to work in lower wage jobs, such as teaching, childcare, housekeeping. Women and black/brown folks are overly represented and number in the millions amongst those who are lacking a living wage – the aff somewhat acts as a redistributive measure to help end the pay gap, as these groups are more likely to be aided then white men. As is, the gender/racial pay gap is a drag on causes for gender and racial equality, as it decreases upward mobility and ensures there is comparatively more monetary power towards white men.

#### 1.2.4 Philosophy

Contention 4 is Philosophy. This contention contains every core philosophical defense directly related to living wages, such as egalitarianism, human dignity, basis-freedom, economic freedom, social worth, and welfare burdens companies force upon society to pay when they fail to grant workers a living wage. To list all of these in detail is non-necessarily impossible, but would become overly complex.

#### 1.2.5 Care Work

Contention 5 is Care Work. This contention focuses on nursing home staffing shortages and its impact on the quality of care for elderly patients (there are also some cards related to childcare staffing shortages, but the principal focus is nursing homes). COVID-19 caused care workers such as nursing assistants (the primary caregiver in nursing homes) to abandon the field en masse for higher paying fields offering less systemic health risks (somewhat similar to teachers). As a result, the field is missing hundreds of thousands of nursing assistants, causing the neglect and abuse of elderly patients due to staffing shortages and inadequate care by overly burdened workers unable to provide bare bones care. The aff makes nursing assistant jobs more competitive and lifts nursing assistants out of poverty, absolving issues with staffing, allowing elevated levels of care.

Please note that if you’re so inclined to put emphasis on childcare workers, the 2021 March/April universal childcare Kankee Brief has a large number of childcare impacts related to the economy and gender inequality (and answers to a potential universal childcare CP).

### 1.3 Negative Topic Analysis

#### 1.3.1 Economy

Contention 1 is the Economy. Corporations will not take a pay-cut and increases wages out of the kindness of their hearts. They’re fundamentally profit-driven institutions, not non-profits. Corporations will often do *anything* to make a buck, and historically, by hook or by crook, offset government labor reforms such as cutting jobs and decreasing hours to skeleton crews to maintain the bottom line. For corporations to maintain present profit margins, something *must* be cut

Crucially, this contention acts as both offense *and* defense against the aff, as arguments relate to job losses, and especially cut hours, circumvent any gains low-wage workers make. If everyone is paid more, but fewer people have jobs and workers have significantly less hours and less benefits, the aff is not helping workers.

#### 1.3.2 Health Insurance

Contention 2 is Health Insurance. This contention is effectively a supplement to the above economy contention, in that employers shift to part time work to avoid requirements to pay benefits like health insurance to cut costs to pay for the aff. Though laws vary state-by-state, health insurance and retirement are required upon working a certain amount of hours per week at large business – employers such as Target already employee workers just below this threshold and hire slightly more workers part time instead of a full-time employee. The aff exacerbates this issue, and decreases access to benefits through lower weekly hours. Again, like the economy contention, this also acts as a solvency deficit against the aff.

#### 1.3.3 Capitalism Kritik

Contention 3 is Capitalism Kritik. This capitalism kritik primarily focuses on critical feminist critiques of gender equality efforts driven by capitalism (a direct response to the gender pay gap contention listed above). Though there are typical hollow hope links, most focuses on the aff’s usage of markets to alleviate gender inequality, as it benefits companies who gain greater control

#### 1.3.4 Unions Process CP

Contention 4 is Unions Process CP. The counterplan has a mass grass-roots mobilization of workers supporting unions that force employers to pay workers a living wage. Living wages act as a major campaign issue to increase union membership to increase wages from the ground up, as opposed to top down via governmental action as the aff likely implies. The internal net benefit caused by the process of the CP is unions, which can be independently weighed against the aff.

#### 1.3.5 Racism

Contention 5 is Racism. This contention likely is not a true contention, and likely ought to act as a preemptive defense to aff racial pay gap arguments. A decent chunk of evidence relies upon historical data no longer analogous to the status quo, or the historical defense of minimum wage laws to price Africa-Americans out of the job market and exclude them from society.

## Affirmative

### Contention 1: Economy

#### The economy is on the brink a recession due to weak growth – Sahm Rule, year on year unemployment, and job openings

Edwards 8-2 [William Edwards, senior investing reporter at Business Insider, 8-2-2024, "2 recession indicators with perfect track records show the US just entered a downturn — opening the door for stocks to plummet as the Fed gets set to cut rates", Business Insider, https://www.businessinsider.com/stock-market-crash-recession-indicators-jobs-report-unemploymnet-rate-sp500-2024-8]/Kankee

The US economy may have just entered a recession. According to data from the Bureau of Labor Statistics released Friday, the unemployment rate rose to 4.3% in July, up from 4.1% in June and from recent lows of 3.4% in April 2023. The increase officially triggered the Sahm Rule — a recession indicator developed by former Fed economist Claudia Sahm — which says that the US economy is in a downturn when the three-month moving average of the unemployment rate rises by 0.5% from its 12-month low. The gauge has a perfect track record through at least the last nine recessions. Despite the Sahm Rule's impressive history, it is sometimes criticized because it fails to account for rising labor participation, which can raise the unemployment rate. Labor participation is indeed rising right now. However, one job market indicator that isn't influenced by participation rates — year-over-year growth in unemployed persons — also suggests that the US economy is in recessionary territory. The number of unemployed people has now grown by 14.5% year-over-year. Over at least the last 11 instances that this has happened, the economy has been in recession. It's important to keep in mind that just because these indicators have done a good job sounding the alarm about a downturn in the past doesn't mean that this time will be the same. Tom Essaye, the founder of Sevens Report Research, told Business Insider on Friday that other labor market indicators still point to a soft landing ahead — at least for the time being. For example, weekly initial unemployment claims still sit at a fairly low 249,000, though they're up from 194,000 in January. If they start to climb above 300,000 and reach toward 350,000, that would be the time to worry, he said. And while July's jobs report was weaker than expected, with the US adding 114,000 jobs, the four-month moving average is still in a strong place, and further lackluster reports in the months ahead will be needed to establish a downward trend. While things may be fine for the moment, however, history shows that when the labor market weakens to this degree, it usually deteriorates further — and sometimes quickly, as is evident in the charts above. Plus, employment data is backward-looking. "With labor statistics being a lagging economy indicator, the real underlying economy can be even slower than the economic data suggests," said Jack McIntyre, a portfolio manager at Brandywine Global, in a memo on Friday. In addition to downcast labor market data, the ISM Manufacturing Index fell further into contraction territory this week, signaling that US manufacturing continues to slow. Job openings are also trending downward, sitting at 8.1 million in June compared to 12.1 million in March 2022. Where do stocks go from here?

#### Stagnant wages cause low purchasing power due to inflation – wage increases are key

Cooper et al. 22 [David Cooper, Director of the Economic Analysis and Research Network with a Master of Public Policy from Georgetown University, Sebastian Martinez Hickey, State Economic Analyst for EPI with a B.A. in Public Policy from Stanford University, and Ben Zipperer, senior EPI economist with a Ph.D. in Economics from the University of Massachusetts, 3, 7-14-2022, "The value of the federal minimum wage is at its lowest point in 66 years", Economic Policy Institute, https://www.epi.org/blog/the-value-of-the-federal-minimum-wage-is-at-its-lowest-point-in-66-years/]/Kankee

The value of the federal minimum wage has reached its lowest point in 66 years, according to an EPI analysis of recently released Consumer Price Index (CPI) data. Accounting for price increases in June, the current federal minimum wage of $7.25 per hour is now worth less than at any point since February 1956. At that time, the federal minimum wage was 75 cents per hour, or $7.19 in June 2022 dollars. Last July marked the longest period without a minimum wage increase since Congress established the federal minimum wage in 1938, and continued inaction on the federal minimum wage over the past year has only further eroded the minimum wage’s value. As shown in Figure A, a worker paid the current $7.25 federal minimum wage earns 27.4% less in inflation-adjusted terms than what their counterpart was paid in July 2009 when the minimum wage was last increased, and 40.2% less than a minimum wage worker in February 1968, the historical high point of the minimum wage’s value. The minimum wage increases of the late 1960s expanded the coverage of the minimum wage to include industries like agriculture, nursing homes, restaurants, and other service industries. The earlier exemption of these industries from the federal minimum wage disproportionately excluded Black workers from this important labor protection. The application of the minimum wage to these industries raised workers’ incomes and directly reduced Black-white earnings inequality. Congress’s failure to raise the minimum on a regular basis in the interim, however, has eroded the value of the federal minimum wage and worsened racial earnings gaps. As Congressional inaction on the minimum wage continues, 30 states and nearly 50 cities and counties have enacted higher minimum wages. This includes 12 states and the District of Columbia that have adopted minimum wages of $15 or higher. Most recently, Hawaii lawmakers elected to raise their state’s minimum wage to $18 by 2028, and policymakers in New York are considering a proposal to raise the minimum wage to upwards of $20 an hour in New York City, with minimum wages a few dollars lower throughout the rest of the state. A national $15 minimum wage would raise the incomes of tens of millions of workers, including servers in restaurants, grocery store employees, and essential health care workers—as many as 2 million direct care workers who provide long-term services and supports would benefit from a $15 minimum wage in 2025. Although the Biden-Harris administration recently raised the minimum wage to $15 per hour for federal contractors, it is past time to raise the minimum wage for all workers.

#### Living wages boost company performance and economic growth

Barford et al. 22 [Anna Barford, Prince of Wales Global Sustainability Fellow at the Cambridge Institute for Sustainability Leadership, Richard Gilbert, Project Director at Business Fights Poverty Annabel Beales, Director of Learning and Engagement at Business Fights Poverty, Marina Zorila, Research Assistant at the Cambridge Institute for Sustainability Leadership, and Jane Nelson, Director of the Corporate Responsibility Initiative at the Harvard Kennedy School, 2022, THE CASE FOR LIVING WAGES,” University of Cambridge Institute for Sustainability Leadership & Shift, https://www.cisl.cam.ac.uk/files/the\_case\_for\_living\_wages\_report\_2022.pdf]/Kankee

In addition to these human rights and social impact benefits, this new synthesis of a broad body of literature and 31 expert interviews details how living wages can offer businesses many advantages. Living wages also help to mitigate risks within core operations, value chains, and the broader operating environment – and offer a clear, measurable indicator of corporate responsibility and values in action. Living wages should be at the top of the list of priorities of any company interested in improving their social impact and business performance. It is striking how the benefits of paying living wages align and reinforce one another. Comprehensive living wage commitments mean there is no trade-off for business leaders between prioritising their own workers, workers in their value chains, or the people within the wider operating environment.14 Meanwhile living wages offer companies the direct benefits of a more stable workforce and more resilient value chains, leading to positive multiplier effects in local economies which boost incomes and likely increase demand for goods and services along the way. Going full circle, these business benefits may then encourage further investment based on high levels of social responsibility paired with tangible material benefits. Such spiralling benefits should position living wages high on companies’ agendas.15 THE BUSINESS BENEFITS OF LIVING WAGES This paper identifies the business benefits of living wages within core operations, across value chains, and more widely within the operating environment (Figure 2). The key benefits in each area are as follows: CORE OPERATIONS Living wages offer companies a wide range of internal benefits. Ninety-three percent of Living Wage-accredited employers experience some form of benefits from their accreditation.16 Living wages lead to lower staff turnover, which reduces recruitment and training costs. Employees remain at the company because they want to and can afford to do so while achieving a decent standard of living. They develop more and better skills, contribute to institutional memory, and then provide on-the-job support to newer employees.17 In addition, employers are incentivised to invest in their longterm workers, e.g. through training.18 Living wages can promote a more motivated and productive workforce, by improving morale and commitment. These benefits also link to reduced absenteeism, better health, and greater economic security.19 Up to 4/5 of employers indicate that work quality increased once they introduced living wages.20 Greater economic security, higher motivation, and better health contribute to employee satisfaction, improving the overall working environment and contributing to productivity. Relationships between staff members and managers seem to improve after Living Wage accreditation,21 and employee loyalty increases.22 There are early signs of living wages improving revenues and profits.23 For example, PayPal attributes much of its recent growth to the decision to pay ‘decent wages’ to all employees. VALUE CHAINS

#### Wage increases boost consumer spending, growth, and job creation

Roberts 21 [Lily Roberts, managing director for Inclusive Growth at American Progress with a master’s degree in social work from Case Western Reserve University, 1-27-2021, "Raising the Minimum Wage Would Boost an Economic Recovery—and Reduce Taxpayer Subsidization of Low-Wage Work", Center for American Progress, https://www.americanprogress.org/article/raising-minimum-wage-boost-economic-recovery-reduce-taxpayer-subsidization-low-wage-work/]/Kankee

As Congress works on coronavirus rescue legislation and a subsequent package to rebuild the economy, the minimum wage should not be dismissed. Raising the wages of low-income workers will stimulate the economy; substantially lower the amount the country spends on social safety net programs such as SNAP; and reduce economic inequality, thereby unleashing additional economic growth in a period of recovery. Stimulate the economy by putting more money in workers’ wallets Phasing in a minimum wage increase between 2021 and 2025 would boost consumer spending and economic growth as the country recovers from the public health and economic crises. Different methodological approaches predict varying aggregate effects of minimum wage increases. However, calculations uniformly point toward wage increases begetting stimulus, especially wage increases for low-wage workers: The Federal Reserve of Chicago determined that low-wage worker households spent an additional $2,800 in the year after a $1-per-hour increase to the minimum wage. The most recent analysis from the Economic Policy Institute found that increasing the minimum wage to $15 by 2025 would generate $107 billion in higher wages. Their earlier analysis indicates that an increase from $7.25 to $9.80 per hour between 2012 and 2014 would have generated “approximately 100,000 new jobs.” The Institute for Policy Studies calculates that for every extra dollar going into the wallet of a low-wage worker, about $1.21 is added to the overall economy. Broad consensus in the academic research over the past 30 years has debunked the idea that raising the minimum wage causes employers to employ fewer people. Economists found that a $15 minimum wage would not reduce employment even in areas that currently have the lowest wages. Dozens of careful studies have explored how minimum wage laws affect earnings and employment, influenced by the seminal 1994 work of David Card and Alan Krueger. In spring 2019, prominent economists in the US and the UK published an analysis of 138 state-level minimum wage changes since 1979, finding that the overall number of low-wage jobs remained unchanged after the increase and that low-wage workers who were already earning above the minimum also saw modest wage increases. In fact, in 2014, the 13 states that raised their minimum wages added jobs at a faster rate than the states that did not, according to the U.S. Department of Labor. New analysis from CAP Distinguished Senior Fellow Austan Goolsbee shows that individual consumer choices driven by fear of COVID-19 infection—not legal closures or stay-at-home orders—largely drove changes in consumer traffic and spending. This indicates that once vaccination rates increase and fear of exposure decreases, consumer spending patterns will readjust if consumers have sufficient funds to spend. The post-pandemic economy will provide a strategic moment to ensure that those in low-income households (who are more likely to spend each additional dollar they receive in pay than higher-income people) will be able to increase their consumption as needed. New research demonstrates that minimum wage increases have a particularly strong effect on households’ real spending on food, particularly food prepared away from home. This category of increased spending would be particularly beneficial to a recovering restaurant sector. Ensure that taxpayers aren’t subsidizing corporations for workers’ low pay Paltry pay with ever-decreasing purchasing power ensures that many people who work full-time for minimum wage pay rely on programs such as SNAP and Medicaid to provide food and health care for their families. This effectively means that the federal government is subsidizing low-wage employers for their labor costs while their workers barely scrape by. CAP has a body of work demonstrating how minimum wage workers use SNAP to keep food on the table for their families—requiring taxpayers to subsidize corporations who underpay their workers. A groundbreaking 2014 CAP report by University of California, Berkeley economist Michael Reich and Rachel West found that a contemporaneous proposal to raise the minimum wage to $10.10 per hour would reduce SNAP enrollments by 3.1 to 3.6 million people, resulting in an annual decrease in program expenditures of nearly $4.6 billion. Rachel West then updated these figures in a 2015 CAP piece for proposals to increase the minimum wage to $12 per hour. West found that SNAP spending would fall by an estimated $5.3 billion each year in today’s dollars, saving taxpayers more than 7 percent in overall SNAP expenditures. When fully implemented, West also found that savings would total $52.7 billion over the following decade. In this piece, CAP highlighted a subsequent University of California, Berkeley study that estimated U.S. taxpayers foot the bill for $152.8 billion in government assistance programs for low-wage workers each year in lieu of their employers paying adequate living wages and benefits. In a 2019 piece, economist Arindrajit Dube examined the impacts of minimum wage hikes on workers in the bottom 30 percent of income, finding that increases confer significant income gains to these workers. Dube also observed that when accounting for the effects of government assistance programs (noncash transfers, including SNAP, school lunches, and housing subsidies) and tax credits (EITC and child tax credits), those income gains were only two-thirds as large. The offset represents a significant reduction in taxpayer expenditures, effectively substituting work-based earnings for public assistance. Dube also observes that a “reduction in public benefits like SNAP can be efficiency enhancing, since in principle these programs are funded using taxation that can have deadweight losses.” Reducing inequality will lead to higher, more sustainable growth Over the past decade, CAP research and policy recommendations have documented how inequality slows growth, with a particular focus on economic inequality that stems from structural racism and sexism. Decreasing income inequality and working toward the elimination of the wealth gap (another disparity that stymies overall growth) requires targeted policies to build economic security. Raising the minimum wage is one tool for combatting this inequality—and therefore stimulating growth. Women (and women of color in particular) are overrepresented in minimum wage work, and CAP research demonstrates that this is especially true in occupations in which people receive tips but are paid as little as $2.13 per hour by their employer. The National Women’s Law Center calculates that “for women working full time in states with a minimum wage of $10 per hour or more, the wage gap is 34 percent smaller” than the wealth gap in states with a $7.25 minimum. CAP research shows that 64 percent of women were the sole or primary breadwinner for their family in 2017, and women account for most consumer spending in the economy. Nearly 59 percent of workers who are paid the federal minimum wage are women. Therefore, increasing the minimum wage is particularly likely to stimulate consumer spending. Black and Latino workers are disproportionately represented in occupations with the lowest wages. Nearly one-third of all Black workers and one-quarter of all Latino workers would get a raise under a $15 minimum wage. Decreased income inequality would lead to an increase in overall economic growth, as economic growth in the United States is constrained by income inequality. Conclusion Rather than continuing to subsidize corporations that pay paltry wages to workers—which means that those workers must find necessary support in the social safety net—a higher minimum wage would boost millions of families out of poverty and further stimulate the economy. As we move toward a post-pandemic economic recovery, increased money to families who are the most likely to spend any marginal dollar will have an outsize effect on consumer spending. A minimum wage increase would give an overdue raise to workers and would be well-timed for an economic recovery.

#### Living wages boost small businesses and growth

Willingham 21 [Caius Z. Willingham, research associate for Economic Policy at the Center for American Progress, 02-25-2021, "Small Businesses Get a Boost From a $15 Minimum Wage", Center for American Progress, https://www.americanprogress.org/article/small-businesses-get-boost-15-minimum-wage/]/Kankee

The coronavirus pandemic pulled the rug out from under working families seemingly overnight. In total, nine months into the pandemic, the number of unemployed workers reached more than 10.7 million, leaving countless families hungry.1 In October 2020, more than 1 in 10 households with school-age children were experiencing food insecurity.2 Though the initial relief provided by the weekly federal supplement of state unemployment insurance, expanded access to unemployment insurance, and the $1,200 direct payments kept some families afloat temporarily—with 18 million people boosted out of poverty in April—a total of 8 million people sunk below the poverty level from May to September 2020.3 But even before the mass unemployment resulting from the deadly public health crisis, the economy faced a major structural problem: The federal minimum wage was last raised in 2009. Since then, the rising cost of living has eroded the value of the minimum wage by more than 17 percent.4 The disparity between the minimum wage and the current cost of living is so large that there is not a single U.S. state in which a minimum wage worker can afford to rent a two-bedroom home.5 This chasm is even starker for tipped workers, who make $2.13 per hour, and workers with disabilities, who earn just $3.34 per hour.6 The result is an economy that does not work. Before the pandemic hit, 140 million people already lived near or below the poverty line.7 For the United States to achieve a meaningful economic recovery that lifts up all families, Congress must raise the federal minimum wage to $15 per hour, including for tipped workers and workers with disabilities. Raising the minimum wage would benefit small businesses and the economy at large. While critics of a fair wage argue that a $15 minimum wage would put a heavy burden on small businesses, economic literature demonstrates that these concerns are not borne out by the facts. Small businesses across the country are in dire need of assistance to weather the remainder of the pandemic and rebound during the recovery. The number of small businesses currently operating is down almost 34 percent compared with January 2020.8 Almost one-third of small businesses surveyed by the U.S. Census Bureau in early January 2021 reported that the pandemic has had a “large negative effect” on their operations.9 Small businesses are a crucial part of the U.S. economy, employing about one-third of the workforce, according to the most recent available data.10 As a result, small businesses are a crucial part of the recovery and need meaningful federal aid to rebuild. The Paycheck Protection Program (PPP), which extended loans to businesses to keep their employees on the payroll, was quickly exhausted by the onslaught of entrepreneurs and business owners seeking assistance, leaving some out in the cold—particularly Black business owners.11 The stress that small business owners face is real, prompting some business groups to lobby for delaying the implementation of several state and local minimum wage increases.12 However, it’s direct financial support to small businesses and entrepreneurs—not shortchanging workers—that is going to help them weather this storm. Figure 1 displays data from the U.S. Census Bureau’s survey of small-business owners, illustrating the acute pain felt by small businesses and entrepreneurs across the country. Policymakers need not choose between a $15 minimum wage and small-business recovery. Research shows that these ends are not at odds. Minimum wage increases during recessions are not uncommon. (see Figure 2) Indeed, the minimum wage was first adopted during the Great Depression, when mass unemployment suppressed wages far below subsistence levels and the necessity of a federal wage floor became painfully evident. In fact, a $15 minimum wage, combined with further federal relief for small businesses, will benefit small and medium-sized enterprises in the long run. Economic literature has found that increases in worker productivity, reductions in turnover, and aggregate increases in consumer spending offset a large portion of the increased payroll costs.13 Raising the minimum wage will provide much-needed relief to American workers American workers desperately need—and deserve—a raise to at least $15 per hour. The current federal minimum wage is simply not enough to cover living expenses, even for a full-time worker. If the minimum wage had been adjusted automatically to reflect increases in productivity over the past 80 years, the minimum wage would now be more than $20 per hour.14 Raising the federal minimum wage incrementally to $15 by 2025 would increase the income of 32 million workers.15 Furthermore, establishing automatic increases to this wage tied to growth in median wages would ensure that all workers benefit from a growing economy, as well as provide a critical dampener on economic inequality.16 Not only would a minimum wage increase benefit millions of workers—it would also make the economy more equitable and drive growth. The workers who would benefit the most would be Black or African American, Hispanic or Latino, and Asian workers, who—thanks to a long legacy of deeply embedded structural racism—are more likely to work low-wage jobs.17 Women, who on average make just 82 cents for every $1 the average man makes, would also receive a significant leap forward. As a result, minimum wage increases can help shrink the racial and gender wage gaps.18 Moreover, many of these workers serve on the front lines of the battle against the coronavirus, working in grocery stores, nursing homes, and hospitals. These workers deserve a significant raise for the health risk they assume in supplying essential services. Small businesses will benefit from a $15 minimum wage Small businesses can reap several benefits from a higher minimum wage that may offset the increased payroll costs. A survey from CNBC found that a majority of small businesses can absorb the rise in labor costs resulting from increases in state and local minimum wages in January 2021.19 A growing number of business owners have recognized the benefits of paying a fair wage, paying living wages to their employees, and even supporting a national wage increase. Businesses represented by Business for a Fair Minimum Wage welcomed the wage increases that went into effect in several states at the beginning of 2021, stating in a press release, “Businesses depend on customers who make enough to buy what they are selling, from food to car repairs. Minimum wage increases will go right back into local economies, helping workers and businesses get through the pandemic and economic crisis.”20 Increased demand is good for local economies One of the reasons that large job losses do not tend to accompany increases in the minimum wage is that the increase in low-wage workers’ incomes generates increased spending in the local economy. The workers who would receive this wage increase are more likely to spend it than high-earning households—injecting local economies with a wave of consumer spending—to the benefit of local businesses.21 The Economic Policy Institute found that raising the minimum wage to $15 per hour could increase a worker’s annual salary by $5,100, which would likely go toward daily necessities.22 A study by the Federal Reserve Bank of Chicago estimates that a $1 raise for a minimum wage worker translates to an additional $2,080 in consumer spending by their household over the course of a year.23 One of the first types of spending to increase when workers get raises is dining—an effect that will provide some relief to the struggling restaurant industry.24 The increase of spending by low-income workers on household necessities and other consumer goods will help juice the economy and boost the revenue of small businesses. As David Cooper of the Economic Policy Institute aptly puts it, “The number one problem for businesses right now isn’t excessive labor costs, it’s a lack of demand.”25 Small businesses that pay living wages reap significant benefits In addition to enjoying higher consumer demand, small businesses that adopt living wages benefit from a more productive workforce with fewer incidental payroll costs.26 Quite simply, employees that make a fair wage are able and willing to work harder. When workers experience less economic anxiety, they are better able to focus on their tasks. Moreover, better pay is related to better health outcomes, meaning workers take fewer sick days. It also means that employees are more invested in their work and are less likely to be late, miss a shift, or have other disciplinary problems.27 In total, worker productivity and the quality of service increases, potentially allowing a firm to increase its prices to compensate for the higher pay.28 For example, a study of nursing home staff performance after a minimum wage increase showed a significant increase in the quality of care received by residents.29 In addition to higher productivity from individual workers, small businesses benefit from lower staff turnover.30 The time and money needed to recruit, interview, and train a new employee eats up significant resources. By some estimates, it costs about one-fifth of a worker’s annual salary to replace them, and low-wage jobs such as retail and food service are among those with the highest turnover rates.31 In the long term, raising the minimum wage will likely bring cost savings to small businesses that find it easier to retain employees after the wage increase. Raising the wage would not significantly increase unemployment levels An exhaustive body of economic research has demonstrated that minimum wage increases do not substantially increase unemployment.32 The most recent round of minimum wage increases was largely absorbed by small businesses that found other ways to cut costs and increase revenue. Before the pandemic, more than half of small business owners surveyed by CNBC in 2020 responded that the minimum wage increases in the states in which they operated would have no impact on their businesses.33 The Raise the Wage Act would phase in the increase in the minimum wage to $15 by 2025, providing businesses with ample time to adjust their balance sheets accordingly. A recent study by the University of California, Berkeley, found that even sharp increases in minimum wages in low-wage areas do not result in significant job losses.34 Conclusion The bottom line is that increased demand, boosted worker productivity, and reduced employee turnover balance out the increased labor costs for businesses of raising the minimum wage. The way to help struggling small businesses is not suppressing wages—it is speedily handling the pandemic and increasing federal assistance for distressed small enterprises. By raising the minimum wage to $15 per hour, Congress would ensure a faster, more equitable, and more sustainable economic recovery for all.

#### Wage increases revitalize the economy – new spending, decreases inequality, boost demand, encourage business creation, and saves the middle class

Rolf 16 [David Rolf, president of SEIU 775 with a BA from Bard College, 2016, “The Fight for Fifteen: The Right Wage for a Working America,” New Press London, https://thenewpress.com/books/fight-for-fifteen]/Kankee

Even former New York mayor and capitalist Michael Bloomberg worked to raise the minimum wage in 2012. “Raising the minimum wage will put much-needed cash in the pockets of more than 1.2 million New Yorkers, who will spend those extra dollars in local stores,” he said. “The minimum wage is a vital part of the social safety net. By raising it, we can help more people escape poverty and avoid government dependency— strengthening communities from Brooklyn to Buffalo.”69 Such wild-eyed leftist organizations as Standard & Poor’s, the World Bank, and the IMF have also called for higher wages to reduce income inequality—not because “it’s the right thing to do,” but because it supports sustained economic growth. Research indicates that for every $1 added to the minimum wage, low-wage worker households spent an additional $2,800 the following year. 70 Researchers have found that increasing the national minimum wage by about $3 an hour would result in a net increase in economic activity of approximately $33 billion during the phase-in period alone, and would add approximately 140,000 new jobs to the tax rolls.71 Global economic powerhouses agree—we need wage growth to power the economy: • Standard & Poor’s sees extreme income inequality as a drag on long-run economic growth. “At extreme levels, income inequality can harm sustained economic growth over long periods. The U.S. is approaching that threshold. We’ve reduced our 10-year U.S. growth forecast to a 2.5% rate. We expected 2.8% five years ago.”72 • The World Bank said that “too much of the focus in the debate about inequality has been on the top earners, rather than on how to lift a significant portion of the population out of poverty—which would be a good thing for the economy . . . extreme inequality can impair economic growth.”73 • The International Monetary Fund (IMF) called on the United States to raise its federal minimum-wage rate in 2014, describing the U.S. minimum wage as low by both historical and international standards. This marked the first time that the IMF has endorsed raising the U.S. minimum wage. IMF managing director Christine Lagarde said that doing so would help raise the incomes of millions of poor and working-class Americans and “would be helpful from a macroeconomic point of view.” In other words, it would be good for the whole economy. 74 • IMF economists Andrew Berg, Jonathan Ostry, and Jeromin Zettelmeyer examined economic growth between 1950 and 2006, and found that the “level of inequality may be the key difference between countries that enjoy extended, rapid expansion and those whose growth spurts quickly dissipate. In short, promoting greater equality may also improve efficiency in the form of more sustainable long-run growth.” They found that a 10 percent decrease in inequality increases the expected length of a growth spell by 50 percent.75 • The Federal Reserve Bank of Chicago reported that raising the federal minimum wage from $7.25 to $9.00 would increase household spending by roughly $48 billion in the short term, increasing GDP by 0.3 percent. It also found that increasing the minimum wage by $1 an hour results in an increase in spending by affected families of $800 per quarter, and families spent that money mostly on debt payments and on durable goods—particularly cars.76 • The New York City comptroller found in 2015 that increasing its minimum wage to $15 would lead to increased household spending by $10 billion, distributed across more than 1 million New York City households, implying an average increase of about $10,000 per household.77 Weak consumer demand is not just inhibiting consumer spending—it’s depressing new hiring and holding us back from full employment. The Wall Street Journal conducted a poll of fifty-three economists and found that 65 percent cited a lack of demand as the main reason for a lack of new hiring by employers.78 In a 2015 report, the Center for American Progress details the importance of a strong middle class for economic growth: 1. A stronger middle class that consumes more of its income than do the rich increases business certainty about demands for goods and services. This makes investment more attractive to large and small businesses alike and boosts entrepreneur confidence. 2. A stronger middle class increases social mobility, which means people are better able to match their talents to jobs, boosting growth in general. 3. A strong middle class demands good governance, property rights, infrastructure, education, and the trustworthy legal structures necessary for a thriving, stable economy. 4. A weakened middle class has to borrow more during times of need, destabilizing the consumer base and hurting long-term growth. 5. People raised in strong middle-class families are more likely to the have the education and training needed to boost broad economic productivity and start a business. The greater macroeconomic stability associated with a strong middle class also gives entrepreneurs greater confidence about taking risks based on informed investment decisions.79 In sum, the economic activity spurred by a $15 minimum wage is inarguably positive not just for the low-wage workers who are finally getting a decent paycheck, but for the economy writ large.80 $15 WOULD ALLOW MORE YOUNG PEOPLE TO PURSUE HIGHER EDUCATION OR OTHER CAREER GOALS

#### Living wage increases economic growth – spending, reduced employee costs, and new jobs

Konigsburg 17 [Joyce Ann Konigsburg, Faculty Member at DePaul University with a PhD from Duquesne University, 2017, “The Economic and Ethical Implications of Living Wages,” MDPI, https://www.mdpi.com/2077-1444/8/4/74]/Kankee

3. Economic Implications of a Living Wage One advantage to local living wage ordinances is their flexibility and customization to a specific community’s economic conditions. Businessmen such as Henry Ford and Edward Filene understood that paying reasonable wages was sound business policy; the practice expands a laborer’s purchasing power and enables him or her to buy the company’s products ([2], p. 5). A rise in aggregate demand stimulates the economy, especially since “low-wage workers are more apt to spend earnings locally, circulating money back into local economies” ([2], p. 6). Thus, “increasing the economic self-sufficiency of workers enhances business productivity and opens new markets, while also reducing poverty, strengthening communities, and shrinking the demand for government assistance to low-income families” ([2], p. 7). These positive multiplier effects help rebuild lives and strengthen local economies. Increasing worker pay above the poverty line to a living wage not only helps families escape the stigma of poverty, it also reduces reliance on government welfare programs. Many workers and their families receive public assistance because their employers do not pay enough to meet the employee’s basic needs ([3], p. 5). Rather than encourage businesses to compensate employees appropriately, the government, through taxpayers, subsidizes businesses that pay low wages. The government also loses revenue from income and social security taxes when businesses pay minimal wages, rather than higher living wages in some areas [4]. A living wage must be sufficient to support a person without government subsidies; otherwise, it “could increase cash earnings only at the expense of other forms of income, changing the composition but not the amount of income” [5]. As incomes increase, workers reduce their reliance on government assistance. Living wage earners are able to pay their taxes, contribute to social security, and save for emergencies as well as their own retirement. In doing so, some of the living wages costs affecting business owners and consumers are offset by gains to small businesses and individual taxpayers at federal and local levels. Not only do workers and taxpayers benefit from living wages, business owners profit in a variety of ways. The efficiency wage hypothesis suggests, “the productivity of a firm’s employees increases as their wage is increased, at least over an economically relevant part of its [wage] range” ([6], p. 848). With less absenteeism, and lower turnover, the estimated cost savings for companies “could be as high as 20 to 25 percent of their total living wage costs” ([7], p. 19). For instance, the owner of travel agency, Idyll, Ltd., concedes “the trade-off for paying decent wages is lower immediate profits, but adds that his costs would be up in other areas (recruitment and training) if he ‘skimped on employee pay’” ([2], p. 17). In Los Angeles for example, security screeners had a high turnover rate of 94.7 percent before the living wage, but their turnover rate dropped to just 18.7 percent when earnings increased from $6.45 to $10.00 an hour ([8], pp. 10, 54). Reduced employee attrition lowers recruiting and training costs while cultivating an experienced workforce. Furthermore, satisfied clients generate repeat business with less marketing and sales effort, which yields higher profit margins and added benefits ([8], pp. 9–10). Because living wage ordinances prevent government contract bidders from undercutting wages or benefits, service quality becomes a key differentiator among competitors ([9], pp. 21–23). To summarize, employee loyalty as well as proficiency results in higher product quality, efficiency, and consistent customer service, all of which are in the self-interest of company managers and owners. Most economic models predict that higher wages result in greater production costs. Rising production costs increase prices for goods, which reduce product demand until the supply and demand curves reach a new equilibrium point. Demand elasticity however may not be as strong an economic influence since “a living wage stimulates the overall demand for goods and services in the economy and can result in job growth” [4]. Likewise, standard economic efficiency theories argue that increasing wages drives less efficient employers out of business or causes layoffs. In these situations, “employers may find ways to offset the increased labor costs for low-wage labor by reducing costs in other dimensions” ([10], p. 32) such as improving processes, utilizing technology, or using labor more effectively. As a result, employers expect greater productivity from workers, so, it is logical for “some [job] substitutions to occur, both by educational credentials and age, though, the magnitude of such substitutions is likely to be modest” ([7], p. 33). Most labor layoff/substitution occurs at living wage ordinance boundaries, either by area or by business-type, because better skilled people earning between minimum and living wage apply and are hired for comparable living wage jobs. Although job substitution does not alter the goal of paying workers livable wages, it does affect who earns the higher wage. Neoclassical economic theory also predicts greater unemployment when wages increase. Living wages potentially cause unintended effects, especially “if employers need to raise the wages of other workers to maintain a wage hierarchy within the firm, [then] the ripple effect can cause even greater employment losses” ([11], p. 14). However, it is difficult to determine the extent of these losses. An Economic Policy Institute study in 1998 concluded that “after four years in force, the Baltimore living wage increase did not result in any discernible job loss” ([2], p. 10). In fact, research by Card and Krueger corroborate studies by Neumark and Wascher that living wage or “higher minimum wage mandates do not behave in the manner predicted by competitive models and that average firm employment does not decline but may in fact increase slightly following minimum wage increases” ([9], p. 6). The unemployed often fill positions that the formerly underemployed no longer need to make ends meet. When asked what a worker was going to do with the extra money after Alexandria, VA passed its living wage ordinance, he replied, “Quit my third job!” ([12], p. 26). Evidence reveals that employment rates hold relatively steady if the coverage area or wage increases are modest. Implementing living wages may prompt businesses to relocate operations to more favorable, cost-effective locations. Economically, “firms should be drawn to low-wage areas, causing job growth to be highest where pay is lowest, as long as all other things—taxes, public services, rents, access to customers and so forth—are equal” ([13], p. 6). However, several factors go into a decision to relocate. The issues include labor and production costs, customer base, business type, labor supply, and the area economy. Sometimes a location has intrinsic value, such as waterfront, views, or proximity to sports arenas or convention centers, which complicates the decision. Existing companies ultimately must decide whether the marginal benefits of relocation are greater than the costs of relocation in addition to living wage cost increases. Whether a business relocates, absorbs expenses, or raises prices depends on factors such as the cost increase percentage, the firm’s competition, and the product’s demand elasticity. If production costs increase one to two percent, companies may decide to absorb expenses rather than risk losing business ([9], p. 24). Likewise, some effects of raising prices are minimal. At the San Francisco airport, for example, passing higher employee compensation costs to consumers results in an increase of $1.42 per passenger ([8], pp. 9, 49). With living wage ordinances, it is easier for local firms competing for similar business to raise their prices since their competitors face similar cost increases. Yet increasing prices in global markets is problematic because competitors are not subject to local living wage rules. 4. Ethical Implications of a Living Wage

#### Increase wages key to new jobs and consumer demand

Cooper and Hall 18 [David Cooper, senior economic analyst at the Economic Policy Research Institute, and Doug Hall, director of the Economic Policy Institute’s Economic Analysis and Research Network, 2018, “Minimum Wage Means Maximum Potential,” The Right to a Living Wage, http://digamoo.free.fr/uhler2018.pdf]/Kankee

Raising the Minimum Wage as a Tool for Economic Growth The immediate benefits of a minimum-wage increase are in the boosted earnings of the lowest-paid workers, but its positive effects would far exceed this extra income. Recent research reveals that, despite skeptics’ claims, raising the minimum wage does not cause job loss.6 In fact, throughout the nation, a minimum-wage increase under current labor market conditions would create jobs. Like unemployment insurance benefits or tax breaks for low and middleincome workers, raising the minimum wage puts more money in the pockets of working families when they need it most, thereby augmenting their spending power. Economists generally recognize that low-wage workers are more likely than any other income group to spend any extra earnings immediately on previously unaffordable basic needs or services. Increasing the federal minimum wage to $10.10 by July 1, 2015, would give an additional $51.5 billion over the phase-in period to directly and indirectly affected workers7 , who would, in turn, spend those extra earnings. Indirectly affected workers—those earning close to, but still above, the proposed new minimum wage—would likely receive a boost in earnings due to the “spillover” effect (Shierholz 2009), giving them more to spend on necessities. This projected rise in consumer spending is critical to any recovery, especially when weak consumer demand is one of the most significant factors holding back new hiring (Izzo 2011).8 Though the stimulus from a minimum wage increase is smaller than the boost created by, for example, unemployment insurance benefits, it has the crucial advantage of not imposing costs on the public sector. […] Conclusion The multiple positive effects that would result from a higher minimum wage are clear: It would boost the earnings of working families hardest hit by the Great Recession, spur economic growth, and create about 140,000 net new jobs. In an economic climate in which wage increases for the most vulnerable workers are scarce, raising the minimum wage to $10.10 by July 1, 2015, is an opportunity that America’s working families cannot afford to lose.

#### Wage increases are key to decrease income inequality

Cooper and Hall 18 [David Cooper, senior economic analyst at the Economic Policy Research Institute, and Doug Hall, director of the Economic Policy Institute’s Economic Analysis and Research Network, 2018, “Minimum Wage Means Maximum Potential,” The Right to a Living Wage, http://digamoo.free.fr/uhler2018.pdf]/Kankee

The idea persists that raising the minimum wage would provide multiple positive effects on the overall economy. Researchers claim it would boost the earnings of low-wage families and would provide economic stimulus through increased consumer spending. In turn, these studies show, that increased consumer spending and the resulting economic stimulus would create much-needed jobs. Thus, it’s imperative to boost wages to foster a nation-wide boom and take the U.S. to where it needs to be in the world market. By highlighting the need to increase the federal minimum wage in his State of the Union address, President Obama breathed new life into a critically important issue. Wages for U.S. workers, particularly low-wage workers, have eroded not just in recent years, but over several decades (Mishel 2013; McNichol et al. 2012). This erosion has contributed to the growth of income inequality, leaving the economy less vibrant than if incomes were distributed more evenly. Raising the minimum wage and incorporating a system for automatic adjustment over time is key to reversing this erosion of low-wage workers’ earnings, and would help combat growth of income inequality. Following the president’s expression of support for a $9.00 minimum wage, Sen. Tom Harkin (D-Iowa) and Rep. George Miller (D-Calif.) indicated their support for increasing the minimum wage to $10.10 (this proposal follows their 2012 effort to pass legislation supporting a $9.80 minimum wage). Their proposal—now formalized as S.460, the Fair Minimum Wage Act of 2013—would increase the minimum wage via three incremental increases of $0.95, and then index it to inflation, so that as prices rise, so would the minimum wage. Also, the tipped minimum wage (the minimum wage paid to workers who earn a portion of their wages in tips) would be increased in $0.85 increments from its current value of $2.13 per hour, where it has languished since 1991, until it reaches 70 percent of the regular minimum wage. Raising the minimum wage would help reverse the ongoing erosion of wages that has contributed significantly to growing income inequality. At the same time, it would provide a modest stimulus to the entire economy, as increased wages would lead to increased consumer spending, which would contribute to GDP growth and modest employment gains. This paper begins by examining the minimum wage in context, noting where the minimum wage would be today had it grown at the same rate as other important benchmarks over the last few decades. It then provides a demographic overview of the workers who would benefit from the proposed minimum-wage increase, examining characteristics such as their gender, age, race and ethnicity, educational attainment, work hours, family income, and family composition. Next, it details the estimated GDP and job creation impacts that would result from increasing the federal minimum wage to $10.10. Key findings include: • Increasing the federal minimum wage to $10.10 by July 1, 2015, would raise the wages of about 30 million workers, who would receive over $51 billion in additional wages over the phase-in period.1 • Across the phase-in period of the minimum-wage increase, GDP would increase by roughly $32.6 billion, resulting in the creation of approximately 140,000 net new jobs (and 284,000 job years) over that period. • Those who would see wage increases do not fit some of the stereotypes of minimum-wage workers. • Women would be disproportionately affected, comprising 56 percent of those who would benefit. • Over 88 percent of workers who would benefit are at least 20 years old. • Although workers of all races and ethnicities would benefit from the increase, non-Hispanic white workers comprise the largest share (about 54 percent) of those who would be affected. • About 44 percent of affected workers have at least some college education. • Around 55 percent of affected workers work full time, 70 percent are in families with incomes of less than $60,000, more than a quarter are parents, and over a third are married. • The average affected worker earns about half of his or her family’s total income. The Minimum Wage in Context

#### Increases wages increases economic security, building the middle class

Khattar 23 [Rose Khattar, Former Director of Economic Analysis at Inclusive Economy for CAP, Sara Estep, Associate Director at CAP, and Lily Roberts, Managing Director, Inclusive Growth at CAP, 07-20-2023, "Raising the Minimum Wage Would Be an Investment in Growing the Middle Class", Center for American Progress, https://www.americanprogress.org/article/raising-the-minimum-wage-would-be-an-investment-in-growing-the-middle-class/]/Kankee

July 24 will mark 14 years since the last time the $7.25 federal minimum wage was raised—extending by yet another year the longest period in its history without an increase. This column charts what could happen to annual wages if all workers earned at least $15 per hour, a wage floor that advocates have long fought for, including in the Raise the Wage Act of 2021. New estimates from the Center for American Progress show that raising the floor to a $15 minimum wage could increase the wages of 1 in 4 workers—nearly 40 million—and lead to an annual wage increase as large as $8,000 for some of the lowest-wage workers. A $15 minimum wage would also help reduce stubborn gender, racial, and ethnic wage gaps for women, Black, and Latino workers, who are overrepresented among those earning less than $15 per hour. Most notably, if a $15 minimum wage had been in place in 2021, Black women would have experienced the largest reduction in their pay gap on record.\* For more than 10 years, advocates have sought to raise the federal minimum wage to $15, but even that standard has lost its purchasing power over a decade of inaction. More recently, advocates have begun calling on Congress to raise the minimum wage to $17. In 2021, a minimum wage of $17 would have benefitted 51 million workers—nearly one-third of all workers. It would have provided the typical worker with a wage boost of around $1,000, which would have equated to a typical household’s average expenditures on either their meats, poultry, fish, and eggs or medical services and supplies. But while a $17 minimum wage would produce far greater income gains, this analysis primarily examines the implications of a $15 federal minimum wage on 2021 wages, as $15 was the policy goal at that time. Raising the minimum wage would be an investment in growing the middle class and a clear way to build the economic security of workers and their families. With higher wages, millions of Americans would be closer to economic stability and peace of mind. Policymakers must work to raise the federal and state minimum wages to benefit workers; help employers attract and retain them; boost consumption spending; and stimulate local economies. A $15 minimum wage could help workers meet emergency expenses For the typical white, Black, and Latino worker,\*\* a $15 minimum wage could increase their annual wage by an average of $800, with the largest gains for Black women, Black men, and Latinas. (see Figure 1) An $800 increase in annual wages could help workers cover their expenses, particularly those that are often unexpected. In 2021, 3 in 10 adults could not cover a $400 emergency expense, but if a $15 minimum wage had been in place, with the typical worker receiving an $800 increase in their annual wage, many more would likely have been able to meet unanticipated costs. For example, $800 is equivalent to what the median household spends on average on medical services or on vehicle maintenance and repairs. 1 in 4 workers earns less than $15 per hour Working for less than $15 is extremely common in the labor market, even as states and cities raise their wages to partially compensate for federal inaction. In 2021, 1 in 4 workers—40 million—earned less than $15 per hour. Women, Black, and Hispanic or Latino workers are overrepresented among minimum wage earners as well as among those earning less than $15 per hour. (see Figure 2) In aggregate, about 1 in 5 white, non-Hispanic workers earns less than $15 per hour, while nearly 1 in 3 Black, non-Hispanic workers and about 1 in 3 Latino workers earns less than $15 per hour. Even more startling, about 2 in 5 employed Latinas earn less than $15 per hour, putting them at greater risk of poverty and financial hardship. The fact that women and Black and Latino workers are overrepresented among low-wage earners is not an accident. Factors such as occupational segregation and gender and racial discrimination have played a role in creating and perpetuating these disparities. Additionally, there are many workers who are exempt from the Fair Labor Standards Act (FLSA): Workers with disabilities, workers who receive tips, the self-employed, farm workers, full-time students, and youth workers can be paid a subminimum wage. Historically, these groups have disproportionately been made up of Black people, women, and Latinos. Many of the groups excluded from the FLSA have also been excluded from other federal policies that protect workers, such as the National Labor Relations Act and the Occupational Safety and Health Act. The lowest earners would benefit the most from a $15 wage floor A $15 minimum wage would logically provide the most benefit to those currently earning the least. On average, white, Black, and Latino workers earning in the bottom 10 percent of the wage distribution would see their annual earnings increase by more than 50 percent, from $9,700 to $14,970. (see Figure 3) A more than $5,000 increase in annual wages for the lowest-paid workers would make a tangible difference in their lives and go a long way to helping them afford the necessities. For example, $5,000 is close to what the average household in the bottom 10 percent spends on their food or transportation and twice as much as they spend on health care. In addition, if workers earning in the bottom 10 percent had been paid $15 per hour in 2021—the year for which wages were calculated—many workers in a one-person or two-person household would have moved out of poverty. Jobs that lead to greater economic security for workers and their families help grow the economy overall, and wages that allow workers to afford the necessities are a crucial component of that approach to growing the middle class. On average, members of the bottom 25 percent of white, Black, and Latino workers would see their annual wages increase by about $6,000. (see Figure 4) Similar to the typical and lowest-wage workers, $6,000 would make a real difference to the lives of workers in the bottom 25 percent of the wage distribution, more than covering the typical food costs or rent for workers in a similar income bracket. Due to persistent wage gaps by gender and race—fueled in part by overrepresentation in low-wage work—gains would be even larger for Black workers in the bottom 25 percent, who would see the largest gains, with Black women’s and men’s annual wages increasing by $8,080 and $7,200, respectively. Raising the minimum wage would reduce the gender, racial, and ethnic wage gap A $15 minimum wage would have an important impact on the gender wage gap, which intersects with racial and ethnic wage gaps to harm Black women and Latinas as well as Black men and Latinos. (see Figure 5) If a $15 minimum wage had taken effect in 2021, Black women would have earned about 66 cents for every $1 earned by white, non-Hispanic men, compared with 62 cents per $1 without a $15 minimum wage.\* In the $15 minimum wage scenario, that would equate to a 7 cent reduction in the gap from 2020.\* Looking at changes to the gender wage gap since 1979—the earliest year for which income data are available—this would have been the largest change in the gender wage gap for Black women on record.\* This is particularly important for Black mothers, who are the mothers most likely to be their families’ breadwinners, with the gender wage gap not just limiting their economic security but also that of their families. While the Raise the Wage Act and state-level minimum wage increases typically structure increases as phase-ins over multiple years and would therefore produce more gradual closures to wage gaps, it is important to recognize the cumulative positive effect in this illustrative example. Conclusion Raising the minimum wage would be an investment in workers that could be life changing for some of the lowest-wage earners, providing them with additional income that would help build their economic security. Policies such as the Raise the Wage Act of 2021 would be especially helpful for women, Black, and Latino workers. It is up to federal and state policymakers to take steps to raise the minimum wage to not just help build economic stability for workers but also create a more equitable, sustainable vehicle for growing the economy.

### Contention 2: Poverty

#### The minimum wage is a poverty wage – a living wage is key

Ross 21 [Kyle Ross, policy analyst for Inclusive Economy at American Progress and graduate from the University of North Carolina at Chapel Hill with a bachelor’s degree in political science, 3-8-2021, "The Minimum Wage Is a Poverty Wage", Center for American Progress, https://www.americanprogress.org/article/the-minimum-wage-is-a-poverty-wage/]/Kankee

Today marks the 15-year anniversary of the last increase to the federal minimum wage in 2009, when it rose from $6.55 to $7.25 per hour. Since then, the minimum wage’s purchasing power has only declined as price levels have risen over time. As of 2024, the minimum wage is worth nearly 30 percent less than it was 15 years ago and nearly 40 percent less than its peak value in 1968. This has gone on for so long that the value of a full-time job paying $7.25 per hour is no longer enough to comfortably surpass the extremely low bar of keeping someone out of poverty, as defined by the already outdated and insufficient federal poverty guideline. Every year, the U.S. Department of Health and Human Services updates its poverty guidelines, which are used to determine financial eligibility for a wide variety of government assistance programs, including the Supplemental Nutrition Assistance Program (SNAP), Head Start, and parts of Medicaid and Medicare. These guidelines are based on the Census Bureau’s poverty thresholds using the official poverty measure and are simplified for administrative use. According to the 2024 guidelines, a full-time employee earning the federal minimum wage of $15,080 per year makes just $20 more than the poverty guideline for a one-person household. And minimum-wage workers who have kids or care for other family members fall well below poverty levels, as guidelines increase with household size. (see Table 1) For example, a full-time $7.25 hourly wage meets slightly less than three-quarters of the income needed for a two-person household to stay out of poverty. A worker would need an hourly wage of $9.83 just to meet this bare-minimum threshold. It is far past time that Congress increase the federal minimum wage through the Raise the Wage Act, which would gradually increase the minimum wage to $17 per hour, index it to median wages thereafter, and eliminate subminimum wages for tipped workers, workers with disabilities, and young workers so that they are no longer paid less than the minimum. In the absence of federal action, though, many states have already taken action on this front, with 22 states increasing their minimum wages in January 2024 alone. November 2024’s election will provide even more opportunities for progress, as Arizona, Alaska, and Oklahoma will all likely have questions on the ballot on whether or not their state minimum wages should increase. Voters in these states should take advantage of this chance to give workers a much-needed raise. Arizona

#### Living wages reduce poverty

Acs et al. 22 [Gregory Acs, vice president for the Income and Benefits Policy Center at the Urban Institute with a PhD in economics and social work from the University of Michigan, Linda Giannarelli, senior fellow in the Income and Benefits Policy Center, Kevin Werner, research associate in the Income and Benefits Policy Center with a master’s degree in applied economics from Georgetown University, and Ofronama Biu, senior research associate in the Income and Benefits Policy Center at Urban with a doctorate in public and urban policy from the New School, 09-2022, “Exploring the Effects of a $15 an Hour Federal Minimum Wage on Poverty, Earnings, and Net Family Resources,” Urban Institute, https://www.urban.org/sites/default/files/2022-09/Exploring%20the%20Effects%20of%20$15%20an%20Hour%20Federal%20Minimum%20Wage.pdf]/Kankee

Projected Impact of a Higher Federal Minimum Wage on Poverty, Income, and Employment Across all of our assumptions about the extent of job displacement, we project that raising the federal minimum wage to $15 an hour will reduce poverty and raise the average resources available to affected workers and their families. To fully capture how changes in earned income affect workers’ tax liabilities, tax credits, and means-tested benefits, we discuss SPM poverty rather than use the official poverty measure that fails to account for taxes and in-kind transfers, such as SNAP benefits. If we assume that no affected workers lose their jobs, a $15 an hour minimum wage would lift 7.6 million people out of poverty and reduce the SPM poverty rate by 2.4 percentage points from a baseline SPM poverty rate of 14.7 percent (table 4).19 If workers earning less than $15 an hour are assumed to be at risk of losing their jobs, our projected reductions in poverty fall to just under 7 million people and 2.2 percentage points. Fewer people are lifted out of poverty under that scenario because we project 2.9 million affected workers would experience a job loss at some point during the year, with 1.1 million experiencing job loss in the typical month. Even workers projected to lose work during the year may still work in some months.20 Workers who are projected to lose their jobs are out of work for an average of 4.4 months in this simulation. Finally, if we assume that anyone currently earning less than $18 an hour is at risk of job displacement, we project that 3.2 million people would lose jobs at some point during the year, 1.2 million would lose employment in a typical month, 6.9 million would be lifted out of poverty, and the poverty rate would still decline, but by 2.1 percentage points.21 A higher minimum wage will also lift some affected families with incomes between 100 and 200 percent of the SPM poverty level out of precarious positions, raising their incomes to above twice the SPM poverty level. If we assume no job loss, 6.8 million people are lifted above 200 percent of the SPM poverty level, a decrease in the low-income rate of 2.1 percentage points. When we assume that those earning less than $15 an hour are at risk of job loss, the number lifted above 200 percent of SPM poverty is 6.2 million people; assuming the risk of job loss includes those earning less than $18 an hour further lowers the number lifted above 200 percent of SPM poverty to 6.1 million. In all scenarios, a federal minimum wage increase would result in SPM poverty falling among all race and ethnic groups with Hispanic people experiencing the largest declines (tables 5 and 6 and figure 2). Assuming no job losses, 2.8 million Hispanic people would be lifted out of poverty through a higher minimum wage, representing a 4.5 percentage point decline in poverty. Assuming workers earning up to $18 are at risk of job loss, poverty among Hispanic people declines by 4.1 percentage points and 2.5 million people. For white people, we project declines in SPM poverty ranging from 1.3 to 1.4 percentage points (2.4 to 2.7 million people). For Black people, our projections range from 3.2 to 3.6 percentage points (1.2 to 1.4 million people). Younger workers are disproportionately likely to experience job loss, but the distribution of projected job loss by race, ethnicity, and sex is similar to the distribution for all affected workers (table 7). Under both our job-loss scenarios, just under one-third of workers projected to lose their jobs are under age 20, compared with 8.5 percent of all affected workers. Women constitute almost 55 percent of workers who lost their jobs and 54 percent of all affected workers. White workers constitute just over 52 percent of affected workers and about 53 percent of workers who lost their jobs, while Hispanic and Black workers constitute almost a quarter and just over 15 percent of affected and displaced workers, respectively. On average, raising the federal minimum wage to $15 an hour will raise the earnings of families with at least one affected worker by over $5,000 annually, on average, even if workers earning up to $18 an hour are at risk for job loss (table 8). Because increasing earnings may increase tax liabilities and reduce public assistance, the net resources available to these families increases by a little less than their earnings increase. If we assume no job losses, average earnings increase by over $5,600, and net resources increase by about $4,200. Earnings and net resources increase for members of all race and ethnic groups, with Hispanic people experiencing the largest gains (about $6,600 in earnings and $4,900 in net resources). This likely reflects the fact that, when compared with non-Hispanic affected workers, Hispanic affected workers are more likely to live with other affected workers, meaning more people in those families would see their earnings rise. Earnings gains for AAPI and Black families are about $6,000, and resource gains are about $4,500 and $4,200, respectively. People identifying as other race or multiple races see earnings increase by $5,500 and net resources rise by $4,000. For white families, earnings are projected to rise by $5,100 and net resources by $3,800. If we assume that workers earning less than $15 an hour are at risk of job loss from a federal minimum wage increase, the average earnings and net resource gains are somewhat lower than in the no-job-loss scenario, falling to $5,100 and $3,800, respectively. With even greater job losses, assuming all those earning less than $18 an hour are at risk, average earnings and net resource gains are $5,000 and $3,700, respectively. The average gains in earnings and net resources under scenarios in which workers are at risk for losing their jobs may mask variation in workers’ experiences, which include both earnings and resource losses for some of the families of workers projected to lose their jobs and the gains of families whose affected workers see their hourly wage rates rise. But even families with a worker experiencing a job loss as a result of the higher minimum wage may be better off than before because workers will be paid at a higher rate for the time they do work, and the earnings of other working family members who do not experience job loss may also rise. And in some cases, earnings losses may be offset by increases in benefits.

#### Living wages break poverty cycles – that overcomes stigmatization and psychological harms

Searle and McWha-Hermann 20 [Rosalind H. Searle, chair in Human Resource Management and Organisational Psychology at the Adam Smith Business School with a PhD, and Ishbel McWha-Hermann, Senior Lecturer and Deputy Director Academic at the MBA Programmes at the University of Edinburgh Business School, 4-27-2020, "“Money’s too tight (to mention)”: a review and psychological synthesis of living wage research", Taylor & Francis, https://www.tandfonline.com/doi/full/10.1080/1359432X.2020.1838604]/Kankee

More recent developments include an important series of public health studies examining individual health benefits by comparing outcomes for matched living wage and non-living wage factories in the Dominican Republic. These studies show living wages led to reduced incidence of depression (Burmaster et al., Citation2015), improved social status, and self-rated health (Landefeld et al., Citation2014), without accompanying health-related concerns such as obesity (predicted to arise from increased disposable incomes) (Rehkopf et al., Citation2018). Similar US study results showed the introduction of living wages was accompanied by reductions in smoking, obesity, and related chronic diseases, but also lowered rates of depression and bipolar illness (Bindman, Citation2015). A further large (n = 300) comparative UK study of mental health benefits showed significantly enhanced psychological well-being for living wage recipients, even after controlling for socioeconomic or demographic differences (Flint et al., Citation2013). Beyond the physical and mental health benefits of living wages are the potential psychological benefits for individual employees and their families. Psychological dimensions were first included in study of the introduction of living wages for employees at San Francisco airport (Reich et al., Citation2005), revealing improvements in quality of life, morale, and retention, plus reductions in organizational costs that partially mitigated increased wage costs. Smith’s (Citation2015) exploration of the value of a psychological perspective has elucidated further the link between living wages and poverty, highlighting the insidious undermining effect on those in low-paid work through daily experiences of casual rudeness and stigmatization. Smith outlines the detrimental cognitive and behavioural consequences of the exclusion of those on low incomes from the rest of society, through the pernicious erosion of their psychological and physical health. Critically, poverty is argued to undermine human connectivity and economic survival needs, including self-determination (Blustein et al., Citation2019), entrapping people in impoverished forms of work, rather than offering spaces that enable more satisfying careers (Koen et al., Citation2013); Such entrapment further exacerbates psychological distress and a loss of control. In this way living wages are an intervention which directly reduces poverty and its negative psychological consequences. Drawing from poverty and child development research, Smith (Citation2015) argues for the importance of living wages to families, reviewing evidence of the negative physical, emotional, and behavioural consequences of childhood poverty (Yoshikawa et al., Citation2012), including reduced school performance (Duncan et al., Citation2011). Stimulating further research across the field of psychology, Smith’s (Citation2015) paper has prompted key conversations about the role of work and poverty (e.g., Thompson & Dahling, Citation2019). Particularly relevant to this review, it has been a springboard for subsequent psychological research on living wages (e.g., Carr et al., Citation2018, Citation2017). These new studies have deliberately measured economic productivity effects by assessing attitude changes that accompany receiving a living wage (Carr et al., Citation2019). Through identifying and then measuring psychological dimensions associated with the quality of working life, these studies provide a far richer and more nuanced understanding of how the living wage affects employees, with attention on mechanisms such as job satisfaction, work engagement, career satisfaction, meaningful empowerment, affective commitment, organizational citizenship behaviours, and work-life balance (e.g., Zeng & Honig, Citation2017). As such they provide insights into how work psychology can begin to interrogate the links between decent work and poverty reduction. 2. Operationalizing the living wage (n = 26) A second focus to emerge from our review concerns the operationalization of the living wage, revealing the different definitions and measurements of living wages within different study contexts. Early econometric exploration of the impact of living wage policies on poverty levels primarily used administrative datasets, with some studies predicting policy impacts (e.g., Bhatia & Katz, Citation2001), while others retrospectively assessed the actual consequences (e.g., Adams & Neumark, Citation2005a). Economic definitions dominated early studies, but since 2016 alternative perspectives have begun to appear. For example, Yoelao et al. (Citation2019) utilized the Thai sufficiency principle, that builds on Buddhist philosophy. In Carr et al. (Citation2017), Carr et al. (Citation2018), and Yao et al. (Citation2017) have built on poverty trap theory and theory of diminishing returns, to provide empirical evidence of the pivot points where wages become decent. Similarly, researchers are devising more appropriate methodologies for study in emergent geographical contexts (see 2019 special issue in Transfer: European Review of Labour and Research). Economists’ adoption of a cost-benefit perspective focuses on wages at above minimum wage levels (Yao et al., Citation2017). However, this dominant approach has brought about myopia towards either identifying the precise price for labour, such as 10 USD/hr (Neumark et al., Citation2013), or more vague notional wage rates above a level of working poverty (Lester, Citation2011), or a level which “supports a decent standard of living” (Mair et al., Citation2018, p. 1864). Efforts at finding consensus across such studies have proved challenging, confounded by factors such as the study country and region, or its sector, or individual factors such as age of the workers included (Anker, Citation2011). Living wage levels concern more than just the minimum wage floor, and therefore efforts have explored the level which provides frugal comfort (Anker, Citation2006), or “socially acceptable” payments which reflect contextual and cultural divergences (Bhatia & Katz, Citation2001). Further confusion stems from research into the worker alone (Ahn, Citation2011), placing these studies at odds with the growing consensus that study should involve workers’ and their families’ existence above the poverty level, through no longer requiring further family welfare (Clary, Citation2009). Other definitions have sought to create a level playing field, stipulating the work should be full-time (Adams & Neumark, Citation2005a), and not necessitating any overtime (Mair et al., Citation2018). In part, definitional differences arise from the discipline, with economists’ attention on the employer, while psychologists and ethicists are often more person-centric (Carr et al., Citation2019). Social geographers also incorporate a person-focus, defining living wages as allowing a family’s material, cultural, and social requirements and the mandatory education of any of their children (Anker, Citation2006). More recently the voluntary nature of the living wage payment has emerged, to include a broad range of costs associated with living, specifically concerning “social reproduction” (Linneker & Wills, Citation2016). This expanded operationalization of living wages reflects interest from a broader range of disciplines, and through this the examination of a wider array of issues including consequences for the individual worker and their family, but also their wider community (Carr et al., Citation2019). 3. Contextual variables impacting uptake and success of Living Wage (n = 21) A third theme of this topic concerns the antecedents and intervening variables that influence the adoption and success of living wage policies. Some scholars have considered the antecedent factors that determine whether or not an organization chooses to adopt a living wage policy (e.g., Martin, Citation2001, Citation2006; Swarts & Vasi, Citation2011). For example, research on living wage organizations reveals the influence of trade unions (Prowse & Fells, Citation2016), and of leaders’ social justice awareness and personal beliefs as key drivers for living wage adoption, and identifying longer-term challenges regarding organizational pay structures, strategy, and brand positioning (Werner & Lim, Citation2017). In contrast the factors linked with it’s the adoption of living wages among US cities show particular sensitivity towards per capita manufacturing incomes, fair market rents, local minimum wage levels, proximity to other living wage cities, and the year that the city passed the living wage ordinance (Gallet, Citation2004). These studies hint at the significance of contextualizing the effectiveness of living wage laws and policies within their broader context. Research into intervening variables has examined the conditions that may explain whether the policy is likely to be successful within a given organization. These include social and labour market policy conditions (e.g., McBride & Muirhead, Citation2016), as well as stakeholder input (Luce, Citation2005a). The importance of clear administration of policies and collective bargaining processes has also been highlighted (Johnson et al., Citation2019), while study of non-compliant organizations sheds light on the need for intervention beyond regulation, and for implementation of macro policies (Ram et al., Citation2019). 4. Learning from the living wage campaign/social movement (n = 14) Concurrent with the expansion of study from other disciplines has been research on the living wage movement itself, increasing understanding of the processes of campaigning, and of how social movements gain and retain their momentum to effect change within society (e.g., Luce, Citation2005b; Wills et al., Citation2009). Study here includes the significance of stakeholders such as trade unions (Heery et al., Citation2018) and faith-based organizations (e.g., Wills et al., Citation2009). Examination of 10 years of living wage campaigns identifies key lessons in how to build successful social movements (Luce, Citation2005b). 5. History of the living wage (n = 12) Finally, the literature provides a historical perspective on living wage study, which explores its evolution over time, often focusing on developments in one part of the world, e.g., the US (Adams, Citation2017; Luce, Citation2017), the UK (Bennett, Citation2014), and Lima, Peru (Zegarra, Citation2020). Other scholarship has considered the influence of Adam Smith in the development of the living wage movement, including his perspectives on recent developments (e.g., Clary, Citation2009; Noell, Citation2006; Plowman & Perryer, Citation2010). Discussion This review has examined the evolution over a 20-year period (2000–2020) of living wage research. Our review has shown the development of living wage study from the dominant economic cost-benefit wage perspective to a broader, more person-centric focus that draws attention to a wider variety of antecedents and mechanisms, including job satisfaction, as well as diversity of outcomes, such as individuals’ mental well-being and organizational turnover. This inclusion of a health and psychological lens on living wages has accompanied the more sophisticated development of both methodologies and measures. These shifts have been particularly pivotal in providing novel evidence for policy-makers, drawing attention to different stakeholders’ concerns. In our discussion we synthesize our research findings to draw out work psychology’s existing and potential further contributions to living wage research. Transition to person-centric lens on the Living Wage Work psychology has provided an important contribution to broaden debate about the living wage beyond a focus on employers as their key stakeholder, towards a more person-centric perspective, which elucidates how and why enhanced wage levels affect individual workers and their families (e.g., Carr et al., Citation2016a, Citation2019, Citation2016b; Yao et al., Citation2017). This novel person-centric lens offers not only important theoretical development, but also extends empirical examination of living wages, to provide a more nuanced understanding of the significance of living wages. Theoretically, a person-centric focus has particularly enhanced earlier conceptualizations of sustainability and capability (Stabile, Citation2008). For example, sustainability focuses on defining and calculating subsistence for individuals and their families, and considers the broader social implications of subsistence wages (Ciscel, Citation2000). Work psychology has provided a clearer, more inclusive definition of living wages, as well as advancing their operationalization beyond subsistence to link with decent work research. Therefore, the previous focus is extended beyond mere economic subsistence to emphasize the “quality of life and work life” (Carr et al., Citation2016a, p. 24). Such expansion positions living wages as a multi-level phenomena, with significant spillover of work into and from family relationships (e.g., Allen et al., Citation2014) and for life satisfaction (e.g., Ilies et al., Citation2020); however, many studies continue to use definitions that fail to acknowledge the permeable boundaries between work and lives, leaving these aspects under-examined in the low wage context. Through the adoption of a psychological lens, the impact on individuals and families, as well as on organizations will be opened up for further scrutiny. Beyond sustainability, a capability argument for living wages has emphasized the potential for living wages to alter the future trajectories for individuals and their families (Stabile, Citation2008), and in so doing, to potentially break poverty cycles. Emerging psychological research asserts that improving individual capability is a requirement for a wage to be a living wage, revealing the tipping points at which wages trigger improvements in the quality of life (Yao et al., Citation2017). Recent multi-country empirical research has significant implications for the development of more effective practical interventions to tackle structural inequality around the globe (Carr et al., Citation2018). Such extension of “capabilities” builds on Sen’s (Citation1999) “psychological freedoms” to allow measurable outcomes including perceived equality, job satisfaction, and job security. This emerging new research is providing evidence to engage with and inform policymakers around the psychological dimensions and mechanisms of living wages. These empirical developments are central to more effective interventions for poverty reduction, and in drawing together related matters concerning decent work, job insecurity, and structural inequalities. Further, work psychology can extend examination of capabilities especially for self-improvement to assess implications not just for the individual, but its antecedents and consequences for families and communities, and towards generational impacts. Future research could extend progress in measuring living wages by integrating further intra- and inter-person perspectives to develop more holistic multi-level models and conceptualizations (similar to Bakker, Citation2015). Such study should develop existing work psychology capability building research, and into the dynamics of multi-level and temporal concerns (e.g., Olenick et al., Citation2020). It should also focus study on those communities already identified in meta-analytic study as more significantly affected by job insecurity (e.g., Paul & Moser, Citation2009; Sverke et al., Citation2002, Citation2019). Consequences for employees and organizations An important contribution from work psychology has been to improve the operationalization and measurement of the living wage, extending the antecedents, processes, and outcomes considered. Critically, such developments offer the means to advance capabilities research, through exploration of the conditions under which people thrive, and illuminating how these may vary by culture. While Smith (Citation2015) has outlined the processes of job entrapment that can occur for those on low wages, there is far more that could be done to examine the consequences of impoverished work, that is skewed towards economic necessities. We need to better understand whether low-paid work diminishes the psychological time and space that individuals require to consider improved career identities and goals, and to examine personal adaptability, especially self-efficacy. Prior study of the long-term unemployed has shown a successful job search is enhanced where the building of self-efficacy is included (Koen et al., Citation2013). Future research could explore the relationship between self-efficacy and living wages, and the longer term importance of this for lifting people out of the cycle of poverty. Beyond confidence, there are important areas of future study concerning living wages and individual identity and self-worth. We know work is central in providing a structure to life, as well as offering a sense of accomplishment and identity (Waltman, Citation2004). However, low-paid jobs can be equated with reduced societal worth, and through this diminished self-respect (L. Smith, Citation2015; Werner & Lim, Citation2016). Prior political science study reveals the deeply ingrained, negative identity for welfare recipients, marginalized and dislocated from social and political processes (Hancock, Citation2004). Living wages enable workers and their families to break free from welfare, which should significantly alter workers’ and families’ perceptions of self-worth and identity. A further psychological mechanism that deserves future study is the consequences of living wages for workers’ depletion and recovery. Work psychology can advance insight into whether the key consequence of living wages is simply to reduce the necessity of having multiple jobs, or whether there is something different about the quality of psychological detachment that it offers, creating a discrete form of leisure and restoration (Smit, Citation2016; Sonnentag, Citation2001; Sonnentag et al., Citation2008), or change to work-life balance (Allen et al., Citation2014). These are topics of significance to employers and policy-makers. Psychological research therefore enables the assessment of changes in workers’ attitudes that living wage provision is likely to effect, including job and career satisfaction, but also in terms of organizational engagement and commitment, and work-life balance. Although some work has captured the organizational savings arising from reduced employee turnover, absenteeism, overtime, and training needs (Fairris, Citation2005), living wage accreditation also has benefits for brand reputation and employee morale (Werner & Lim, Citation2017). Work psychology scholarship could provide more comprehensive empirical coverage of the changes for employers and policy-makers following receipt of living wages. For example, little research has considered the impact of living wages on pre- and early-entry stages of employment, such as for attracting new employees (Schneider, Citation1987). Further study could also include organizational justice (Greenberg, Citation1990) and trust in employing organizations as well as society more widely (e.g., Balog-Way & McComas, Citation2020; Searle, Citation2018), or organizational identity and affective commitment (Ng, Citation2015). These are factors of value in organizational resilience. New study could assess further the organizational consequences of living wages, such as improvements to job performance, organizational citizenship, and the decline of counterproductive work behaviours. Prior study has shown psychological contract violation and worker burnout as important antecedents for counterproductive work behaviours (CWB) (Griep & Vantilborgh, Citation2018; Jones & Griep, Citation2018), as well as among those who are anxious and fearful (Fida et al., Citation2018), yet little is known about how living wages relate to the psychological contract or CWB. Work psychology therefore allows a more holistic and nuanced conceptualization of living wage broadening measures, concerning currently omitted organizational costs and benefits. Aside from the benefit to scholarship, such empirical insights have value in the development of more effective organizational policies and practices. More can be done to understand the mechanisms underpinning living wages, and the tipping points which need to be reached. Living wages to decent work

#### Poverty destroys the economy

Rank et al. 21 [Mark Robert Rank, professor in the George Warren Brown School of Social Work at Washington University, Lawrence M. Eppard, Associate Professor of Sociology at Shippensburg University, and Heather E. Bullock, Professor of Psychology and Director of the Center for Economic Justice and Action at the University of California, Santa Cruz, 04-2021, "The Economic Cost of Poverty Is Enormous", Poorly Understood: What America Gets Wrong About Poverty, [https://academic.oup.com/book/39419]/Kankee](https://academic.oup.com/book/39419/chapter-abstract/339134879?redirectedFrom=fulltext%5d/Kankee)

The Economic Cost of Childhood Poverty The question, then, is, “What exactly is the economic cost of poverty?” A recent analysis by Michael McLaughlin and Mark Rank sought to estimate the annual cost of childhood poverty in the United States.7 To do so, the authors relied on the latest government data and social science research in order to calculate the economic impact that childhood poverty exerted on the country as a whole. In particular, they examined the direct effect that childhood poverty has on lowering future economic productivity, higher health care and criminal justice costs, and increased expenses as a result of child homelessness and maltreatment. Table 11.1 shows the annual estimated costs of childhood poverty for seven broad areas. Childhood poverty results in an annual loss of $294 billion due to lowered economic productivity through reduced earnings. In addition, increased health costs amount to $192 billion, whereas costs associated with increased crime and incarceration (increased victimization costs of street crime; increased corrections and crime deterrence; increased social costs of incarceration) total $406 billion. By summing together these costs, the overall estimate is that in 2015, childhood poverty in the United States was costing the nation $1.03 trillion a year. This number represented 5.4 percent of the U.S. annual GDP. The bottom line is that child poverty represents a significant economic burden to the United States. This is largely because living in poverty stunts the growth and undermines the potential of children. As Martin Ravallion notes, “Children growing up in poorer families tend to suffer greater human development gaps, with lasting consequences for their adult lives.”8 Impoverished children grow up with fewer skills and are less able to contribute to the economy. They are more likely to engage in crime and experience more frequent health care problems. These costs are ultimately borne not only by the children themselves but also by the wider society. Perhaps a better way of gauging the magnitude of the costs of childhood poverty is to compare it with the total amount of federal spending in 2015. The federal government spent a total of $3.7 trillion in 2015.9 This included the entire range of programs and agencies supported by the government, including defense spending, Social Security, infrastructure, and so on. The annual cost of childhood poverty—$1.03 trillion—therefore represented 28 percent of the entire budget spent by the federal government in 2015. Consequently, to argue that we pay a large economic price for having the highest rates of poverty in the industrialized world is actually an understatement. Childhood poverty represents an enormous drain on both the U.S. economy and society as a whole. It results in sizable losses in economic productivity, higher health care and criminal justice costs, and significant costs associated with remedial efforts to address the fallout of childhood poverty. One question that naturally arises in a study such as this is, “What would it cost to reduce poverty in the United States?” Moreover, might it be more cost-effective to simply accept the high levels of U.S. childhood poverty rather than pay the price of reducing poverty? With these questions in mind, two recent analyses have indicated that the cost of reducing childhood poverty is a fraction of what such poverty is costing us. The Children’s Defense Fund, in conjunction with the Urban Institute, has estimated that childhood poverty could be reduced by 60 percent at a cost of $77 billion.10 This would be accomplished through expanding an array of programs that have been shown to be effective in reducing poverty, such as the earned income tax credit, a higher minimum wage, child care subsidies, and so on. Similarly, Luke Shaefer and colleagues have estimated that by transforming the child tax credit into a universal child allowance, childhood poverty could be reduced by 40 to 50 percent, with extreme poverty eradicated, at a cost of approximately $70 billion.11 Taking these studies into account, if we assume that childhood poverty could be roughly cut in half through an annual expenditure of $70 billion, that $70 billion would save us approximately half of the $1.03 trillion that we project poverty costs us, or $515 billion. The bottom line is that according to these studies, the ratio of savings to cost is slightly more than 7:1. For every dollar spent in poverty reduction, we would save more than $7 in terms of the economic fallout from poverty. However, there is a second way of estimating the difference between the price of ending poverty and what it is costing us. It is through a measure known as the poverty gap or the poverty income deficit. This measures what it would cost to lift all poor households with children younger than 18 years to the level of the poverty line. In other words, how much total income is needed to pull every American child out of poverty? According to the U.S. Census Bureau, that figure for 2015 was $86.9 billion.12 For $86.9 billion, every American household with younger than 18 years in poverty could be raised out of poverty. We can then compare this figure to our overall estimate of the costs of childhood poverty, which is $1.03 trillion. Combining these two figures results in a ratio of savings to cost of approximately 12:1. Consequently, when using the Census measurement of the costs associated with eliminating poverty, the result is an even higher rate of savings than when using the two earlier mentioned studies. The bottom line is that reducing poverty is clearly justified from a cost– benefit perspective. Investing in programs that reduce childhood poverty is both smart and effective economic policy. It should be noted that there were many additional costs that were clearly not accounted for in the McLaughlin and Rank analysis. For example, poverty has been shown to be strongly related to teenage childbearing. In turn, research suggests that the economic costs of teenagers bearing children is high.13 By reducing childhood poverty, which would lower teenage childbearing, we would bring down these economic and societal costs. Consequently, the estimates should be seen as a lower bound with respect to the costs of childhood poverty. In addition, there are significant costs associated with poverty during adulthood that were not taken into account at all. The analysis focused only on the costs of childhood poverty. However, as we have seen in Chapter 2, poverty also strikes individuals at various points throughout their lives. In fact, as noted earlier, poverty will affect a majority of Americans at some point during their adulthood. As such, the overall figure of $1.03 trillion a year is undoubtedly a significant underestimate of the true costs of American poverty. Furthermore, it is important to point out that this analysis has calculated an overall annual cost to the United States. Rather than a one-time cost, the economic cost of childhood poverty is approximately $1 trillion per year. This clearly constitutes a significant ongoing drag on the overall U.S. economy. Finally, it is pertinent to note that since the early 1980s, the overall rate of poverty for children has ranged between 16 and 23 percent.14 It has thus remained stubbornly high during this period of time. In fact, children are currently the age group at the highest risk of poverty, and that risk is particularly extreme for younger children. If these trends and patterns continue, the cost of childhood poverty in the future will remain large indeed. Equality Versus Efficiency?

#### Poverty is a form of social death

Rank et al. 21 [Mark Robert Rank, professor in the George Warren Brown School of Social Work at Washington University, Lawrence M. Eppard, Associate Professor of Sociology at Shippensburg University, and Heather E. Bullock, Professor of Psychology and Director of the Center for Economic Justice and Action at the University of California, Santa Cruz, 04-2021, "America’s Poor Are Worse Off Than Elsewhere", Poorly Understood: What America Gets Wrong About Poverty, [https://academic.oup.com/book/39419]/Kankee](https://academic.oup.com/book/39419/chapter-abstract/339134879?redirectedFrom=fulltext%5d/Kankee)

For example, life expectancy between the bottom and top of the income distribution is much wider in the United States than in other OECD countries.22 Similarly, levels of voting and political participation are significantly suppressed for the poverty-stricken.23 Those in poverty are more likely to experience food insecurity and have unattended health problems, more likely to be incarcerated, more likely to be discriminated against, more likely to be victimized by crime, and more likely to experience predatory lending than their counterparts in other countries.24 In addition, the conditions of poverty and use of a safety net program are highly stigmatized in American society. 25 Survey research has repeatedly indicated that the general understanding of poverty is primarily as an individual and moral failing.26 This stigma and shame are experienced firsthand by those in poverty. It is felt in a variety of settings, from using the Supplemental Nutrition Assistance Program (SNAP) at the grocery store, to being denied health coverage at the doctor’s office. This sense of shame permeates the experience of poverty and leads to individuals and families feeling additional levels of social exclusion.27 Consequently, not only are the poor worse off economically than those in other OECD countries, but in other aspects of life they may be much worse off. Inner-city residents in an impoverished racially segregated neighborhood may be exposed to much greater levels of stress, anxiety, and social exclusion than their poorer counterparts in many other countries. We could easily list additional indicators that would show a similar pattern. Suffice it to say that the experience of poverty is far from the good life extolled by the Heritage Foundation. It is marked by the stigma, hardship, and deprivation that epitomizes poverty within a land of plenty. Conclusion

#### Failure to address poverty perpetuates injustice

Rank et al. 21 [Mark Robert Rank, professor in the George Warren Brown School of Social Work at Washington University, Lawrence M. Eppard, Associate Professor of Sociology at Shippensburg University, and Heather E. Bullock, Professor of Psychology and Director of the Center for Economic Justice and Action at the University of California, Santa Cruz, 04-2021, "The Moral Ground to View Poverty Is Injustice", Poorly Understood: What America Gets Wrong About Poverty, [https://academic.oup.com/book/39419]/Kankee](https://academic.oup.com/book/39419%5d/Kankee)

Poverty as a Grievous Injustice In sharp contrast to the perspective of blame, we argue that poverty represents an injustice of a substantial magnitude. Severe deprivation and hardship have been documented in countless studies—not to mention millions of human lives. And as argued in earlier chapters, a large portion of this poverty is the result of failings at the structural rather than the individual level, which places much of the responsibility for poverty beyond that of the individual. However, what makes poverty particularly grievous is the stark contrast between the wealth, abundance, and resources of America on the one hand and its levels of destitution on the other. Something is seriously wrong when we find that in a country with the most abundant resources in the world, there are children without enough to eat, families who cannot afford health care, and people who are sleeping on the streets for lack of shelter. This was precisely the contrast that President Johnson was referring to in his inaugural address of 1965, when he spoke about the meaning of America: Conceived in justice, written in liberty, bound in union, it was meant one day to inspire the hopes of all mankind; and it binds us still. If we keep its terms, we shall flourish. First, justice was the promise that all who made the journey would share in the fruits of the land. In a land of great wealth, families must not live in hopeless poverty. In a land rich in harvest, children just must not go hungry. In a land of healing miracles, neighbors must not suffer and die unattended. In a great land of learning and scholars, young people must be taught to read and write. 9 It should also be noted that the gap between extreme prosperity and economic vulnerability has never been wider (as discussed in Chapter 18). The venerable economist, Paul Samuelson, writing in the first edition of his introductory economics textbook in 1948, observed that if we were to make an income pyramid out of a child’s play blocks, with each layer representing $1,000 of income, the peak would be somewhat higher than the Eiffel Tower, but almost all of us would be within a yard or so of the ground. By the time of Samuelson’s 2001 edition of the textbook, most of us would still be within a yard or two of the ground, but the Eiffel Tower would now have to be replaced with Mount Everest to represent those at the top.10 Or, take what has happened with respect to the distance between the average worker’s salary and the average CEO’s salary. In 1980, the average CEO of a major corporation earned 42 times that of the average worker’s pay. Today, it is around 300 times.11 Adding insult to injury, during the past 40 years, an increasing number of companies have demanded concessions from their workers, including pay cuts and the elimination of health benefits, in order to keep their labor costs down, while those at the top have prospered beyond any sense of decency. Patterns of wealth accumulation have become even more skewed, as we discuss in Chapter 18. Today in America, we find that the top 1 percent of the U.S. population currently own 46 percent of the entire financial wealth in the country, while the bottom 60 percent of Americans are in possession of less than 1 percent of the country’s financial wealth.12 And, while all of these trends have been happening, our social policies have continued to give more to the well-to-do and less to the economically vulnerable, with the argument that these policies have been helping all Americans. A new way of thinking recognizes this as a moral outrage. Injustice, rather than blame, becomes the moral compass on which to view poverty amidst abundance. This type of injustice constitutes a strong impetus for change. It signals that a wrong is being committed that cries out for a remedy. A shift in thinking recognizes this and is premised on the idea that social change is essential in addressing the injustices of poverty. This is in sharp contrast with the old way of thinking, in which the moral focus is on individual blame. This has had the effect of simply reinforcing the status quo of doing little, resulting in continued rates of elevated poverty. The perspective of injustice allows us to actively engage and confront poverty, rather than comfortably settling for the status quo of widespread impoverishment. Martin Luther King summed this up well with the following passage from his final book, Where Do We Go From Here: Chaos or Community? He wrote: A true revolution of value will soon cause us to question the fairness and justice of many of our past and present policies. We are called to play the Good Samaritan on life’s roadside; but that will be only an initial act. One day the whole Jericho road must be transformed so that men and women will not be beaten and robbed as they make their journey through life. True compassion is more than flinging a coin to a beggar; it understands that an edifice which produces beggars needs restructuring. A true revolution of values will soon look uneasily on the glaring contrast of poverty and wealth.13 Such a revolution of values must begin with a fundamental shift in how American society understands and ultimately acts toward the issue of poverty.

#### Living wages solve intergenerational food insecurity and poverty

Drexel 21 [Drexel University Center for Hunger-Free Communities, 12-2021, “MINIMUM WAGE IS NOT ENOUGH A True Living Wage is Necessary to Reduce Poverty and Improve Health,” Center for Hunger-Free Communities, https://drexel.edu/~/media/Files/hunger-free-center/research-briefs/wage-brief-2021.ashx]/Kankee

Food Insecurity Low wages and food insecurity go hand-in-hand. One in ten working adults faced food insecurity in the period between 2015 to 2017.32 In states with a minimum wage set at $10 or higher, 8.6 percent of employed adults were food insecure in 2016. However, in states with a minimum wage set at the federal minimum of $7.25, that number was much higher–9.9 percent were food insecure.32 As one would expect, households with low-wage workers and those working part-time or multiple jobs (oftentimes all three) are significantly more likely to be food insecure than those working full-time at one job paying higher wages.32 Not surprisingly, front line, low-wage workers such as those in childcare, health care, grocery store, and food service roles are more likely to experience food insecurity. Many roles praised as essential during the COVID-19 pandemic were also more likely to need federal assistance such SNAP to get by even prior to COVID. More than 5.5 million essential workers relied on SNAP at some point in 2018.33 Some reports estimate increasing the federal minimum wage to $15 per hour would support almost 1.2 million households in becoming food secure, reducing food insecurity by 6.5 percent.34 Food security and health are intertwined. When workers do not have sufficient income to cover basic expenses, they are forced to skip meals or purchase nutritionally deficient food for their families. This causes an urgent crisis, especially for children. Research finds even very low levels of food insecurity can impact children’s brain development, social development, mental health, and physical health that can have lasting impact into adulthood.35 Food insecurity also impacts children’s academic performance and school attendance, which impairs their future wage-earning potential and creates an intergenerational cycle of food insecurity and poverty. But food insecurity does not just impact the individual family. We all pay the price for hunger in the U.S. The health-related costs of food insecurity for just one year (2014) were estimated at $160.7 billion with another $18.8 billion estimated related to poor educational outcomes.36 Mental Health and Well-being

### Contention 3: Gender/Racial Pay Gap

#### Living wage increases end the gender wage gap and allow wealth-building and poverty reduction for women and women of color

Boesch et al. 21 [Diana Boesch, policy analyst for women’s economic security with the Women’s Initiative at CAP, Robin Bleiweis, research associate for women’s economic security with the Women’s Initiative at CAP, and Areeba Haider, research associate for the Poverty to Prosperity Program at CAP, 02-23-2021, "Raising the Minimum Wage Would Be Transformative for Women", Center for American Progress, https://www.americanprogress.org/article/raising-minimum-wage-transformative-women/]/Kankee

In the midst of a devastating pandemic and a recession that has disproportionately harmed women, the urgency for raising workers’ wages and ensuring their economic security has never been clearer. Raising the federal minimum wage would benefit workers in low-wage and essential jobs across the country. This is especially true for women—particularly women of color—who are concentrated in jobs, such as cashiers and child care, that pay at or a few dollars above the federal minimum wage. Currently, the federal minimum wage stands at just $7.25 per hour, and for tipped workers, the subminimum wage standard is an unconscionable $2.13 per hour. Making matters worse, the minimum wage has not budged since 2009, while costs have continued to rise, meaning that those working a minimum wage job today have less money than they did more than a decade ago to support their families and pay for basic necessities. Fortunately, Congress is now considering the Raise the Wage Act of 2021, which would gradually raise the federal minimum wage to $15 an hour by 2025 and phase out the subminimum wage for people who work for tips as well as people with disabilities. This column explains how raising the minimum wage would significantly benefit working women and their families, helping to ensure their recovery in the current recession and their economic security in the long term. 19 million women would benefit from the Raise the Wage Act The Raise the Wage Act would raise wages for nearly 32 million workers, according to analysis by the Economic Policy Institute (EPI) and the National Employment Law Project (NELP). The majority of workers who would benefit are women—59 percent, or nearly 19 million. In total, more than 1 in 4 working women, both those working full and part time, would see a raise. Women of color in particular would see substantial benefits, as many are segregated into low-wage jobs. Nearly a quarter—23 percent—of all workers who would see a raise are Black women or Latinas, an overrepresentation of their share of the U.S. workforce in 2020. (see Figure 1) This includes 3.4 million Black women and 4 million Latinas. Raising the minimum wage adds up to thousands more dollars for individual women every year. According to new analysis by the EPI and NELP, women working year-round, on average, would see an increase of about $3,500 in wages annually; and for Black women and Latinas, this figure increases to $3,700. This translates to a total wage increase of $66 billion for women working year-round. For mothers in particular, raising the federal minimum wage would increase their wages and allow them to better support their families. Original Center for American Progress analysis of 2019 data finds that, among mothers who would get a raise with a minimum wage increase, 65 percent are primary or sole breadwinners for their families. And an additional 19 percent of mothers who would benefit are co-breadwinners, earning at least 25 percent of their total household earnings. The EPI estimates that raising the minimum wage would lift wages for nearly 8 million mothers. Women working in essential jobs deserve a raise Another group that would particularly benefit from raising the minimum wage is essential workers. New CAP analysis finds that the majority—58 percent—of essential workers making an hourly wage under $15 are women. (see Figure 2) Essential workers are disproportionately women, people of color, and women of color most of all. Women essential workers make up nearly a quarter—23 percent—of all workers making under $15 an hour. And of the more than 7 million women essential workers who would experience a raise from the Raise the Wage Act, half are women of color. However, these numbers are likely underestimates; they do not include the many child care workers, teachers, and others who have been deemed essential by states and localities but largely been excluded from federal guidance surrounding “essential workers.” Essential workers, from nursing assistants to grocery clerks, have kept communities running in the midst of a global pandemic that has lasted nearly a year, in many cases while earning low wages, facing an increased risk of contracting the coronavirus, and experiencing increased mental health distress. As economist Rhonda V. Sharpe has aptly pointed out, the title of “essential worker” is a misnomer in terms of how the country actually treats workers: It is the work that is considered essential, but the worker—who is often underpaid and inadequately protected on the job—is effectively treated as expendable. Efforts to support low-wage essential workers beyond a national rhetoric that glorifies their “sacrifices” have hardly been enough; hazard pay initiatives have largely been temporary and at the discretion of employers, workers who rely on tips have reported large decreases in income as the pandemic stretches on, and research suggests that workers in essential industries are more likely to die from COVID-19. To value workers means to treat them with dignity, to guarantee them a safe and healthy workplace, and, importantly, to pay them higher wages. Raising the minimum wage is a vital step to truly create that reality for all, including those deemed “essential,” who make up a majority of those who would benefit from the Raise the Wage Act. Women make up more than two-thirds of tipped workers, who also deserve a higher minimum wage The Raise the Wage Act would also phase out the $2.13 tipped minimum wage by incrementally raising it to equal the proposed federal minimum wage of $15 per hour, a change that would disproportionately benefit women, who represent more than two-thirds of tipped workers. During the pandemic, many tipped workers have lost their jobs; however, they are often unable to obtain unemployment benefits or are uncertain if they qualify. Even among tipped workers, there are greater racial disparities due to a legacy of racism and sexism that has shut them out of federal labor protections. Tipped Hispanic female or Latina workers make 30 percent less than tipped white, non-Hispanic men and 23 percent less than tipped white, non-Hispanic women. For tipped workers still on the job, high customer interaction puts them at risk of contracting COVID-19 and infecting their families. Moreover, women in tipped occupations often report experiencing sexual harassment in the workplace, an issue that has persisted during the pandemic. And while federal law requires employers to pay the difference if a tipped worker’s earnings do not meet the standard minimum wage, this rarely happens and is nearly impossible to enforce. Raising the minimum wage and eliminating the subminimum wage for tipped workers would have a significant positive impact for Black women and Latinas in particular: 34 percent of Black working women and 31 percent of Latinx working women would get a raise, according to analysis by the EPI and NELP. Additionally, eliminating the subminimum wage for people with disabilities would be crucial to helping an estimated 420,000 workers with disabilities who are paid an average of $2.15 an hour. Raising women’s wages would narrow the gender wage gap and wealth gap Increasing millions of women’s wages by raising the minimum wage would also help narrow the persistent gender wage gap, which is driven in part by women’s concentration in tipped and low-paying jobs. In 2019, women working full time, year-round earned, on average, 82 cents for every dollar earned by their male counterparts. And this gap was much wider for most women of color: For every dollar earned by white, non-Hispanic men, Black women earned 63 cents, Native women earned 60 cents, Latinas earned 55 cents, and Asian American and Pacific Islander (AAPI) women earned 85 cents, with significant disparities by AAPI subpopulations. Eliminating the subminimum wage for tipped workers in particular could have a big impact on narrowing the gender wage gap. An analysis by the National Women’s Law Center found that in states that require employers to pay tipped workers at least the regular minimum wage before tips, the gender wage gap is one-third smaller than it is in states that rely on the $2.13 tipped minimum wage. The gender wage gap compounds over time: Over the course of a 40-year career, women earn about $400,000 less than men due to the gender wage gap. The effect is even greater for Black women, Hispanic women, and Native American women. Raising the minimum wage would help not only to narrow the gender wage gap but also to reduce gender and racial disparities in wealth. With more take-home pay, workers are better able to both make ends meet in the short term and to increase financial reserves and savings for long-term wealth-building. Women are overrepresented in low-wage occupations that would see a raise Millions of women work in low-wage occupations and would see their wages increase under a $15 minimum wage. Women make up nearly two-thirds of workers in low-wage jobs. Black women and Latinas in particular are significantly overrepresented in the low-wage workforce compared with their share of the overall workforce: Latinas make up 16 percent and Black women make up 10 percent of workers in the 40 lowest-paying jobs. In addition, many of the top occupations for women pay a median hourly wage below $15, and women in those jobs would see significant raises under the Raise the Wage Act. (see Figure 3) For example, nearly 2 million women are employed as cashiers, where the median hourly wage in 2019 was only $11.37. Meanwhile, child care workers—95 percent of whom are women and 40 percent of whom are women of color—provide essential supports to working parents but earn a median hourly wage of only $11.65. Half of child care workers would benefit from raising the minimum wage to $15 an hour, according to analysis by EPI and NELP. When accompanied by a significant ongoing investment in child care affordability, properly valuing the work of early educators will lead to a more equitable child care system for both parents and providers. Conclusion To boost the economic recovery, it is essential to get money into the hands of those who make spending decisions for their families, those who are breadwinners, and those who are likely to spend every additional dollar out of necessity. Women are the common denominator, and those working in minimum wage and tipped occupations need and deserve a raise. Raising the minimum wage is essential to helping women and their families make ends meet and weather financial crises such as the current recession. Better wages would also help to insulate workers, particularly those in tipped occupations, from pervasive sexual harassment and wage theft. Raising the minimum wage, coupled with other robust measures such as vigorous enforcement of workplace protections, is a key policy solution to lifting women and families out of poverty and helping to narrow the stubborn gender wage gap. Pandemic or not, women need their compensation to reflect the inherent value of their work. To these ends, raising the minimum wage is essential.

#### Living wages are redistribute wealth to underpaid minorities and women, solving the gender pay gap

Dam 21 [Andrew Van Dam, economics reporter for the Washinton Post educated at the University of Oklahoma and University of Missouri, 3-3-2021, "Fewer Americans are earning less than $15 an hour, but Black and Hispanic women make up a bigger share of them", Washington Post, <https://www.washingtonpost.com/business/2021/03/03/15-minimum-wage-black-hispanic-women/>]/Kankee

A $15 minimum wage would hit differently now than when it was first widely discussed some years ago. The share of Americans earning less than $15 has fallen steadily over the past six years — and become increasingly female and increasingly Black and Hispanic. As the United States nears its 12th year with a federal minimum wage of $7.25 and a raise appears both possible and evasive, it is worth stepping back and calculating exactly who earns less than $15 in the United States right now, according to Bureau of Labor Statistics data. About 39 million people earned less than $15 in 2019. That is a substantial decline from more than 61 million in 2014, and it fell further — to around 30 million — after the covid-19 crisis as the closures of countless low-wage employers erased millions of jobs. Black and Hispanic women are more than twice as likely as White men to fall into this low-wage category, and their share of the low-wage workforce has increased even as the U.S. economy enjoyed its longest expansion in history. We looked at 2019 data in this story, as the catastrophic recession of 2020 is unlikely to be representative of the years to come. The calculations included tips, overtime and commissions as part of hourly earnings, though the results do not tend to change when those are excluded. By that measure, the typical (median) American worker earned about $20.20 an hour in 2019. The 39 million workers earning less than $15 in 2019 represented about 28 percent of the workforce. As recently as 2007, most workers in the United States earned less than $15 — about $19 in today’s dollars. In 2020, very few workers earned the federal minimum wage of $7.25, according to the Bureau of Labor Statistics: Just 247,000. Another 865,000 earned less than that, probably due to a combination wage theft and exceptions for tipped workers and others. Perhaps two facts are the most striking about people who earn less than $15 an hour. First, the share of this group of workers actually fell rapidly in recent years, as an increasingly competitive labor market, and state-and-local minimum wage hikes, pushed major employers to raise wages. As a rule, women are more likely than men to earn less than $15 an hour, and Black and Hispanic people are more likely to fall below that threshold than their White and Asian peers, The Washington Post found. About 46 percent of Hispanic women and almost as many Black women (39 percent) still earn less than $15 an hour. On the other side of the economy, 18 percent of White and Asian men would fall below that threshold. Bucknell University economist Nina Banks says the preponderance of women of color among the low-wage workforce is the cumulative result of centuries of discrimination. After the end of slavery, Banks said, “White women were socially valued as mothers and expected to be caregivers at home, while Whites expected Black women to be gainfully employed regardless of their marital status and caregiving needs.” Until the Civil Rights era, women of color were typically confined to the domestic-service and agriculture sectors. Those sectors today contain many of the lowest-wage workers. Other groups are also more represented among workers earning less than $15 per hour. More than 85 percent of workers under age 18 earned less than $15 an hour, but teens make up only a small share of the low-wage workforce. They are outnumbered by workers over age 60 — more than a quarter of these older workers earn less than $15, and they make up a tenth of the low-wage workforce. The typical Hispanic worker is five years younger than the typical White worker, but youth alone does not explain why Hispanic Americans are overrepresented in low-wage jobs. At almost every age, Hispanic men and women are more likely to be doing low-wage work than their White friends. (In this analysis, “White” always refers to non-Hispanic White.) Hispanic workers are also overrepresented in many of the occupations with the highest share of low-wage workers, particularly in agriculture and cleaning. Whites make up a majority of the workforce, but a minority of those in many low-wage occupations. Rent is by far the biggest budget line for low-income workers, according to the Bureau of Labor Statistics. A 2020 National Low Income Housing Coalition analysis showed that workers earning $15 an hour can afford a two-bedroom apartment in just four states: Arkansas, Kentucky, Mississippi and West Virginia. In a working paper circulated by the Federal Reserve Bank of Philadelphia, University of Southern California assistant professor Moussa Diop and his collaborators analyzed almost 1 million rental leases. They found when states raised their minimum wage, low-income renters in those states became 10 percent less likely to default. The state minimum-wage increases they analyzed were small compared to a federal hike from $7.25 to $15, Diop said, and thus the proposed federal move could be expected to have a larger effect. “When you raise the minimum wage, the rental market goes through an adjustment process over time causing rents to edge up,” Diop said. “But it doesn’t capture everything. People earning minimum wage are still much better off.” Of course, $15 is still on the low end of the wage distribution. Comparing each group’s overall distribution to the national average highlights a tremendous wage gap between Black and Hispanic workers and the highest-earning group, White men. White men are underrepresented among the lowest earners and enormously overrepresented among those who earn $70 or more an hour. “Minimum wages disproportionately benefit women and people of color because they are paid such poor wages otherwise,” said EPI economist and minimum-wage expert Ben Zipperer. “Infrequent and inadequate increases to the minimum wage over the last few decades have to some degree aggravated racial pay gaps,” he added later. The states with the highest share of workers earning less than $15 an hour, such as Mississippi and West Virginia, tend to be familiar sights atop lists like these. At the other end of the ranking, a number of states have already raised their minimum wage — plus an outlier, New Hampshire. Workers there can still legally earn as little as $7.25 an hour — but few do. A simple total of the number of people earning less than $15 throughout the country is not quite the same as estimating the effect of raising the minimum wage to $15 by 2025. To do that, one must account for the probable wage growth between now and then: Someone earning around $13.30 an hour right now is likely to be earning around $15 by 2025, assuming their earnings slightly outpace inflation. You also need to factor in the effect of planned state- and local-government minimum-wage hikes. For example California, the most populous state in the union, plans to raise its minimum wage to $15 on Jan. 1, 2022, nine months from now. Finally, you will need to account for research which shows that, when a government raises the minimum wage, you also raise earnings for workers earning slightly above the minimum wage. Those workers, earning up to around $17 an hour, are likely to see smaller spillover raises as the minimum-wage hike ripples up the organizational chart. CBO and EPI estimate as many as 10 million workers will benefit from these spillovers. Put all that together, and you get estimates that as many as 32 million Americans — particularly Black and Hispanic women — will gain from a $15 minimum wage.

#### The gender gap destroys the economy – kills women’s investment, income, and labor participation

Khattar 24 [Rose Khattar, Former Director of Economic Analysis at Inclusive Economy for CAP, 3-14-2024, "Closing the Gender Pay Gap", Center for American Progress, https://www.americanprogress.org/article/playbook-for-the-advancement-of-women-in-the-economy/closing-the-gender-pay-gap/]/Kankee

In 2022, the gender wage gap in the United States narrowed to a record low,1 with the median working woman receiving 78 cents for every dollar earned by their male counterpart, regardless of the number of hours or weeks worked in the year. Meanwhile, women working full time, year-round received 84 cents on the dollar.2 This gender wage gap occurs in almost all occupations,3 at every level of educational attainment,4 and in every state.5 It means that women have less income to spend, save, or invest, depriving them and their families of the full economic value of their work—particularly those who are breadwinners, most often Black mothers.6 The gap also contributes to women being more likely than men to be financially insecure,7 live below the poverty line,8 and experience economic insecurities into older age.9 The gender wage gap exists for a variety of reasons, including occupational segregation, women’s disproportionate caregiving responsibilities, and direct discrimination.10 The adverse consequences of the gender wage gap extend beyond just women and their families, causing a direct drag on the U.S. economy.11 If the gender wage gap continues on its 2000–2022 path, the gap for women working full time, year-round would not close until 2067.12 Such progress is by no means guaranteed. That is why closing the gender wage gap is an important issue for women voters. In 2022, 76 percent of women voters said that “strengthen[ed] equal pay laws for women” were “one of the most important things Congress can do,” or were “very important,” with support strong across Republican, Democrat, and independent voters.13 Notably, support was higher among Black, Hispanic, Asian American, and Pacific Islander and American Indian and Alaskan Native women—groups that are often affected by the gender wage gap more acutely than white women.14 Fortunately, policymakers at the federal and state levels have a suite of policy options ready at their disposal to continue to make long-overdue progress on closing the gender wage gap. This includes raising the minimum wage,15 passing pay transparency and paid leave laws, improving funding for anti-discrimination enforcement, and banning the use of salary history in hiring decisions.16 This chapter of the “Playbook for the Advancement of Women in the Economy” details the problem, the economic benefits of resolving it, and the federal and state policy recommendations for doing so. The problem If the gender wage gap had not existed in 2022, then the typical woman working full time, year-round earning the equivalent wage of her male counterpart would have received an additional $9,900 in wages—more than what earners in the 40th to 50th percentile spent on average on food or rent in 2022.17 The gender wage gap is larger for many women of color, who face intersecting gender, racial, and/or ethnic biases.18 In 2022, the typical Black woman working full time, year-round received 69 cents for every dollar received by the typical white, non-Hispanic man, while all Black women working received 66 cents.19 Meanwhile, the typical Hispanic woman working full time, year-round received just 57 cents for every dollar received by the typical white, non-Hispanic man, and all Hispanic women working earned just 52 cents on the dollar.20 Mothers also face additional wage penalties that increase with the number of children they have.21 For mothers, having a child causes a loss of earnings immediately after childbirth that persists over time, with no corresponding financial penalty for fathers.22 In addition, the gender wage gap compounds over the course of women’s lives,23 affecting women’s economic security into retirement, with older women more financially insecure than older men.24 The gender wage gap is caused by a range of factors that showcase the gendered nature of the U.S. economy, traditional social norms, and a lack of accommodative policies.25 One of the primary drivers of the gender wage gap is gendered differences in representation in different jobs.26 This is a feature of the labor market known as occupational segregation, where men are overrepresented in high-paid work, including as lawyers and bankers, but women are overrepresented in low-paid work, such as in child care and as tipped workers.27 In addition, women tend to have fewer years of paid work experience than men28 and work fewer hours,29 both of which are largely driven by the gendered nature of caregiving responsibilities. Women often have to take time off or work part time to care for others.30 However, another large part of the gender wage gap remains unexplained, but is generally attributed to discrimination.31 (see Chapter 7) This means that even when accounting for differences in where men and women typically work, their hours worked, or years of experience, women—particularly women of color—may still not be paid equally to men. The unexplained part of the gender wage gap also differs across occupations.32 Notably, it is often largest for women working in high-wage occupations.33 This likely results from limited flexibility because women are penalized if they do not work the long, often in-person hours required in these professions, such as finance and managerial jobs.34 The economic benefits Increasing the wages of women and closing the gender wage gap will help create economic security and stability for women and their families, providing economywide benefits as women can spend, save, or invest more and are more likely to remain in paid employment.35 On average, working women lost more than $1.6 trillion in 2022 as a consequence of the gender wage gap36—equivalent to 6.3 percent of U.S. gross domestic product (GDP) in 2022.37 From 1967 to 2021, women experienced a cumulative loss of $61 trillion in wages due to the gender wage gap—nearly double the U.S. government debt in 2023.38 Women’s wages are not just critical for them and their families but also for U.S. economic growth. Higher wages boost spending and investment, two of the fundamental drivers of economic growth.39 The gender wage gap also hampers women’s participation in the U.S. labor force, contributing to the persistence of gender gaps in labor market participation.40 Women who receive a lower wage than their male family members face a lower opportunity cost when deciding who will forego income to take on caregiving responsibilities in the absence of alternative and affordable care options. As a result, women are more likely to work fewer hours or drop out of the labor force to take on caregiving responsibilities.41 Prior work from the Center for American Progress and the Center for Economic Policy Research found that if women had not increased their work hours from 1979 to 2012—and had subsequently experienced wage gains relative to men—then U.S. GDP would have been nearly 11 percent lower, showcasing the importance of women’s additional work hours and earnings to the economy.42 The policy recommendations

#### Eliminating the pay gap reduces poverty and boosts the economy – better labor force and economic stability

Milli et al. 17 [Jessica Milli, Study Director at IWPR and Scholar in Residence at American University with a Ph.D. in Economics from the University of Wisconsin-Milwaukee, Yixuan Huang, researcher for IWPR, Heidi Hartmann, President Emerita and Senior Research Economist at IWPR and Distinguished Economist In-Residence for Gender and Economic Analysis at American University with a Ph.D. from Yale in economics, and Jeff Hayes, sociologist and Scholar in Residence at American University with a Ph.D. in sociology from the University of Wisconsin-Madison, 04-2017, “The Impact of Equal Pay on Poverty and the Economy,” Institute for Women’s Policy Research, https://iwpr.org/wp-content/uploads/2020/09/C455.pdf]/Kankee

Women make up almost half of the workforce, yet they continue to earn less than men on average in nearly every single occupation for which there is sufficient earnings data for both men and women to calculate an earnings ratio (Hegewisch and DuMonthier 2016a). In 2015, women working full-time, year-round earned just 80 cents for every dollar that men earned (Hegewisch and DuMonthier 2016b). The pace of progress toward pay equity has been slow, and if progress continues at the same pace, it will take until 2059 for women to finally reach pay equality. For women of color, equal pay is even further away. Hispanic women will have to wait until 2248 to reach pay equality with White men and Black women will have to wait until 2124 for equal pay (Institute for Women’s Policy Research 2016). Despite being paid less, women’s earnings are increasingly important to the economic stability of families. In the United States, half of all households with children under 18 have a breadwinner mother, who is either a single mother who heads a household, regardless of earnings, or a married mother who provides at least 40 percent of the couple’s joint earnings (Anderson 2016). And many women without children, both single and married, work to support themselves and other family members. Thus, persistent earnings inequality for working women translates into lower pay, less family income, and more children and families in poverty. This briefing paper summarizes analyses of the 2014-2016 Current Population Survey Annual Social and Economic supplement and uses statistical controls for labor supply, human capital, and labor market characteristics to estimate: 1) how much women’s earnings and family incomes would rise if working women were paid the same as comparable men (men who work the same number of hours, are the same age, have the same educational attainment and urban/rural status and live in the same region of the country); 2) how much women and their families lose because women earn less than similarly qualified men; 3) how many children would benefit from the increased earnings of their mothers; 4) how many children and families would be brought out of poverty if women received equal pay; and 5) how much the economy as a whole suffers from inequality in pay between women and men. Findings from this analysis include: • Nearly 60 percent of women would earn more if working women were paid the same as men of the same age with similar education and hours of work. Nearly two-thirds (65.9 percent) of working single mothers would receive a pay increase. • Providing equal pay to women would have a dramatic impact on their families. The poverty rate for all working women would be cut in half, falling from 8.0 percent to 3.8 percent. The very high poverty rate for working single mothers would fall by nearly half, from 28.9 percent to 14.5 percent. • For the 15.3 million single women—divorced, widowed, separated, and never married women living on their own—equal pay would mean a significant drop in poverty rates from 10.8 percent to 4.4 percent. • Approximately 25.8 million children would benefit from the increased earnings of their mothers if they received equal pay. • The number of children with working mothers living in poverty would be nearly cut in half, dropping from 5.6 million to 3.1 million. • The United States economy would have produced additional income of $512.6 billion if women received equal pay; this represents 2.8 percent of 2016 gross domestic product (GDP).1 Pay Inequality Stifles Growth of the United States Economy Table 1 shows women’s annual earnings, hours worked, annual family incomes, and poverty rates for all women workers aged 18 and older. Nearly 60 percent (59.8 percent) of women would earn more if working women were paid the same as comparable men. Overall, average earnings for women would increase from $38,972 to $45,842, or by $6,870 (17.6 percent) annually if women were compensated for their labor supply and human capital at least as well as men in their regional labor markets. The poverty rate would be cut in half, falling from 8.0 percent to 3.8 percent among working women. The United States economy would have produced income of $512.6 billion more if women received equal pay; this represents 2.8 percent of 2016 gross domestic product (GDP). The total increase in women’s earnings under a regime of pay equity represents approximately 16 times what the federal and state governments spent in fiscal year 2015 on Temporary Assistance to Needy Families.2 The failure to pay women fairly results in the misallocation of human capital and contributes to women working at less productive pursuits than they otherwise would, thus holding back economic growth. For this reason, the estimate of the growth in earnings if women were paid equally with comparable men is very likely an underestimate, since women’s work hours, educational achievement, or occupational attainment were not increased, as they almost surely would be if women received pay equal to that of comparable men. Pay Inequality Contributes to Lower Family Income and Increased Poverty among Families with a Working Woman

#### Wage increases are key to racial justice for black and Hispanic families

Derenoncourt et al. 20 [Ellora Derenoncourt, Assistant Professor of Economics at Princeton University, Claire Montialoux, assistant Professor at the Goldman School of Public Policy of the University of California at Berkeley, and Kate Bahn, labor economist and Chief Economist and SVP of Research at the Institute for Women's Policy Research, 10-2020, “Why minimum wages are a critical tool for achieving racial justice in the U.S. labor market,” Washington Center for Equitable Growth, https://equitablegrowth.org/wp-content/uploads/2020/10/102920-minwage-racial-justice-ib.pdf

Low minimum wages and the racial wage divide The racial wage divide is one of the most persistent features of the U.S. labor market. Yet a greater proportion of specific wage gaps between Black men and White men and Black women and White men are “unexplained” by the so-called human capital model or are interpreted by economists as the result of overt discrimination, compared to the gender wage gap between all men and all women workers, which is explained to a greater extent by differences in occupational segregation. What is clear is that the wage gap between Black and White workers persists across the wage distribution and is larger at the top of end of the wage distribution, where Black workers are excluded from high-wage jobs. One of the primary reasons this racial wage divide is less severe at lower wage levels is because of the minimum wage. By design, minimum wages boost the pay of workers who are among the lowest-paid in the U.S. labor market. And Black workers have the highest share of those who are paid the minimum wage among all major racial and ethnic groups in the United States. Increasing the minimum wage to $15 an hour, for example, would increase the earnings of 38.1 percent of Black workers, compared to 23.2 percent of White workers. This calculation is based on a combination of workers in states whose minimum wage is determined by the current federal minimum wage of $7.25 per hour, workers in states with a state minimum wage below the federal minimum, and workers in all other states who are currently earning less than $15 per hour. Black and Latinx workers also are more likely to experience wage theft, where they are paid less than the statutory minimum wage by their employers, because of the ineffective enforcement of minimum wage standards. According to new research by Rutgers University labor market researchers Janice Fine, Jenn Round, Daniel Galvin, and Hana Shepherd, Black workers are 50 percent more likely than White workers to experience a minimum wage violation, and Latinx workers are 84 percent more likely to experience this serious labor market problem. Black women who are not U.S. citizens are 3.7 times—370 percent—more likely to experience a minimum wage violation, compared to White male U.S. citizens. The upshot is that the level of minimum wages, who they apply to, and how well they are enforced all play a role in offsetting racial wage inequality and working toward racial economic justice. How historical exclusions and expansions to minimum wages influenced racial wage inequality The minimum wage played an important role in driving more equitable U.S. labor market outcomes since it was first introduced in individual states beginning in 1912 and federally as part of the Fair Labor Standards Act of 1938. When the Fair Labor Standards Act first came into effect, the federal minimum wage was mandated in sectors such as transportation, finance, manufacturing, and wholesale trade, covering about 54 percent of the U.S. workforce. Due to opposition from Congress, however, the initial legislation excluded sectors in which Black workers represented a large share of the workforce—even though President Franklin D. Roosevelt intended it cover the entire U.S. economy. In particular, both state-level minimum wages from 1912 to 1923 and the Fair Labor Standards Act of 1938 played into highly racialized and gendered conceptions of work that excluded Black workers and in particular Black women as “Neither Mothers Nor Breadwinners.” Early state-level minimum wages that were passed between 1912 and 1923 during in the Progressive Era both adopted the rhetoric of protecting vulnerable women while also excluding farming and domestic services industries where Black women were overrepresented. Then, in 1923, the Supreme Court case Adkins v. Children’s Hospital ruled that minimum wage laws covering women workers violated their freedom of contract. With the passage of the Fair Labor Standards Act in 1938 as part of the New Deal, the focus was to promote and maintain the breadwinner status of male heads of house hold. Yet congressional compromises over the federal minimum wage excluded male and female workers in industries in the South that were disproportionately Black. Thus, despite Progressive Era and New Deal legislation intended to improve the conditions of work, Black workers, and Black women in particular, were largely left out. Over the following decades, the Fair Labor Standards Act was modified to cover a larger share of the U.S. workforce. The 1961 amendment introduced the minimum wage to workers in some retail trade and construction establishments, and the 1966 Fair Labor Standards Act—the largest expansion of the minimum wage—provided coverage to workers in agriculture, nursing homes, laundries, hotels, restaurants, schools, and hospitals. The year the new legislation came into effect, approximately 8 million workers, or a fifth of all U.S. prime-aged workers, were employed in the newly covered sectors. It was not until this expansion that the majority of Black workers had access to the federal minimum wage. In 1966, the Fair Labor Standards Act also was amended to introduce a $1 wage floor to sectors such as agriculture, schools, nursing homes, and restaurants. As the legislation came into effect in 1967, earnings growth in the newly covered sectors jumped, relative to earnings in the sectors that had been covered by the initial Fair Labor Standards Act of 1938. The positive effect of the minimum wage expansion was almost twice as large for Black workers than for White workers, according to new research by two of the authors of this issue brief, Ellora Derenoncourt and Claire Montialoux. This is because the newly covered sectors employed about a fifth of the U.S. labor force, or almost a third of all Black workers. Even more importantly, the legislation had an especially large effect on workers whose previous wages were below $1, among whom Black workers were also overrepresented. (See Figure 1 on next page.) Derenoncourt and Montialoux also document the effect of the 1966 Fair Labor Standards Act on employment. They find that the minimum wage expansion did not lead to large disemployment effects for either Black or White workers. As a result, the 1967 minimum wage expansion also led to a decline in the racial income divide. Overall, the introduction of a $1 minimum wage floor explains more than 20 percent of the fall in both the racial earnings and income divides experienced between 1965 and 1980. Previous studies had alternatively credited improved educational outcomes for the Black population (in terms of both number of years of school and quality of education) and federal anti-discrimination policies for the decline in the racial earnings gap during the civil rights era and immediately afterward. But it’s clear now that the 1967 expansion of the minimum wage to previously uncovered sectors of the U.S. economy also made a significant contribution. A higher federal minimum wage would help regional wage dispersion and reduce the racial wage gap In the United States, earnings across states and territories range from the highest median wage of $35.74 in the District of Columbia to $15 in Mississippi to the lowest median wage of $10.13 in Puerto Rico. This is due to a wide variety of factors, including differences city and state minimum wage statutes above the federal minimum wage and industrial composition between states that influence median earnings in those states. Twenty-nine states boast minimum wages today that are higher than the current federal minimum wage of $7.25 per hour, and 48 localities have adopted minimum wages higher than their state minimum wage or the federal minimum wage. Wages are also lower in states that have so called right-to-work laws and have lower union density. These states also tend to have more resistance to minimum wage increases. A higher federal minimum wage would help establish a floor across the nation, rather than institutionalize regional wage dispersion. Variations in wages across states and regions immediately lead to arguments over whether a higher federal minimum wage will actually harm workers in states with lower median wages, since the increase to the minimum wage would be a more substantial relative increase, compared to states that have independently raised their minimum wages above the federal floor. But as Derenoncourt and Montialoux’s research on the history of the federal minimum wage increase in 1967 shows, a significant national wage increase may be sustainable since the expansion of min imum wages to previously uncovered industries was, in effect, an infinite increase above the prior minimum of $0. The ability to significantly increase minimum wages without roiling U.S. regional labor markets is further supported by additional research. This research finds that increases of nearly 40 percent in the federal minimum wage, which would be similar in magnitude to the increases in the minimum wage that Seattle enacted between 2013 and 2016, would likely not have had a disemployment effect at the time on a national scale while also alleviating the worst earnings losses experienced during the Great Recession of 2007–2009 and afterward. This finding points to the conclusion that a higher minimum wage would be an effective tool for mitigating the racially disparate negative economic consequences of the coronavirus recession, too. A higher federal minimum wage would reduce poverty rates for Black and Latinx families Black and Latinx workers are significantly more likely to be paid poverty-level wages than White workers. This is why minimum wage levels are an especially important tool for raising the earnings and decreasing the economic precarity of the working poor. And it is no surprise that states with the highest poverty rates are also among those that have not independently increased their minimum wage above the federal floor. Amid the coronavirus recession, millions of families fell into poverty after the financial relief provided by the Coronavirus Aid, Relief, and Economic Security, or CARES, Act largely diminished with the expiration of the $600 plus-up in unemployment benefits at the end of July. These patterns will persist unless robust and inclusive economic policies, including an increased federal minimum wage, are part of the efforts to rebuild the economy centering racial justice. Furthermore, the real value of the federal minimum wage declined beginning in the late 1970s to the late 1980s, just as the convergence of the racial wage gap began to stutter. Currently, the minimum wage has not been increased since 2009, when it rose from $6.55 per hour to its current level of $7.25 per hour. In fact, the highest value of the minimum wage was at the time of the 1967 expansion. At that time, the federal minimum wage was nearly $10 per hour in 2017 dollars. (See Figure 2 on next page.) The U.S. economy, of course, is much larger and more productive than it was in the 1960s, yet low-wage workers are not sharing in those gains. Had the 1968 minimum wage kept up with inflation and productivity growth, it would actually be $24 per hour today. Raising the minimum wage would turn back the declining real value of the minimum wage, reduce racial wage gaps as long as Black and Latinx workers are more likely to be low-wage workers, and reduce the higher likelihood of poverty for Black and Latinx families. Conclusion This past August was the 57th anniversary of the historic March on Washington for Jobs and Freedom. Raising the federal minimum wage would help achieve the vision of racial justice outlined in the march: One of the 10 listed demands in the organizers’ platform was extending the federal minimum wage to previously uncovered workers, which was accomplished in the years following with the extensions of the Fair Labor Standards Act. Civil rights leaders more than half a century ago knew that the minimum wage was a critical tool for addressing racial wage gaps and higher poverty levels by race. The coronavirus recession now brings into stark relief how structural racism still influences economic outcomes of workers and families, elevating calls once again to raise the minimum wage as an important tool for racial justice that will foster broadly shared economic growth in the post-pandemic recovery.

#### Wage increases are key to breadwinning mothers

Glynn 21 [Sarah Jane Glynn, senior fellow at the Center for American Progress, 02-23-2021, "Raising the Minimum Wage Is Key To Supporting the Breadwinning Mothers Who Drive the Economy", Center for American Progress, https://www.americanprogress.org/article/raising-minimum-wage-key-supporting-breadwinning-mothers-drive-economy/]/Kankee

The federal minimum wage is currently set at $7.25 and only $2.13 for tipped workers—a rate that has not changed since 2009. Contrary to popular belief, the majority of the tens of millions of workers who would benefit from an increase in the minimum wage to $15 by 2025 are not teenagers working in part-time, after-school jobs. In reality, most low-wage workers in the United States are adults working full time, mostly women and disproportionately women of color. While there may have been a time when minimum wage jobs were entry-level positions for teens and young adults to enter the workforce and gain job experience before advancing to better-paying positions, today, many workers remain stuck in low-paying jobs regardless of age or experience. For example, 43 percent of all minimum wage workers have attended at least some college and 28 percent are parents—hardly the stereotypical high school student working on the weekends for pocket money. After adjusting for inflation, the federal minimum wage in 2021 is worth nearly 18 percent less than when it was last raised in July 2009. The negative impacts of the very low, constantly depreciating minimum wage are not just felt by the individuals being paid poverty wages: Their children and families also suffer when workers are not fairly compensated for their labor and the value they bring to their employers. The majority of adult women currently earning less than $15 per hour, for instance, are struggling to support both themselves and their families. In 2019, even before the pandemic and resulting economic recession pulled the rug out from under working families, 41.2 percent of mothers were breadwinners for their families, meaning that they were either a single working mother or a married mother earning as much as or more than their husband. (see Figure 1) Another 24.8 percent were co-breadwinners, or married mothers bringing home at least a quarter of their family’s earnings. The rates of breadwinning are much higher for mothers currently earning less than $15 per hour who would see a direct pay increase with a higher minimum wage. Nearly two-thirds, or 64.6 percent, of these women are breadwinners for their families, and another 19.0 percent are co-breadwinners. Women drive the majority of consumer spending, and this is especially true of mothers who tend to direct and influence spending for their families. A full-time, year-round worker making the federal minimum wage only earns about $15,000 per year. By way of reference, the poverty level in 2021 for a family of two, such as a single mother with one child, is $17,420. Tipped workers can legally be paid as little as $2.13 per hour. Although employers are required to ensure that workers earn the full regular minimum wage through their base wage and tips, enforcement is weak and tipped workers are often exposed to discriminatory behavior and harassment. Nearly 7 in 10 tipped workers are women, and in 2019, the poverty rate for female tipped workers was nearly 2.5 times that of tipped workers overall. It nearly goes without saying that for these workers, any increase in income—particularly for breadwinning mothers—is very likely to be spent on necessities such as housing, health care, food, child care, and other essentials. Raising the federal minimum wage is not just a “nice” thing to do for workers: It is a long-overdue economic imperative. Congress should pass the Raise the Wage Act of 2021 in order to boost the incomes of working families and help support working mothers. Increasing wages for the lowest-paid workers across the country will stimulate the economy by getting more money into the hands of breadwinning mothers who are likely to spend every additional dollar they get. In addition to helping boost economic recovery and shrink the racial and gender pay gaps, increasing the earnings of more than 32 million workers would strengthen economic security and decrease poverty levels, especially for the millions of parents who are supporting their families on or around the minimum wage. It has been 12 years since the federal minimum wage was increased. Working families cannot afford to wait any longer.

#### The gender pay gap decreases women’s happiness and sense of self worth

Lips 16 [Hilary M. Lips, Professor of Psychology, Chair of the Psychology Department, and Director of the Center for Gender Studies at Radford University, 2016, “The Gender Pay Gap and the Wellbeing of Working Women,” Handbook on Well-Being of Working Women, https://sci-hub.se/https://link.springer.com/chapter/10.1007/978-94-017-9897-6\_9]/Kankee

Conclusion It is a truism that money cannot buy happiness. However, anxiety about or dissatisfaction with one’s financial situation can certainly interfere with happiness. Indeed, one of the driving forces in an overall decline in women’s happiness in recent years appears to be a decline in financial satisfaction (Stevenson and Wolfers 2009 ). We have seen that, objectively, women are disadvantaged by having fewer financial resources than men, and that, in many cases, this shortfall in resources handicaps them in providing for their families and for themselves. Yet, simply experiencing a shortage of resources is not the only potential source of discontent for women. After all, there are certainly many women whose earnings are strong enough to afford good lives. Given the research showing that people tend to interpret their tangible rewards as signs of respect and status, it is not at all surprising that financial compensation—and perceived unfairness in such compensation—should be a source of dissatisfaction. It has been argued that appropriate recognition for one’s achievements is a necessary fuel for the nurturing and maintenance of ambition (Fels 2004 ). If women see that they are underpaid relative to their efforts and in comparison to their colleagues, they may well become disappointed, cut back on their career ambitions, lower their sights. If they do this, they are likely to experience further disadvantages as they overlook (and are overlooked for) opportunities for advancement. A cyclical process gradually chips away at their ambitions and their outcomes, stalling their careers and precluding many contributions they might have made to their organizations and their culture. The well-being of working women is clearly affected by the gender pay gap. Perhaps just as importantly, the gap damages society by discouraging women, limiting the expression of their talents, and dampening their contributions.

#### History proves wage increases reduce the racial wealth gap

Derenoncourt and Montialoux 20 [Ellora Derenoncourt, Assistant Professor of Economics at Princeton University, and Claire Montialoux, assistant Professor at the Goldman School of Public Policy of the University of California at Berkeley, 2020, “MINIMUM WAGES AND RACIAL INEQUALITY,” Oxford University Press, https://www.clairemontialoux.com/files/DM\_QJE\_2021.pdf]/Kankee

VII. CONCLUSION This article studies the causal effect of the 1967 extension of the U.S. federal minimum wage—a large natural quasiexperiment—on wages, employment, and the dynamics of racial inequality in the United States. We uncover the critical role of the minimum wage in the reduction of the racial earnings gap during the civil rights era. The 1966 FLSA extended minimum wage coverage to sectors that employed 20% of the U.S. workforce. Drawing on a variety of data sources—including newly digitized BLS industry wage reports—and research designs, we show that the 1967 reform dramatically increased wages in the newly covered industries. The reform contributed to reducing the economy-wide racial gap in two ways: first, by reducing the wage gap between the treated industries (where black workers were overrepresented) and the rest of the economy; second, by reducing the racial earnings gap in the treated industries, as the wages of black workers increased faster than those of white workers. We can rule out large disemployment effects, including among black workers. Overall, the 1967 extension of the minimum wage can explain more than 20% of the decline in the racial gap observed during the late 1960s and 1970s—the only period of time after World War II during which the black-white earnings gap fell significantly. To our knowledge, our article provides the first causal evidence on how minimum wage policy affects racial income disparities and sheds new light on the dynamics of labor market inequality in the United States. While we focus on the effect of the 1967 extension of the minimum wage to new sectors of the economy, it is likely that the minimum wage affected racial inequality more broadly. The late 1960s were a time when the federal minimum wage reached its historical peak in real terms, following a series of hikes in 1961, 1963, 1967, and 1968. To the extent that black workers were overrepresented at or just below the minimum wage, these increases may have contributed to reducing the racial earnings gap above and beyond the 1967 reform. In future research, we plan to investigate how the decline in the federal minimum wage starting in the 1970s may have contributed to the stagnation of racial earnings convergence over the last several decades. Another fruitful venue for future work involves studying the consequences of recent local state minimum wage increases on gender and racial earnings gaps today

#### Failure to address racial wage gaps embeds structural racial injustice and perpetuates beliefs of racial superiority over black folk

Williamson 18 [Thad Williamson, Associate Professor of Leadership Studies and Philosophy, Politics, Economics and Law at the University of Richmond, 2-22-2018, "The Almost Inevitable Failure of Justice", Boston Review, <https://www.bostonreview.net/articles/thad-williamson-almost-inevitable-failure-justice/>]/Kankee

Twenty years later, when William Julius Wilson published The Truly Disadvantaged, his landmark assessment of the causes and consequences of ghetto poverty, it may have still been possible to view inner-city poverty as simply unfinished business from the civil rights movement. After all, African Americans had made substantial economic gains since the 1960s, and Ronald Reagan’s presidency could be seen as an aberration, the last vestige of reaction against inevitable social change. In his successful 1988 run for the presidency, Reagan’s vice president, George H. W. Bush, even allowed that he was haunted by the fate of ghetto children. But today, after another thirty years, it is hard not to fear that the persistence of racial injustice and U.S. poverty is anything but a permanent feature of our democracy. There have been pilot and demonstration programs, tax incentives, competitive grant initiatives, and other policy steps aimed at steering investment toward low-income communities. Indeed, the initiatives of the Clinton administration—such as the Community Development Financial Institutions Fund, HOPE VI, New Market Tax Credits, and Moving to Opportunity—were followed by Promise Zones, Promise Neighborhoods, and Choice Neighborhoods in the Obama administration. Especially under Obama, federal programs sought to induce localities to engage in comprehensive planning, adopt best practices, and provide holistic support to neighborhoods and families involved in or impacted by community redevelopment efforts. These initiatives generally had decent intentions, but their most notable quality is their sheer modesty relative to need. None of them, alone or together, represent the kind of massive assault on urban poverty briefly championed by the Office of Economic Opportunity in the 1960s. The federal government continues to spend much more money supporting suburban homeowners through the mortgage interest tax deduction than it does programs aimed at “transforming” urban communities. Most tellingly, not even Democratic administrations have set tangible goals for reducing poverty nationwide. Rather than imagine full-scale national initiatives (such as the massive job program that some within Johnson’s administration wanted at the heart of the War on Poverty), liberal social policy has, at its best, been content with relatively marginal change in a limited number of communities. At worst, it has drifted away from concern with what John Rawls termed in 1971 the “background structure” of social justice—our fundamental political and economic institutions—to the decidedly secondary question of the behavior and activities of the poor themselves. Clinton’s 1996 welfare reform law, for example, featured a framework far more oriented toward coercion and sanctions than crafting effective pathways to prosperity. Despite near-universal handwringing over the persistence of ghetto poverty over the past three decades, official national policy has been de facto fatalism. This is not just a policy failure. In Rawlsian terms, it is a failure of basic justice because it is a failure of shared moral commitments to liberty, equality, and respect for the inherent dignity of all persons. Philosopher Tommie Shelby, author of Dark Ghettos: Injustice, Dissent, and Reform (2017), uses a Rawlsian framework to challenge the dominant understanding of the “ghetto” and its residents. In keeping with the tradition of critique by African American social scientists from Horace R. Cayton, Jr., and St. Clair Drake to Kenneth and Mamie Clark, Shelby uses the term “ghetto” to refer to “black, high poverty metropolitan neighborhoods” that suffer “from a relative lack of nearby or readily accessible goods, services, and opportunities that are needed for human flourishing.” His book tackles some of the thorniest issues in urban social policy—residential integration, the so-called “culture of poverty,” reproduction, family, joblessness, crime and punishment, and cultural expressions of dissent—from a principled egalitarian position. He is consistently informed by a determination to show respect for inner-city residents and their actual and potential agency as equal citizens. The result is instructive and pathbreaking in three key respects. First, Shelby considers the moral implications of U.S. society’s failure to provide basic justice to a significant portion of its citizens. To what extent and under what circumstances, then is it reasonable to ask such citizens to comply with state policies that reflect injustice? Second, Shelby takes up the more ambitious task of developing an account of “corrective justice”—how the failure to provide basic justice can be rectified—and a corresponding account of “political ethics,” or the “principles and values that should guide individuals as they respond to social injustices.” Third, Shelby calls for renewed attention to the centrality of race in understanding the U.S. failure to provide basic justice. The reluctance of many white Americans to view persons of color as fully equal citizens, entitled to basic social and economic rights and opportunities, has led to the presumption, embedded in the design and implementation of safety-net policies, that there is something inherently wrong or deficient with the behavior of poor persons, especially poor persons of color. Shelby’s assessment of the U.S. welfare state and the persistence of ghetto poverty thus runs as follows: as a matter of justice, all Americans are entitled to substantially equal opportunities. At a minimum, this includes decent material background conditions combined with a guarantee of a basic income or equivalent device, but it also includes what Rawls termed “fair equality of opportunity,” namely that access to life-shaping opportunities should not be contingent on the socioeconomic status of one’s parents. The very existence and persistence of the urban ghetto, however, shows that the United States does not provide this background justice. In fact, the social policies it employs largely fail to show respect for low-income Americans, especially low-income African Americans. Instead, they are often paternalistic, requiring recipients to adhere to certain socially acceptable behaviors in order to access benefits. Some programs go even further and aim at the “cultural reform” of their participants and the inner city itself. Shelby argues that ghetto residents are well within their rights when they refuse to comply with such paternalistic policies. In a just society, access to basic needs such as housing and food should not be contingent on compliance with mainstream behavioral norms. Indeed, defiance of mainstream values is often, Shelby believes, a legitimate (if often misrecognized) expression of protest against injustice. Shelby’s hope is that such protest, following some promising early steps made by Black Lives Matter, will coalesce into a tangible political force that calls attention to the injustice of current social arrangements. Importantly, Shelby makes a distinction between the “medical model” of assessing poverty and economic disadvantage and what he terms the “systemic-injustice” model. Most policy discourse sees the “background structure” of society as given and then looks for efficient ways to treat social ills such as unemployment. A systemic-injustice perspective, in contrast, scrutinizes the core institutional factors that shape the distribution of opportunities: the distribution of wealth, the organization of the economy and labor market, the organization of public education and of local government, and conceivably much else as well. Shelby might have added that “medical model” policy prescriptions are often doomed to fail because isolated policy improvements will almost never overcome deeply flawed structural arrangements. And he might have usefully extended the argument in two directions. First, Shelby’s critique of ghetto poverty stops short of a reckoning with the failures of welfare-state capitalism itself. The lopsided distribution of wealth characteristic of U.S. capitalism must be on the table in any discussion about realizing social justice—including the discussion of ghetto poverty. Rawls himself argued that welfare-state capitalism is incompatible with justice, partly because it never realizes its own stated aspirations and partly because its reliance on post-tax redistribution creates a debilitating, unstable dynamic of mutual resentment between more and less prosperous citizens. (See Property-Owning Democracy: Rawls and Beyond, edited by Martin O’Neill and Thad Williamson, for extended discussion). In other words, a politics that aims to create a just background structure needs to have a clear, positive account of the basic institutional configurations of a just political economy. The economic policy program released by the Movement for Black Lives is an impressive initial effort to begin mapping that background structure. Second, Shelby doesn’t ask whether, in the absence of a mass movement capable of putting fundamental issues on the table, policymakers can overcome political resistance to addressing structural injustice. After all, partisan and resource constraints almost inevitably lead even the best-intentioned policymakers back to some version of the medical model. Almost inevitably. But not literally inevitably. Consider Richmond, Virginia, which has an overall poverty rate of 25 percent and a child poverty rate of approximately 40 percent. From the formation of the Mayor’s Anti-Poverty Commission under former mayor Dwight C. Jones, to the launch and development of the Office of Community Wealth Building (OCWB), a city agency charged with moving thousands of residents out of poverty in the coming decade, the city has drawn attention for its efforts to fight poverty. Full disclosure: I am not an impartial observer. I served on the Mayor’s Anti-Poverty Commission, chaired one of its task forces, and was lead author of its final report. In 2014 I began a two-year term as the first director of the Office of Community Wealth Building while on leave from the University of Richmond. I now serve part-time as a senior policy advisor for current mayor Levar M. Stoney, who has championed expanding the effort. OCWB does three things that are relatively unique in the policy world. First, it openly embraces a structural understanding of concentrated poverty in Richmond. The commission’s report documents the historical factors—such as redlining, resistance to school integration, and white flight—that produced neighborhoods in which the average income is less than 10,000 dollars a year and nearly 100 percent of residents are persons of color. Likewise, its policy recommendations focus squarely on those structural factors that reproduce poverty: underemployment, substandard public education, substandard provision of public housing, and substandard provision (or nonexistence) of public transportation. This orientation was by design. As lead author of the commission’s report, I (like several colleagues in the effort) was determined to keep the focus on structural underemployment and related factors rather than on the behaviors or “culture” of residents living in poverty. Second, OCWB and the City of Richmond have set ambitious policy targets: cutting overall poverty 40 percent by the year 2030 and child poverty 50 percent by the same year. This entails moving 1,000 additional people a year out of poverty relative to the status quo and maintaining that movement each year for a decade. The aspiration is to create a virtuous circle in which more local residents working and earning good money strengthens the city tax base, more stable families help strengthen school performance for the city’s children, and more resources are available to reinvest in ongoing needs. Achieving this level of change will require not just one or two new programs, but scrutiny and change in multiple policy arenas, at multiple levels of government. Third, OCWB has made a good-faith effort to engage people in poverty as partners. The Maggie L. Walker Citizens Advisory Board (CAB) gives low-income residents a voice in the design and implementation process of the various workforce, educational, housing, and transportation initiatives led or championed by the office. In 2014 the Richmond City Council codified the CAB as a permanent advisory body, and by law, over half of its members must reside in high-poverty neighborhoods. Thus the initiative aims to build community wealth in the very neighborhoods that have been historically underinvested in and to transform communities of concentrated poverty through a people-centered process. Surprisingly perhaps given the existing political climate, this explicitly structural approach—which is informed by the same kinds of concerns that animate Shelby’s work—has gained traction in a city whose entire history has been defined by systemic, race-based inequity and by efforts to resist and overcome injustices. The very boldness of the charge has helped build significant support. In spring of 2017, the Commonwealth of Virginia set aside 7.5 million dollars to support localities undertaking community wealth building initiatives with matching grants; the City of Richmond received nearly 2 million dollars of this funding from the Virginia Department of Social Services, allowing for a substantial expansion of its workforce development program in the current fiscal year. The work of OCWB has also received significant interest and recognition from national publications and organizations. But as OCWB engages the substance of its work—helping connect underemployed residents to living-wage jobs—practical challenges blur the distinction between the medical model and the structural approach. For instance, to access the supplementary resources OCWB offers (such as training, transportation, and child care), a low-income resident must commit to seeking employment. This requirement is essential to its political viability but is also, I would argue, morally defensible given the scarcity of resources. Richmond does not have sufficient funds to provide all residents a basic income, nor would there be political support for such an approach. On the ground, seeking structural justice in a deeply flawed regime inevitably involves a practical reconciliation—if not moral compromise—with those aspects of the social structure that policymakers cannot realistically impact. Success in this context often involves wise discernment and then aggressive action on those things that are within policymakers’ sphere of influence. So what is the endgame?

We may need not one but two modes of political ethics for addressing ghetto poverty. The first is exactly what Shelby proposes: more and more citizens calling for bold structural change and building political support for significant redistribution and reallocation of resources. The second, less explored, is an ethic for policymakers trying to advance structural change within the messy terrain of existing local democratic politics. This might mean being able to express a structural approach in terms that adherents to a medical model will understand. And it might mean adhering to some of the same norms (such as evaluations or cost–benefit analyses) from that model that are a precondition of maintaining political and financial support. Intellectual clarity is a great virtue in that context, but ideological purity generally is not. If there were already a strong consensus and social commitment to Rawlsian-style liberal egalitarianism, Shelby’s call for the abolition of ghetto poverty would not be necessary. Quite evidently, such a consensus is lacking. The persistence of the ghetto and the rise of Trumpism reinforce the notion that society can be usefully divided into “these people” and “those people.” It is these very divisions, which are antithetical to the strong sense of solidarity a Rawlsian regime requires, that Trumpist politics seeks to exploit, highlight, and perpetuate. A robust answer to Trumpism will thus require building a broader and bolder political coalition capable of both naming and addressing structural injustices. Shelby’s powerful analysis must be brought into dialogue with other recent work focused on the discontent of the “white working class,” victims of economic displacement, and the working class more generally outside of the urban ghetto. It will also require a decidedly bolder flavor of progressive politics at the national level. While the Richmond example shows the potential of local efforts in addressing core structural justice, it is the larger-order national policies that set the context in which localities must operate. With a bundle of bold strategies, the federal government must play the lead role in any effort truly designed to replace the ghetto with a more just distribution of resources and opportunities. Shelby leaves those strategies to others. But policymakers and politicians should take his moral message of abolitionism to heart. To fail to do so is to acquiesce to the persistence of deep injustice—economic and racial—for yet another generation. The question for us is the same as it was for King fifty years ago: “Where do we go from here?” King believed that poverty could be abolished in a reasonably fast period of time, with an expenditure of resources and effort that would be significant, even costly, yet well within the nation’s capacity. The missing ingredient now, as then, is sufficient political will and imagination. “There is nothing but a lack of social vision to prevent us from paying an adequate wage to every American citizen whether he be a hospital worker, laundry worker, maid or day laborer,” King wrote in Where Do We Go From Here. “There is nothing except shortsightedness to prevent us from guaranteeing an annual minimum—and livable—income for every American family.” As King knew, pilot projects and small adjustments do not address systemic injustice or suffice to combat centuries of accumulated injustice. What is required is a resource and policy commitment commensurate with the scale of the issues being addressed, combined with the ethical and political determination to remold “a recalcitrant status quo with bruised hands until we have fashioned it into a brotherhood.”

#### The wage gap causes racialized systemic poverty

Bleiweis et al. 20 [Robin Bleiweis, Former Research Associate at Women’s Economic Security at CAP, Diana Boesch, Policy Analyst of Women’s Economic Security at CAP, Alexandra Cawthorne Gaines, Vice President, Poverty to Prosperity, 08-03-2020, “The Basic Facts About Women in Poverty,” Center for American Progress, https://www.americanprogress.org/article/basic-facts-women-poverty/]/Kankee

In the United States, more women than men live in poverty. According to U.S. Census Bureau data, of the 38.1 million people living in poverty in 2018, 56 percent—or 21.4 million—were women.\*1 The coronavirus pandemic has put individuals and families at an increased risk of falling into poverty in the United States, as they face greater economic insecurity, due in large part to unprecedented unemployment that has disproportionately affected women.2 Congress’ emergency unemployment assistance during the first few months of the pandemic staved off a predicted spike in the poverty rate; federal economic support must be extended throughout the duration of this fluctuating crisis to prevent an increase in the number of families living in poverty in the long term.3 Moreover, research has shown that the cost and financial burden of medical expenses in the United States pushes millions of families into poverty—a foreboding fact to consider in the midst of a global health pandemic.4 Illustratively, before the Affordable Care Act (ACA) expanded coverage and lowered certain health costs, a leading cause of personal bankruptcy was medical debt, resulting from unexpected or unaffordable medical expenses.5 The following facts present a snapshot of women in poverty, explain why women experience higher rates of poverty, and explore the policy solutions that can best ensure lasting economic security for women and their families. Quick facts about women living in poverty Women experience higher rates of poverty than men. In 2018, 12.9 percent of women lived in poverty compared with 10.6 percent of men.\*10 Nearly 10 million women lived in deep poverty, defined as falling below 50 percent of the federal poverty line.11 Race and ethnicity Women of nearly all races and ethnicities face higher rates of poverty than their male counterparts. (see Figure 1) The highest rates of poverty are experienced by American Indian or Alaska Native (AIAN) women, Black women, and Latinas. About 1 in 4 AIAN women live in poverty—the highest rate of poverty among women or men of any racial or ethnic group. Black women, Latinas, and AIAN women are also disproportionately represented among women living in poverty. (see Figure 2) While Latinas represent 18.1 percent of all women in the U.S. population, they constitute 27.1 percent of women in poverty. Similarly, Black women represent 22.3 percent of women in poverty but make up only 12.8 percent of all women in the U.S. population. Marital and parental status Unmarried mothers have higher rates of poverty than married women, with or without children, and unmarried women without children. (see Figure 3) Almost one-quarter of unmarried mothers live below the poverty line. In 2018, 11.9 million children younger than age 18 lived in poverty, making up 31.1 percent of those living in poverty.\*12 Age Poverty rates for women and men are nearly even throughout childhood, but the gap widens significantly for women ages 18 to 44—during prime childbearing years—and again for women age 75 and older. (see Figure 4) Between ages 25 and 34, women are 69 percent more likely than men of the same age to live in poverty. While the gap in poverty rates between women and men narrows after age 34, it never closes throughout their adult life, and it actually widens again in old age: 13.2 percent of women 75 years and older live in poverty compared with 8.8 percent of men the same age. Disability status Women with disabilities are more likely to live in poverty than both men with disabilities and individuals without disabilities. (see Figure 5) Women with disabilities have a poverty rate of 22.9 percent, compared with 17.9 percent for men with disabilities and 11.4 percent for women without disabilities. Sexual orientation and gender identity LGBTQ women experience higher rates of poverty than cisgender straight women and men due to the intersections of discrimination based on gender, sexual orientation, and gender identity or expression. A 2019 survey by UCLA Law School’s Williams Institute found that 17.9 percent of lesbian cisgender women, 29.4 percent of bisexual cisgender women, and 29.4 percent of transgender people lived in poverty, compared with 17.8 percent of straight cisgender women and 13.4 percent of straight cisgender men.13 They also found a similarly high poverty rate among gender-nonconforming people.14 Unfortunately, the Current Population Survey does not collect data about individual respondents’ self-disclosed sexual orientation or gender identity (SOGI), and only a handful of federal surveys collect SOGI data.15 Federal data collection must be improved to include the collection of SOGI data, disaggregated by race, ethnicity, and other factors, to ensure a better understanding of the lived realities of all LGBTQ individuals.16 Why more women live in poverty The effects of sexism and racism on institutional structures and across society limit the employment opportunities available to women, availability of caregiving supports, access to public social assistance programs, and more, leading to higher rates of poverty among women, particularly women of color, compared with men. Some of the interrelated causes include the following factors. The gender wage gap On average, women earn less than men—and the wage gaps are wider for most women of color. Based on 2018 U.S. Census Bureau data, women working full time, year-round earn an average of 82 cents for every $1 earned by their male counterparts.17 For every $1 earned by white, non-Hispanic men, Latinas earn 54 cents, AIAN women earn 57 cents, Black women earn 62 cents. Asian women overall earn about 90 cents, however women belonging to certain Asian subgroups experience much larger wage gaps.18 Not only do more women than men struggle to cover everyday expenses due to the gender wage gap, but the gap compounds over a lifetime, meaning women end up with fewer resources and savings than men. This represents a significant factor contributing to the gender disparity in poverty rates among women and men age 75 and older. The gender wage gap is driven by a host of factors, including, but not limited to, differences in jobs or industries worked, hours worked, and years of experience—although differences in occupation or education level do not explain away the gap.19 Discrimination based on gender, race, and/or ethnicity plays a significant role in the wage gap, depressing women’s earnings both directly, by paying women unequally, and indirectly, through sex- and race-based structural biases that can influence the jobs women hold and the number of hours they work. The gender wealth gap Women are less likely to have the savings and wealth necessary to weather financial shocks and provide for themselves and their families throughout their lifetimes. The gender wealth gap is informed by numerous factors, including the fact that women earn less than men; are more likely to be denied mortgages and to be overcharged for them; are particularly vulnerable to predatory lending; hold more debt; and face other obstacles that undermine their ability to build wealth and savings.20 For example, women hold two-thirds of U.S. student loan debt, and Black women in particular graduate with more debt than any other group, regardless of gender.21 On average, a Black woman borrows a total of $37,558 to finance her education compared with $35,665 for a Black man and $31,346 for a white woman. Essential to note is that the wealth gap is significantly larger for women of color, who face both a wage gap and a wealth gap informed by both gender and racial discrimination.22 Occupational segregation into low-paying jobs Women are disproportionately represented in certain occupations—particularly low-wage jobs—due to pervasive gender roles, expectations that women’s work is low skilled, and the systemic undervaluing of women’s labor. These factors cause women, especially women of color, to be segregated into low-wage jobs and make low wages a defining feature of women-dominated jobs.23 For example, in 2018, two of the top occupations for women had a median weekly wage of close to or below the 2018 weekly poverty threshold, $490, for a family of four: Women who are child care workers earned a median weekly wage of $492, and women who are maids and housekeepers earned $457 per week.\*24 Women represent about two-thirds of workers earning the federal minimum wage—$7.25 per hour—or a few dollars above it and nearly 70 percent of tipped workers, for whom the federal subminimum wage is $2.13 per hour.25 Conversely, women are underrepresented in high-wage occupations such as engineers, in part due the professions’ demand for long hours in the office and lack of flexibility for caregiving. Lack of supportive work-family policies to manage work and caregiving

#### Low wages devalues black folk and undermines racial justice

Garcia 24 [Ruben J. Garcia, Professor of Law and Co-director of the Workplace Law Program at the William S. Boyd School of Law at UNLV, 2024, “Critical Wage Theory,” University of California Press, https://www.degruyter.com/document/doi/10.1525/9780520388048/html?lang=en]/Kankee

WHAT A LOW MINIMUM WAGE SAYS ABOUT US Law has instrumental and communicative functions. As Robert Cover wrote, “No set of legal institutions or prescriptions exists apart from the narratives that locate it and give it meaning.” 23 A low and stagnant minimum wage communicates that society places little value on all workers, not just on those who happen to earn at that low level. Because so many immigrants and people of color work at or near the minimum wage, the message of exclusion for those Americans is even more clear—their work is not valued or valuable to the dominant society. Raising the wage would be an important step toward valuing those who do the work that all of us rely upon. The idea of even having minimum wage law says something about how we value work. It is a normative commitment that we the people make to set a floor for minimally decent work. It is not unlike the decision made to end slavery—as an expression of the conditions that no one should be allowed to agree to work under. That is why there is no such thing as “voluntary servitude,” despite the words of the Thirteenth Amendment, and there should never be anyone “agreeing” to work for less than the minimum wage. We as a country decided almost one hundred years ago to take these decisions out of the market to deal with the lack of bargaining power that afflicts so many workers in the country. Because of the lack of bargaining power still facing so many workers of color and immigrants today, a minimum wage—one that provides a decent standard of living—is crucial. While this chapter outlines several reforms that could help in the enforcement of the minimum wage, the first step toward a racially just minimum wage is to increase the minimum wage to a livable level. There have been several attempts to define what a livable wage is, which I explore in the next chapter on a global scale.

### Contention 4: Philosophy

#### Failure to pay living wages are exploitive and coercive, offering employees the “choice” to starve or be impoverished – that treats employees as a mere means and diminishes human dignity

Snyder 8 [Jeremy C. Snyder, educator at the Faculty of Health Sciences at Simon Fraser University, 08-2008, “Needs Exploitation,” Ethical Theory and Moral Practice, https://sci-hub.se/https://www.jstor.org/stable/40284251]/Kankee

Second, even if employers are capable of imagining away the many conditions that make their workers particularly vulnerable to exploitation, the resulting moral demands would be extremely strong. If a particular worker were given the wider array of opportunities and resources that, arguably, would be available to her in a fully just world, it is unlikely that she would be willing to engage in fairly monotonous and unrewarding factory labor for anything less than an exceptionally high wage and in particularly enjoyable working conditions. These very high demands will often be impractical, however, in the actual, unfair world in which we live. While I agree that an acceptable theory of exploitation will make some kinds of interactions out of bounds, it would be a troubling result if it declared all or most practical interactions with persons made vulnerable by unjust conditions immoral while placing an enormous burden on employers for rectifying global injustices. The problem with the generalized strategy, then, is that it fails to treat sufficiently seriously the fact that the interactions in question are both voluntary and mutually beneficial. These conditions make it important that some such interactions be allowed, given the benefit they create, even if they are possible only because of unjust background conditions.

Another common account of exploitation is more promising. It looks to the concept of respect for persons, rather than fairness. We might call this kind of exploitation 'dignity exploitation' given its emphasis on Kantian notions of respect for persons based on human dignity. Under this view, the range of options available to a person may be critical to determining when an interaction is exploitative. When a person's range of choices are constrained to starving to death or working at a non-living wage, for example, then it is difficult to see how that person has been given a meaningful choice, particularly when the terms of the contract are set by the market (leaving the potential employee only with the 'option' of exit and starvation) rather than by the voice and active input of the employee.6 Onora O'Neill (1985) argues in this vein that the intentions of some employers in situations where they fail to offer decent wages may not appear coercive. Yet, when employers engage in an economic system that allows such 'unrefusable offers', they risk acting on coercive or deceptive maxims, masking the terrible quality of the choices available to employees. When we look to the maxims present in the capitalist economic system, the "underlying principle of capitalist employment, whatever that may be, might be judged to use some as means or to fail to treat them as persons, even where individuals' intentions fail in neither way" (1985, p. 274). The employer who refuses to offer a living wage, then, potentially wrongfully takes advantage of his employees. Helpful as the move to respect may be, dignity-based theories of exploitation are often problematic. O'Neill, for instance, seems to stretch the notion of coercion too far, missing the moral importance of how sweatshop interactions can be perfectly rational and meaningfully voluntary, at least when compared to a standard understanding of coercion. If, instead, we put aside worries about the language of coercion and focus on the more classical notion that such employment terms treat employees as a "mere means" to the employer's ends, vagueness looms. Loose talk of failures of respect will not, alone, do much to illuminate the wrongness of exploitation. That is, calling exploitation an indignity to workers or a failure of respect does little to explain why employers, particularly, have strong duties to their employees, or why a particular wage level is owed to one's employees.7 Furthermore, as applied by Kantians (perhaps influenced by Kant's own tendencies towards absolutism), accounts of dignity exploitation tend toward a worrisome idealization of the duties of employers. Denis Arnold and Norman Bowie (2003), for example, argue on Kantian grounds that a decent minimum for workers requires at the very least a living wage for workers - that is, a wage that allows workers to rise above the local poverty level and to meet their food and 'non-food' needs, including shelter, transportation, health care, and a minimal education. They interpret a living wage for employees as a perfect obligation, where doing anything less than to meet this requirement is to fail to respect employees as ends in themselves. But a strict requirement of this kind gives credence to the moral libertarian's charge that those condemning sweatshop labor insufficiently stress the benefits created by these jobs, and the costs that can accompany mandating a living wage. Imagine a sweatshop case where granting a living wage will hamper the development of the local community over the long term by reducing its comparative advantage in labor costs. Arnold and Bowie would sanction proceeding with the employment at a living wage level despite the negative effect that employment will have on the other members of the local community. These indirect consequences, though foreseeable, they maintain, are not the responsibility of the employer and thus should not affect the permissibility of the interaction. If the employer is bothered by the consequences of her action and wishes to pursue interactions that will not have these effects, she must abandon any hope of employing workers in the developing community, or at least doing so in a manner that respects them as ends in themselves. Even if the employee wishes voluntarily to enter into an interaction at the market rate and would greatly prefer it to no interaction at all, under this account the employer is forbidden from engaging in such an interaction. I want to argue that progress can be made toward understanding charges of exploitation in sweatshop labor if we turn to a different variation of dignity exploitation that shares its philosophical roots while attempting to avoid the mistakes of the aforementioned approaches. A wide variety of moral theories can agree that others' basic needs exert some sort of claim on us; we face, as Kant might put it, a duty of beneficence in addition to other duties of non-interference. I want to argue that a proper understanding of this duty - often considered to be a broad and imperfect one - in fact helps to ground and specify a set of constraints, over and above the constraints against coercion and manipulation, that wealthy employers face when setting the terms of transactions. 3 Needs Exploitation

The goal of a decent minimum of well-being for all persons is based on a core intuition that we all should have access to the basic goods necessary to live a distinctly human life. This notion of a distinctly human life views humans not merely as driven by inclination, but as capable of forming and acting on a conception of the good life. In order to form a conception of the good life, human animals will need support in a variety of dimensions of well-being, including, to name a few, bodily support, minimal education, and freedom from subordination. In general, we will appropriately value a distinctly human life for all when we understand humans as not merely animals but human animals with the potential to endorse ends beyond those of immediate use to survival or those proposed by instinct. Actions that fail to respect this kind of life in others will not value humans appropriately. While moral libertarians will not be able to endorse the constraint placed on our actions by the goal of a decent minimum for all humans, a great many other approaches will endorse some form of imperfect duty of aid, charity, or beneficence with this goal in mind. What are the basic needs of a distinctly human life, then? There will certainly be disagreement in the details, but a broad consensus can focus on the common biological and psychological characteristics of human persons. Thomas Hill, for example, notes that at the center of a rational, human life is the idea of a life over which one has a meaningful degree of control. Without the goods necessary for such a life, the circumstances into which a person is born can constrain her capacity to choose her own ends. As Hill says, persons [m]ight be severely confined in the choices they could make by widespread poverty, disease, overpopulation, and absence of technology and culture. Even if it is no one's fault, when one has to labor in the fields all day to survive, one has little opportunity to live as a rational person controlling his life. The choice to labor may be perfectly rational, of course; but it may be almost the only rational choice one has a chance to make. Harsh conditions also restricthe range of morally permissible choices: one cannot do philosophy if one must mine coal to feed one's children. Opportunities to live an ideally rational life may be further restricted by pointless role-expectations, conformist attitudes, and the lack of what Mill called "experiments in living." And even though one may be able to select from many brands of soup and cosmetics, if communal values are lost in a capitalistic society then more significant options are effectively closed (1991, p. 36). Human persons are to be understood as embedded within environments that can constrain their opportunities to act as rational choosers of ends. No matter what conditions we might be born into, all human beings will share this basic vulnerability and a set of basic needs by virtue of being human.8 Ordinarily, the basic needs of others guide an imperfect duty to help them to achieve the decent minimum for living a distinctly human life. Given the imperfect form of this duty, individuals will have considerable leeway in determining when and where to direct their resources toward supporting this decent minimum. But, when we enter into a relationship of use with a particular person who has such deficits in her well-being, the general duty of beneficence, I want to argue, takes on a more specific shape. Consider Bill, a billionaire industrialist. Like the rest of us, Bill has a general duty to aid the poor of the world; he should contribute to charitable causes and support efforts to better the conditions of others. He runs a company manufacturing widgets in the Developing World. Bill's relationship with his workers allows him to earn profits sufficient to support a life of great luxury for himself. Furthermore, Bill pays his employees very little, consistently using the bargaining advantage created by a high local labor supply to keep his employees' wages very low. In this case, Bill responds inappropriately to the desperation of these particular persons, treating them as mere instruments of profitability. While the global poor may depend on many for general aid, Bill gains from the labor of these persons in a way that privileges the attainment of additional riches over the alleviation of their misery. Bill, in short, seems to elevate his own desire for luxuries over the basic needs of his employees. The perfect form of the duty of beneficence relies, I am claiming, on connections to particular others through our roles and relationships, where a general disregard for the needs of humanity becomes a disregard for the needs of particular others. This disregard can take the form of a use of another as a mere means, where a particular person's needs are disregarded in preference to an overriding concern with the benefit to oneself that can be derived from one's interaction with her. In this way, the general duty to support the basic needs of others becomes more concrete through a process of specification, such that the once general duty is now owed, with specific content, to particular others. In the case of employment relationships, in short, employers do not simply have an imperfect duty to help some of their employees to achieve a decent minimum some of the time; rather, employers are required to cede as much of their benefit from the interaction to their employees as is reasonably possible toward the end of the employees achieving a decent minimum standard of living. But what does "reasonably possible" mean? Just how demanding are the duties employers face? If the duty under consideration here required that all employment interactions fulfill every basic need an employee might have, it would be a very strong duty indeed - requiring, apparently, that I provide health insurance, a pension plan, continuing education benefits, and a bus voucher to a neighborhood kid I hire to wash my car. We can limit the degree to which an interaction must benefit another by certain measures of what it is reasonable to expect from the relationship. The first measure relevant to determining reasonability, I would like to argue, is the prospective dependence of person B on A for some need X. By 'dependence' I do not mean that A is the sole means of support for B in X, but rather that, through the relationship, X would expect to receive all or part of its support, and B expects that, if A did not provide this support, these needs would not be met. This dependence will be determined in large part by the kind and duration of the relationship within its contextual setting. For example, Carl might provide for all of Diana's material needs through the relationship (e.g. Carl is a full-time employer where the state provides no support), share provision with others (e.g. Carl is a part-time employer), or provide no direct provision (e.g. Carl is an employer where the state meets all basic needs through corporate taxes). This restriction follows from the specification of the general duty of support for basic needs to some particular other person. The degree to which this specification makes a person responsible for another's well-being will be determined by the degree to which the relationship marks a dependence of one person on another.

#### Unjust wages destroy egalitarianism and worker’s sense of worth

Rogers 16 [Brishen Rogers, Assistant Professor of Law at the Temple University James E. Beasley School of Law, 2016, “Justice at Work: Minimum Wage Laws and Social Equality,” Texas Law Review, [https://texaslawreview.org/wp-content/uploads/2016/07/Rogers.Corrected.pdf]/Kankee](https://texaslawreview.org/wp-content/uploads/2016/07/Rogers.Corrected.pdf%5d/Kankee)

\*can be recut to have an answer to UBI counterplans

II. Social Equality Defined and Defended Minimum wage laws help ensure that low-wage workers stand in relations of equality to others. This Article will call this ideal “social equality,” and will call those who emphasize it “social egalitarians.”101 As Professor Samuel Bagenstos argues in a recent article, the core social egalitarian goal is to create “a society in which people regard and treat one another as equals . . . a society that is not marked by status divisions such that one can place different people in hierarchically ranked categories.”102 For social egalitarians, a fair distribution of material resources is extremely important. But “the subject of social justice is wider than distribution.”103 It includes forms of private power within the workplace, the family, and elsewhere; differentiations based on class, race, sex, gender, and disability; and pernicious social norms that mark particular groups as morally deficient.104 Indeed, for some prominent social egalitarians, the fundamental goal of establishing “a community in which people stand in relations of equality to others” helps explain why a fair distribution of resources is important in the first place.105 Social equality can be defended within several different philosophical traditions. Its most prominent proponent is likely the left communitarian Michael Walzer, who describes democratic citizenship as “a status radically disconnected from every kind of hierarchy” and argues that equal relations among citizens define a just society.106 In such a society, he writes, there will be “no more bowing and scraping, fawning and toadying; no more fearful trembling; no more high-and-mightiness; no more masters, no more slaves.”107 The republicanism of Philip Pettit draws on similar ideals.108 Pettit defends a conception of freedom as nondomination or independence from arbitrary power—including both public and private power—that distinguishes it from what he describes as liberalism’s focus on freedom as noninterference.109 In his telling, republican freedom “requires the capacity to stand eye to eye with your fellow citizens, in a shared awareness that none of you has a power of arbitrary interference over another.”110 Commitments to social equality can also be rooted in the more philosophical aspects of Marx’s thought. G.A. Cohen’s critique of Rawlsian liberalism, for example, draws upon Marx’s argument that earlier (nonegalitarian) liberalism provided a false vision of human emancipation insofar as it only required that citizens be equal in their relationship to the state—“an alien superstructural power”—rather than in their everyday lives with one another.111 In a truly egalitarian society, Cohen argues, each individual’s “freedom and equality [would be] expressed ‘in his everyday life, his individual work, and his individual relationships.’”112 Yet while Walzer, Pettit, and Cohen are critics of liberalism, Rawls himself was a powerful advocate of social equality, and many of its most influential contemporary proponents—including Elizabeth Anderson, Iris Marion Young, and Samuel Scheffler—are liberals.113 Rawls’s explanation of the underlying normative bases of the difference principle is illustrative. That principle is not a mechanical test for the validity of any particular distributive outcome, nor does it require charity.114 Rather, it is “a principle of reciprocity.”115 It is the only appropriate distributive criterion in a democracy, Rawls argued, for it will limit class inequalities and hierarchies of social status across generations.116 Doing so is critically important, moreover, not just because material inequality may threaten social stability, nor even because the worst off will be unable to exercise their basic liberties.117 Rather, Rawls argued, a “confident sense of their own worth should be sought for the least favored and this limits the forms of hierarchy and the degrees of inequality that justice permits.”118 This helps explain why Rawls viewed the “social bases of self-respect” as likely the most important of the primary social goods: severe inequalities can lead “those of lower status to be viewed both by themselves and by others as inferior.”119 While deeper tensions between social equality and liberal egalitarian thought remain, and will be taken up again in Part IV, there is clearly a sort of “overlapping consensus” among Walzer’s left communitarianism, Pettit’s neorepublicanism, Cohen’s liberal-inflected Marxism, and Rawls’s own thought: all view equalities of social status as paramount in a democratic society.120 Agent-specific duties, in the broad sense of regulations that shape “private” behavior rather than simply transfer resources, are often key to ensuring social equality. This is clear from the historic demands and achievements of the labor, feminist, civil rights, disability, and LGBT movements. Such movements seek not just wealth redistribution but also changes in workplace relations, norms regarding sexual behavior, and the construction of public spaces to better enable members to participate as equals in social, economic, and political life.121 Debates between Rawls and certain left-liberal feminists are illustrative. In later work, responding to criticism that Theory basically ignored gender equality, Rawls argued that justice within the family required that women who perform unpaid care work should have some legal entitlement to part of their husbands’ earnings.122 But this “solution” to the problem of the gendered division of labor “leaves unquestioned . . . the structural division between private domestic care work and public wage and salaried work.”123 Gender inequality often depends upon such structures. Some feminists have thus argued for more extensive changes to background rules, such as significantly greater public support for caregiving, as well as employment regulations to better enable both men and women to engage in caregiving.124 Others have argued that gender equality “may require a change in social norms, by which men as well as women would be expected to share in caretaking responsibilities.”125 Another salient example comes from disability-rights activism and law. Since individuals with disabilities may require extremely high subsidies to enjoy an average quality of life, they pose a problem for liberal efforts to eliminate contingencies of birth.126 Regrettably, this led Rawls to disregard those with serious disabilities and has sparked debate among subsequent liberals around how to balance their resource needs with other distributive claims.127 Such debates may miss the importance of the broader social construction of disability. Individuals with mobility restrictions, for example, confront a physical world that is not natural but rather designed around the needs and abilities of some normative group of nonelderly, “able-bodied” persons.128 Fair treatment for those with disabilities thus would take the form not of cash transfers justified on the grounds of a purported inability to live fulfilling lives but of regulation and redesign of the social world so that the disabled can participate in it as equals.129 Existing disability law accordingly holds private parties such as employers and landlords to agent-specific duties of reasonable accommodation, in part on the theory that this will assist in the social integration of those with disabilities.130 The organization of work raises similar issues.131 Part of the reason is that labor is not a true commodity, but what the political economist Karl Polanyi called a fictitious commodity.132 “Labor is only another name for a human activity which goes with life itself,” Polanyi wrote, “which in its turn is not produced for sale but for entirely different reasons.”133 Understood as the capacity to work, labor is an intrinsic characteristic of human life. It may be deployed for pay, as in wage work; it may be utilized to ensure the reproduction of human society, as in (generally unpaid) care work; or it may be deployed to build human institutions outside of the paid labor market, as in volunteer work for charities. But it cannot be stored or stockpiled, nor is it fungible—one worker’s effort and skill will rarely be identical to another’s.134 As a result, labor markets and labor processes are necessarily coembedded with social relationships and institutions. Several examples should suffice to illustrate the point. For example, since employers must ensure that workers actually deliver a serious effort rather than shirking, “social relations in the workplace . . . involve negotiating a fragile balance between control and consent,” between workplace discipline and incentives that motivate workers to perform well.135 This insight is common to Polanyi’s work, to heterodox theories of managerial behavior,136 and to theories of the firm that seek to explain the emergence and persistence of managerial power as a solution to the problem of shirking.137 The social embedding of labor markets also underlies the vast literature on fairness norms on workers’ and employers’ behavior, which demonstrates among other things that employees’ “effort depends upon the norms determining a fair day’s work.”138 The relationship between the economic and the social is also central to contemporary class theory.139 While class and material inequality are often discussed together, they are analytically distinct concepts.140 In some ways, economic inequality is to class as sex is to gender: on one side stands an economic or biological fact, on the other a set of norms that give that fact a social meaning.141 Class does not emerge automatically out of an unequal distribution of resources but rather is rooted in the micropolitics of everyday interactions; others’ behavior helps individuals to intuitively grasp their own class position and thus help reproduce class divisions over time.142 While many fields are important to this process, particularly the family,143 labor markets and workplace experiences are utterly central to it. Employment provides the bulk of most individuals’ resources, and power relationships within employment help shape individuals’ and their children’s senses of self-worth: as a leading class theorist argued, in the contemporary division of labor, the working class and poor become “imbued with a sense of their [own] cultural unworthiness.”144 Finally, the relationship between workplace practices and hierarchical social divisions is clear in low-wage worker narratives, which refer often to the indignities of low-wage work.145 A case in point is Nickel and Dimed: On (Not) Getting by in America, in which the investigative journalist Barbara Ehrenreich spent a year trying to survive on jobs paying around $6 or $7 an hour: “What surprised and offended me most about the low-wage workplace,” Ehrenreich reflected, “was the extent to which one is required to surrender one’s basic civil rights and—what boils down to the same thing—self-respect.”146 She confronted rules against “gossip” or even against talking to coworkers, mandated drug testing for menial positions, searches of her person or property, and capricious punishment for trivial violations of workplace rules.147 Such actions were particularly surprising, Ehrenreich writes, because they often seemed economically irrational: drug testing, for example, is quite expensive, particularly for restaurant servers who will be paid around $3 an hour. But they made sense, Ehrenreich postulates, as a means of imposing social distance: “If you are constantly reminded of your lowly position in the social hierarchy,” she writes, “whether by individual managers or by a plethora of impersonal rules, you begin to accept that unfortunate status.”148 gin to accept that unfortunate status.”148 To be clear, the sorts of generous redistributions that liberals have defended would be essential in a society committed to social equality; individuals who cannot satisfy their basic needs can hardly “stand eye to eye”149 with the wealthy and powerful. Nevertheless, ensuring decent relations among individuals—and therefore decent work—has traditionally been less of a priority for post-Rawlsian liberals.150 Social egalitarian theorists suffer from a reciprocal weakness: they have endorsed various labor-market regulations to address workplace status harms,151 but have not considered in detail the possible costs of those regulations.152 Part III now turns to such questions in the context of the minimum wage. III. Minimum Wage Laws and Social Equality

This Part argues that minimum wage laws help ensure decent work and social equality for low-wage workers. Subpart III(A) addresses the effects of such laws on workers’ self-respect. Minimum wage laws primarily enhance low-wage workers’ self-respect by increasing their wages. This enacts basic moral imperatives that all work has value, that all employees deserve decent wages, and that employers rightly bear most of the associated costs. Minimum wage laws also enhance workers’ selfrespect by granting them formal legal entitlements against employers. Subpart III(B) then considers the economic costs and benefits of minimum wage laws and transfers. Minimum wage laws tend to deliver additional resources to low-wage workers as a group and to force employers and consumers to internalize some of the costs of extremely low-wage labor. While this may reduce demand for low-wage labor, that is generally a cost worth bearing to reduce work-based class and status divisions—particularly since direct transfers may exacerbate such divisions. Subpart III(B) closes by considering the proper balance among minimum wage laws, transfers, and other regulations in promoting decent work and social equality. A. Effects of Minimum Wage Laws on Workers’ Self-Respect 1. Wage Rates and Self-Respect.—Wages matter to our self-respect. This point is straightforward, even commonsensical. As the Nobel Laureate economist Robert Solow wrote in an influential study, “Wage rates and jobs are not exactly like other prices and quantities. They are much more deeply involved in the way people see themselves, think about their social status, and evaluate whether they are getting a fair shake out of society.”153 Wages are, of course, a primary means through which individuals meet their material needs. But the relationship between wages and respect runs deeper than resources per se since money is a dominant primary good in our society, one “readily converted into prestige and power.”154 Wages measure the value of our work, and signify our place within the class and status structure.155 At one extreme, societies have long dealt with the worst sorts of hard and dirty work by assigning it to “degraded people,” ranging from slaves, to “‘inside’ aliens like the Indian untouchables,” to racial minorities, and, of course, to women, all of whom have been understood not to deserve decent wages, or even any wages at all.156 Given the all-too-recent historical context of slavery and serfdom, the very payment of wages is a powerful indication of workers’ moral equality. Outside such extreme examples, low-wage employment is often painful, involving “violence—to the spirit as well as to the body.”157 While not all workers risk physical injury, most still must submit to their employer’s unilateral direction, often in jobs that carry little creativity and little hope of advancement. Minimum wage laws compensate workers, however partially, for the difficulties and indignities of such work. Granted, money is an imperfect compensation for nonpecuniary harms, but it is important nevertheless. Higher wages enable workers to enjoy a higher material standard of living and perhaps to work less and spend more time on leisure. They also give tangible form to the moral equality between workers and employers. Every pay period, minimum wage workers receive a check from their employer for an amount greater than they would otherwise have received. This can have a profound effect on workers’ view of their place in society: for example, after a 1999 living wage ordinance raised his wage nearly $2 per hour, a janitor at the Los Angeles airport remarked that, while he and his coworkers still did not make much money, “at least now with the living wage, we can hold our heads up high.”158 The fact that employment is a bilateral and reciprocal relationship justifies the institutional form of minimum wage laws, i.e., the requirement that employers themselves pay higher wages. The harsh conditions and status harms of low-wage employment do not occur in a vacuum: employers and managers enjoy individualized and institutional benefits from workers’ efforts, benefits that are not always shared with the rest of society. Those include profits as well as the higher social esteem and occupational autonomy that accompany entrepreneurship and management. Given such agent-specific benefits, and given that such benefits occur within social structures that impose reciprocal harms on employees, it seems entirely appropriate for employers to shoulder the bulk of the redistributive burdens imposed by minimum wage laws, rather than mediating all redistribution through the state. Transfers simply have a different valence: they alter power relationships between workers and employers indirectly, if at all. While a robust basic income would enable workers to reject truly undignified work, it would not alter the legal rules that undergird the division of labor.159 Employers would still enjoy the legal right to issue orders and low-wage workers would still need to obey. Altering parties’ bilateral entitlements is therefore an appropriate policy response. Minimum wages are also far more salient to workers than transfers.160 As noted above, wages are paid weekly or biweekly by the employer, reflecting the employer’s reciprocal duties toward workers; in contrast transfers come from the state, an abstract entity that typically exerts power over workers only indirectly. Wage subsidies would avoid some of these difficulties since workers receive money directly from their employer, but wage subsidies have other drawbacks, as discussed below.161 To be clear, this is not an argument that minimum wage laws require employers to personally express respect for workers. Since respect is an aspect of social relationships, it simply cannot be mandated by the state.162 But the state often does forbid practices and behaviors that tend to undermine individuals’ self-respect, or, in Rawls’s evocative phrasing, practices that encourage “attitudes of deference and servility on one side [and] a will to dominate and arrogance on the other.”163 Rules against sexual and racial harassment are a powerful and clear example.164 Minimum wage laws are another. They prohibit a certain class of employment relationships that lead to pervasive status harms. Moreover, even if employers pay minimum wages grudgingly, doing so may well reinforce workers’ self-respect by demonstrating that the law protects them against certain employer actions. 2. Formal Legal Entitlements and Self-Respect.—Minimum wage laws also enhance workers’ self-respect by granting them formal legal entitlements vis-à-vis employers. This is in part an expressive effect of minimum wage laws, which are an easily grasped policy “that symbolizes the political system’s commitment to working people.”165 Such laws signal that the state and broader society view workers as worthy of legal protection, even when doing so imposes costs upon more powerful social groups, as captured well in the textile worker quote in this Article’s introduction. But the legal entitlements provided by minimum wage laws are not merely symbolic. Under such laws, workers can hale employers into court to prevent enforcement of labor contracts that pay less than the minimum, employers owe workers correlative duties, and state agencies stand ready to intervene on behalf of workers.

#### Human rights outweigh economics – treating workers with dignity is inherently more important then minor economic qualms

McElwee 13 [Sean McElwee, researcher/writer with a master's degree in quantitative Methods for social science from Columbia University, 8-8-2013, "The Moral Case for a Higher Minimum Wage,” Huff Post, https://www.huffpost.com/entry/the-moral-case-for-a-high\_b\_3719252]/Kankee

Economists on the left have aptly noted that productivity has increased dramatically over the past 30 years, with no similar increase in wages (Schmitt). Others (Card and Krueger, but more recently Dube et al) have noted that apocalyptic predictions of mass unemployment have proved wrong in the past. Economists of the middle-out persuasion have shown how a higher minimum wage would stimulate demand. But, in a sense, we don't really have to prove this. When debating the Kyoto Protocol we don't ask whether unemployment will drop by 1% or 2%, but whether it's morally appropriate for two dozen or so developed nations to benefit from GHGs that will primarily affect the world's poorest people. When Ford executives released the Pinto, it would have been preferable had they asked, not whether the car would be profitable, but whether it's moral to knowingly sell a deadly product. Similarly, even were some businesses to fail, unemployment rise and prices increase, a higher minimum wage could still be an acceptable policy. We must ask ourselves whether we want to live in a society when the poorest working people can not afford to purchase basic necessities. Or, put differently, should a business that cannot afford to pay its workers enough to survive be allowed to exist, grow and prosper? This question is not entirely absurd, and we have had to ask, and answer similar questions before. We once had to ask ourselves whether a company that could only remain profitable by releasing toxic chemicals into the air should be allowed to exist. We answered no. We once had to ask ourselves whether a company that could only remain profitable by employing child labour should be allowed to exist. We answered no. We once had to ask ourselves whether a company that could only remain profitable by paying women too little, pushing workers too hard, or maintaining a dangerous workforce should be allowed to exist. We answered no. It would seem rather boorish to suggest today that were McDonald's to stop hiring 10-year-olds to cook burgers, its prices would have to rise 68 cents and therefore we shouldn't ban child labor. And yet, because of a similar price rise, workers at McDonald's must work two jobs or go without health insurance. That means that what many Americans take for granted: time to read, enjoy coffee in the morning and play with their children are all luxuries for the employees from whom we purchase burgers. Is that the type of society we want to live in? One in which workers at Wal-Mart must also accept food stamps to keep your "everyday low prices" around? Walmart and McDonald's brutally crush any attempt for workers to get a decent value for their time and labor. This same brutality occurred frequently during the Industrial Revolution, a time of environmental degradation, worker abuse and widespread inequality. This is the left's strongest argument. Markets are not divine incarnations of revealed wisdom; we must modify them to suit our demands as a society. When markets produce negative consequences, we don't accept them and move on, we demand public action. So it is now. Some on the left have suggested some sort of Negative Income Tax as a solution (and I would heartily accept a guaranteed minimum income, it would compliment a higher minimum wage); but this fails to get at the problem. There should be a dignity in labor. Those who work should have enough money to eat, live comfortably and enjoy time off. I'm rather tired of wealthy writers, economists, politicians and businessmen who believe that they should enjoy these benefits, but other members of society should not. I've always held the relatively simple belief that profits should always be in service to people, not the other way around. On the Economist blog, however, Will Wilkinson writes that, "Subsidising the worker, to bring her up to a certain baseline minimum, counts as a subsidy to the employer only if we think that was the duty of business all along--to pay workers not only a wage commensurate with the market value of their labour, but also sufficient to finance a life of a certain dignity and security." His argument against the living wage is based on two dubious propositions; the first is that businesses will pay employees commensurate with the value of their labor (belied by the empirical data) and the second, that businesses have no obligations further than that. The market is once again, "the institutionalization of irresponsibility." If a corporation can make a profit, it should, human considerations be damned! The great economist, E.F. Schumacher once noted that we should study economics "as if people mattered." Economics can tell use how to stimulate aggregate demand, estimate inflation and predict GDP. But it can't tell us what we as a society should value. Economics can tell you that one billionaire buying a yacht for a $10 million dollars will stimulate the economy to the same extent as ten thousand working-class families purchasing $100 worth of diapers. But they can't tell you whether one purchase is morally superior. That is for us to decide. Those who argue against raising the minimum wage are not seeking some moderate middle ground; they are arguing to abolish it. The value of the minimum wage has slowly eroded to the point that today it is worthless. Liberals and progressives still clinging to Victorian notions of progress are under the illusion that we have become a more compassionate, more fair society. Rather, the fact that we must still advocate for the minimum wage, progressive taxation, unions and Social Security -- programs taken for granted decades ago - indicates how barbaric our society has become. That is why raising the minimum wage is the only moral option available to us today.

#### Living wages are key to respecting human dignity and freedoms

Searle and McWha-Hermann 20 [Rosalind H. Searle, chair in Human Resource Management and Organisational Psychology at the Adam Smith Business School with a PhD, and Ishbel McWha-Hermann, Senior Lecturer and Deputy Director Academic at the MBA Programmes at the University of Edinburgh Business School, 4-27-2020, "“Money’s too tight (to mention)”: a review and psychological synthesis of living wage research", Taylor & Francis, https://www.tandfonline.com/doi/full/10.1080/1359432X.2020.1838604]/Kankee

Conceptualizing the living wage International agreements including the Universal Declaration of Human Rights (quoted at the beginning of this article) emphasize the importance of an income level that enables dignity for individuals and their families. In this way, the living wage shifts beyond a minimum wage, to include a wage which provides an improved quality of life, and clearly links with the concept of decent work; i.e., work which meets fundamental needs for material well-being, economic security, equal opportunities, and scope for human development (International Labour Organization [ILO], Citation2019b). A living wage is usually defined in terms of subsistence and need, where a living wage enables meaningful participation in society beyond mere survival, for example, through enabling activities such as recreation, supporting a family, and saving financially (Yao et al., Citation2017). However, while there is general consensus about the living wage as a concept, its implementation in practice is far less clear (Carr et al., Citation2016a). For instance, studies reveal enormous variation in wage level calculations, arising from factors including employment sector, country and region, as well as individual criteria such as workers’ age (Anker, Citation2006). Stabile (Citation2008) argues that the living wage should vary according to the standard of living in different communities, highlighting a relational, perceptual focus. Others define it as an amount that permits independence from welfare or other public subsidies (e.g., Ciscel, Citation2000). A further consideration is to whom it applies, whether an individual worker, or extending to their families too (e.g., Clary, Citation2009). In this paper we build on these perspectives to define the living wage as a wage level sufficient by the standards of their community to enable the worker and their direct dependents (family) to live a decent standard of life independent of welfare and other public subsidies. Historically, the origins of wage protection for workers that links their labour to adequate remuneration lies with early philosophers such as Aristotle and Plato (Stabile, Citation2008). Its modern origins stem from the 1770s and moral economist Adam A. Smith’s (Citation1776) seminal tome The Wealth of Nations. In this, he extends earlier Greek notions of “just wages” and raises questions about the purpose of work, income, and the search for virtue. His central concern focuses on who has moral responsibility to pay workers for their time and labour, indicating possible conflict between the narrowly focused market demands, with broader societal welfare responsibilities. As such, he highlights the necessity of adequate wages for sustainability and development of human capital, recognizing the social problems (such as crime and social unrest) that stem from inequality (Parker et al., Citation2016). These social welfare concerns echo theological and Christian ethics work, including Pope Leo XIII’s 1891 intervention that workers should be “reasonably and frugally comfortable in return for their toil”, or else they were “victims of injustice and fraud” (Anker, Citation2006, p. 309). Building on Smith’s work, three scholars (Ryan, Citation1906; Stabile, Citation2008; Waltman, Citation2004) are credited with extending his living wage ideas (Werner & Lim, Citation2016). Collectively, three critical arguments for payment of a living wage emerge: sustainability, capability, and externality. As a moral economist sustainability was one of Smith’s (Citation1776) central concerns, outlining the importance of a living wage that allowed workers, and critically the poorest, a sufficient income to provide them and their families with basic necessities. What constitutes a family’s basic necessities has been much debated, but there is general agreement in it being sufficient to procure food and accommodation, and enable workers to remain healthy and therefore capable of sustaining their labour (Stabile, Citation2008). Beyond sustaining workers and their families, more recent arguments have emphasized social sustainability, extending its importance in social cohesion and trust, which are undermined by societal inequality (Waltman, Citation2004). Through providing decent living conditions (i.e., accommodation, transportation, clothing, and personal care) living wages enable full participation in society (Ciscel, Citation2000). They can also offer access to education. In this way, the living wage extends beyond individual health to facilitate the transformation of workers into citizens through their inclusion in the wider community and society. Echoes of social sustainability are also visible in more recent protests against growing inequality, such as the Occupy movement (Werner & Lim, Citation2016). Building on the sustainability argument, capability centres on higher wages improving not only individuals’ productivity but also their future trajectories (Stabile, Citation2008; Citation2018). The enhanced wage level of a living wage offers an individual and their family the space and means for self-enhancement and capability development. It therefore creates new freedoms and choices for the worker. Sen’s (Citation1999) capabilities work regards lack of income as the principal constraint on an individual, causing impoverishment and deprivation. However, his work emphasizes the importance of looking beyond economic indicators of deprivation, and has advanced thinking about, as well as measurement of poverty (e.g., the Human Development Index (Anand & Sen, Citation2000)), while also contributing significantly to the development of a new welfare economics (Desai, Citation1991). Building on these ideas, Stabile (Citation2008) notes that “if development expands the freedom of individuals, those individuals will then have the capability to enhance the process of development, bringing more freedom and more development”. Higher wages unlock new freedoms as workers can work fewer hours, allowing their time to be spent in different ways, whether with their families or their communities (Werner & Lim, Citation2016), or on themselves. Capability-building therefore considers matters of choice, contingencies, and the inter-connections between quality of (paid) work and private life. Sen (Citation1999) outlines the breadth of skills which Pollin (Citation2005) reminds us includes inherent freedoms that arise from “the ability to read and write, to lead a long and healthy life, to have freedom of movement, and to participate meaningfully in the civic life of the community”. The final living wage argument concerns externalities, highlighting the additional social costs, health, and longevity, that occur when employers fail to pay living wages (Cole et al., Citation2005; Stabile, Citation2018). For example, those on low wages work longer hours, perhaps across multiple jobs, which exacerbates their strain and exhaustion, and in the long term burdens taxpayer-funded health systems. As a result, regulators should compel low-wage employers to pay a penalty required to meet these social consequences (Stabile, Citation2008). Further, in developed economies at least, low-pay recipients often receive means-tested benefits, such as subsidized housing or free school meals. Taxpayers therefore subsidize low wages via state welfare provisions (Muilenburg & Singh, Citation2007). The shifting of costs onto the state is concurrent with growing inequality from widespread wage stagnation while those at the top of society prosper (Robinson, Citation2004). Through taxation and welfare the burden of low wages shifts onto society from non-living wage organizations. Having introduced how living wages are defined and conceptualized, we now outline our methodology, before providing details of the findings of our review.

#### Living wages are key to a dignified life

Lipp 2 [Marybeth Lipp, Appeals Attorney with a BS from Northwestern, 2002, “LEGISLATORS' OBLIGATION TO SUPPORT A LIVING WAGE: A COMPARATIVE CONSTITUTIONAL VISION OF JUSTICE,” Hein Online, https://heinonline.org/HOL/P?h=hein.journals/scal75&i=493]/Kankee

VI. CRITICAL ANALYSIS: COMPILING A SUBSTANTIVE VISION OF JUSTICE Black, Edelman, and Michelman provide the foundation upon which to build a substantive vision of justice. Though relying on different sources, each requires a minimum amount of money or fulfillment to ensure a dignified existence. Black's constitutional justice of livelihood mandates a decent material basis for life, one that considers all human needs-both physical and spiritual.3 °6 Edelman argues for a subsistence income, providing all of the conditions necessary for human self-realization and assuring more liberal provisions than eking out a miserable, meager existence. 30 7 Rather than suggesting a certain amount of income, Michelman makes a case for minimum protection of each individual against economic hazard, which requires satisfaction of just wants or basic needs. He contends that this protection requires an income that will absolutely meet these needs without additional prerequisites. 308 Thus, these theorists help to uncover the first necessary component of a substantive vision of justice. All human beings possess entitlement to enough income to meet their physical and spiritual needs-at a minimum. These provisions must assure a self-respecting lifestyle-a guarantee of more than abject poverty. This subsistence income must secure a lifestyle that facilitates human self-realization--conditions fostering intellectual and cultural development, building community, living with pride. Finally, this income must provide enough to make certain that the basic needs of lifeone's just wants-will be satisfied without additional requirements and without state intervention or support. The income that a substantive vision of justice requires ought to secure self-sufficiency. This Note's comparative journey complements this preliminary vision of justice. Although India declares itself a social welfare state, its constitutional text and Supreme Court opinions still enhance a substantive vision of justice for our American constitutional democracy and do not differ a great deal from the foundational vision already derived from American legal scholars. In fact, the preamble of the Indian Constitution commits the nation to social, economic, and political justice as well as to ensuring the dignity of each individual. 30 9 The living wage language also parallels the dignified income envisioned by Black, Edelman, and Michelman, as it must ensure a decent standard of life in addition to full enjoyment of leisure and of social and cultural opportunities. 310 The Constitution goes beyond this vision, however, by requiring the state to minimize inequality of income and to distribute resources fairly. 311 Thus, the Constitution of India explicitly compels the state to do what Black, Edelman, and Michelman only suggest: to ensure more equitable incomes, diminish the wage gap, and guard against the concentration of wealth in an isolated, elite group. Indian case law questions traditional ideas about what inputs fashion an efficient economy. The Supreme Court rejects laissez faire economics as the only-or even the correct-framework in which to figure a just wage structure.312 Specifically, the Court has suggested that right and wrong, propriety and impropriety, fairness and unfairness, as well as the social conscience of the community should all have voice in the Indian wage structure.3 13 Efficiency in the Indian economy yields fair return to capitalists, fair wages to wageworkers, and fair prices for consumers. 314 The Indian living wage means that every wageworker should make enough income to provide his or her family's essential needs, a prudent amount of life's comfort, and some security for retirement or disability. 31 5 Realizing the current inability of the Indian economy to sustain a living wage, the Court still foreclosed the existence of businesses unable to employ workers at the barest minimum wage and expressed its refusal to tolerate poverty wages. 316 Hence, the Indian judiciary collapses ideas of economic efficiency and justice, challenging a new perspective from which to view economically efficient markets and refusing to make market forces the predominant dictator of workers' wages. A substantive vision of justice must also require, then, a creative, non-traditional approach to wage calculations and economic efficiency-one that gives credence to fairness, decency, ethics, morals, and the community's social conscience. India also enhances a vision of justice already firmly held in the United States: proscriptions on involuntary servitude. The Indian Constitution also prohibits labor by force. 3 17 The Supreme Court of India, however, conceptualizes labor by force to include labor compelled by hunger and want. The Court mandates that no one should accept poverty wages by force of destitution, helplessness, and desperation. 318 Accordingly, India contributes to a broader reading of the Thirteenth Amendment of the United States Constitution, suggesting that a just society prohibits slavery, or forced labor of the abjectly poor at inhuman wages. Finally, the Public Interest Litigation Movement in India 319 contributes to a substantive vision of justice. Though it focuses on the judiciary, the movement recognizes that promoting and establishing justice for the underrepresented and impoverished people accomplishes more than realizing the human rights of those groups. In addition, it reaffirms the nation's commitment to justice for all people and recommits the Indian people to realizing social, economic, and political justice-a foundational precept of the Constitution of India. Consequently, protecting the vulnerable realizes a particular vision of justice and functions as a symbol of the nation's continued oath to adhere to the Constitution and protect the basic human needs of all Indians. South Africa further informs the developing substantive vision of justice. Rather than defining a dignified income, the constitutional text affords all South Africans a right to shelter, healthcare, food, social security, and education.320 While at first glance, this Constitution seems to share a wholly different vision of justice, it actually adheres quite closely to the just wants argument pressed by Michelman. 321 Whether arguing for a certain amount of income that will secure a dignified existence or asserting that justice requires the individual components that comprise a dignified existence-which a subsistence income could purchase-both arguments support a similar vision: justice demands the fulfillment of each individual's physical and spiritual requirements. Similar to India, South African case law struggles with meeting these needs and the reality of limited resources. Inability to satisfy all of the socioeconomic requirements specified in the Constitution, however, does not render the aspirational qualities of either the Constitution of South Africa or India moot to informing a substantive vision of justice in America. In fact, with a stronger economy, the United States might not encounter similar problems matching economic and social needs of the American impoverished. In addition, its ability to satisfy these rights might make the substantive vision of justice developed here even more compelling for conscientious legislators. For example, the South African Constitutional Court attempts to adhere to the Constitution's commitment to address poverty and the deplorable conditions it imposes, recognizing that the vow to eliminate such circumstances rings hollow so long as many continue to suffer in poverty.322 Similarly, in Soobramoney, the Court reluctantly denies the plaintiff access to kidney dialysis in order to use state resources to provide the greatest amount of care for the greatest number of people, by using limited funds for preventative health care and non-fatal diseases.3 23 Thus, South Africa challenges us to adopt an ambitious vision of justice to which we must continuously and tirelessly strive. As applied to the United States, some components of this substantive vision of justice might remain unmet, threatening to make a mockery of any serious commitment to address poverty and dignified wages. On the other hand, greater resources in the United States arguably could leave fewer needs unmet, substantiating efforts to actualize a substantive vision of justice. In addition, South Africa suggests that enacting any vision of economic justice will require difficult funding choices. This difficulty, however, further dares us to promote justice for the greatest number of people. Despite its admitted failures in implementing all of the goals of its New Constitution, the South African Constitutional Court's jurisprudence reflects an enduring sensitivity to poverty, social disadvantage, and economic vulnerability. 324 Its case law reflects an intense commitment to discerning what justice requires in a constitutional democracy in light of the contemporary social and economic context the nation faces.325 In attempting to fulfill constitutional demands on the state, the Court takes note of poverty, illiteracy, the quality of free legal services, and the hardships a single mother faces.32 6 This sensitivity suggests a substantive vision of justice should adhere to its broad and abstract ideals while simultaneously recognizing societal ills in need of repair. Once this vision of justice promotes the passage of living wage legislation, for example, it should be rearticulated and molded to confront poverty problems beyond the working poor. In sum, then, a substantive vision of justice comprises seven components. First, this vision requires wages or income high enough to sustain a dignified lifestyle. Second, it necessitates an innovative approach to the structuring of wage scales and an open view of economic efficiency and market functioning. Third, justice requires a conceptualization of involuntary servitude as including situations where abject poverty compels workers to engage in labor at subhuman wages. Fourth, a substantive vision of justice does not view protecting the politically powerless as a waste of legislative resources or an inappropriate use of government assets. Instead, it views empowering the vulnerable as a reaffirmation of our commitment to the Constitution and integral to the security of all human rights. Fifth, justice includes ambitious and currently unreachable goals, instilling in us an assiduous effort to provide for the needs of all Americans. Sixth, a substantive vision of justice inevitably entails trying choices between vulnerable groups or basic human needs. This conundrum forces a vision that promotes a utilitarian ideal: fulfilling the basic needs of the greatest number of Americans. Finally, this substantive vision of justice contains two integral components: a faithfulness to principles of dignity and fairness coupled with a pragmatic flexibility to confront the economic and social injustices of the day. VII. A ONE-SIDED PRINCIPLED DEBATE Armed with this substantive vision of justice, conscientious legislators may use it to advance living wage legislation that the Constitution arguably requires. Recalling Tushnet's argument, legislators should use constitutional interpretation to inform the creation of legislation rather than as only a restraint, guarding against the violation of constitutional rights. He suggests that legislators should use the principle values of the Declaration of Independence and the Constitution's Preamble to conduct a political debate that will facilitate constitutional lawmaking. Using the substantive vision of justice developed above and the experience of municipalities and locales with living wage legislation, this Note engages in one side of a principled, political debate in support of living wage legislation. The mobilization for a living wage outlined above suggests that living wage laws establish justice, promote the general welfare, and facilitate the pursuit of happiness for the working poor. Such laws are rooted in reason and justice, and facilitate the inalienable rights of humanity to a dignified existence. First, living wage legislation establishes justice, as exemplified by the substantive vision of justice fleshed out above.327 The whole edict behind a living wage suggests that full-time wageworkers should earn enough to provide for their families without reliance on government assistance.32 8 Living wages demand that wage labor and destitution should never coexist. In a just society, full-time workers should never find themselves unable to make ends meet or falling below official federal poverty measures. A living wage also requires an out-of-the-box approach to the economies of pay scales and wages. Strict adherence to traditional components of economic efficiency and market elasticity discounts the reality of poverty. Justice disqualifies substandard wages and impoverished full-time workers as legitimate outcomes of the free market. Justice requires a new kind of economics that considers the actual expenses needed to provide oneself and one's family with a dignified existence. It demands that employers cannot pay wages less than this living wage. The living wage movement recognizes that employment of wageworkers on poverty wages sacrifices laborers' humanity and amounts to a version of slave labor. A just society will never tolerate workers' acceptance of substandard wages because destitution leaves them no other choice. A constitutional democracy with serious commitments to justice will force those employers that only provide substandard wages out of business because it will never abide involuntary servitude. Living wage legislation acknowledges the premier importance of protecting the working poor from economic exploitation, degrading wages, and the allegedly objective wage scale dictated by free-functioning economic markets when they reach efficiency. In fact, living wage laws realize that failure to protect the vulnerable brands us an unjust societyquestioning the import of other human rights. By failing to ratify federal living wage legislation that safeguards the dignity of the working poor, our society weakens its supposed commitment to the Constitution, to the Declaration of Independence, to a coherent vision of justice in a constitutional democracy. If the American economy or some employers could not sustain a living wage for all low-paid employees at this time, justice would still require a commitment to a universal living wage for all wageworkers. Such a lofty aspiration would continuously dangle the achievement of economic justice before us, encouraging us to strive toward an ideal, similar to anti-discrimination legislation. In addition, the attainment of living wages by some members of the workforce would remind lower-paid workers of their entitlements in a just society to a dignified existence-to a living wage. The fight would continue. Living wage legislation might require compromise: a decision to give government subsidies to employers allegedly unable to pay a living wage might translate into fewer welfare benefits for the unemployed. A living wage-as any other government-mandated program or law-potentially requires troubling choices. Living wage laws, however, might promote a utilitarian notion of justice. Living wages would not only lift the working poor from poverty measures, but they also would reduce the number of people dependent on government assistance and create a larger tax base from which to collect revenue.329 Finally, living wage legislation reflects allegiance to the dignity of humanity as well as social, economic, and political justice, while simultaneously tackling a problem of principle magnitude today: the lack of living wages for the working poor, which relegates more than seven million American wageworkers to lives of destitution. As briefly mentioned above,33 0 this substantive vision applies to any argument advocating poverty relief. This vision has particular bite, however, when considering the situation of the working poor. If justice requires that each person shall enjoy a decent standard of living, which recognizes rather than degrades the inherent value of each human being, for example, then the Constitution requires a living wage for all wageworkers. While this vision of justice puts forth compelling claims rationalizing why no person should suffer in poverty-irrespective of one's productivity, effort, or contribution to society-the bleak situation facing the working poor enhances this assertion. It adds moral, popular, and political support to this argument when one acknowledges the full-time toil and constructive involvement that the working poor play in the education of our children, the functioning of our infrastructure, the safety of our transportation systems, and the efficiency of the healthcare industry. A just society cannot condone these contributions through poverty wages. Second, living wage legislation promotes the general welfare. In addition to justice-oriented arguments in support of the living wage, a "rising tides lifts all boats" analogy also applies. First, workers earning a living wage experienced great psychological gains, including improved self-confidence, self-esteem, and pride.331 In addition to these gains, governments with living wage experience tout the economic incentives of adopting such legislation. 332 Living wages have helped to narrow disproportionately wide wealth gaps in many communities, lowered tax monies used for public welfare, allocated more disposable income that wageworkers can use to oil the economy, and increased tax revenues. 333 The ability to purchase health insurance and take advantage of preventative healthcare also decreased unnecessary hospital care of the working poor on the government dole. 334 Employers also applauded the lower turnover and higher quality work among their employees once they earned a living wage.335 Business owners also suggest that broad-based living wages promote a healthier business climate, basing competition on the quality of service or product rather than deplorable wages. 336 Studies of implemented living wages corroborate increased workforce motivation, productivity, and stability; decreased absenteeism and turnover; and overall company competitiveness. 33 7 Feared increased costs and business relocation never occurred and probably would not manifest under federal living wage legislation, as all employers nationwide would have to adjust business practices to cover increased wage costs.338 Thus, experience with living wages suggests that they will improve the psychological health of wageworkers in addition to strengthening economies, improving business competitiveness, aiding increased tax revenue, and saving public expenditures. In short, living wage laws promote the general welfare. Finally, living wages facilitate the pursuit of happiness for the working poor. As Black argues, 339 poverty may be the foremost obstruction to the pursuit of happiness for the working poor. For how can the working poor pursue their dreams, their self-development, cultural enrichment, rest, or leisure if poverty forces them to work two or three jobs or if the worry of providing for their families destroys any chance of real relaxation? Poverty wages often prevent the working poor from supplying nutritious food for their families without the help of food stamps. And how can those who work full time for a living pursue true happiness if their insufficient wages leave them either dependent on government assistance or foregoing basic needs? Disturbing as it may be, poverty wages devastate altogether the hopes, the dreams, the pursuit of happiness for the working poor. Living wages would provide enough basic comfort and security to ease the stress of daily provisions and to free some time and space for one's wants rather than solely one's needs. Living wages would give the working poor a chance at the pursuit of happiness. CONCLUSION

#### Underpaying employers are social parasites, forcing taxpayers to support workers paid to little to support themselves

Howell et al. 16 [David Howell, Professor of Economics and Public Policy at The New School Kea Fiedler, Kea Fiedler, Doctoral Candidate in the Public and Urban Policy Program at The New School, and Stephanie Luce, Associate Professor at the Labor Center of the University of Massachusetts' Amherst, 06-16-2016, "What’s the right minimum wage? Reframing the debate from ‘no job loss’ to a ‘minimum living wage’", Equitable Growth, https://equitablegrowth.org/working-papers/whats-right-minimum-wage-reframing-debate-no-job-loss-minimum-living-wage/]/Kankee

5) The Equity and Efficiency Problems: Why Shouldn’t Fairness and System-Wide Welfare Gains Count? The NJL criterion fails to take into account the fundamental ethical and efficiency justifications that have motivated living wage advocates since at least the 19th century. These justifications can be usefully expressed in the form of three arguments: sustainability, capability, and externality (Stabile 2008; Werner and Lim 2015). On both human dignity and economic efficiency grounds, workers should be able to sustain themselves and to have the opportunity to do so from employment rather than from either tax-based redistribution or private charity. The capability argument extends that of sustainability. As Ryan (1912, p. 73) argued, the wage should be high enough to meet the “minimum conditions of right and reasonable living,” which is necessary to a “life worthy of a human being” (Werner and Lim 2015, p. 5). The affront to human dignity dimension is best expressed in the words of workers themselves. The following is anonymous, from 1935. The most surprising day ever seen in this place was yesterday when the boss was ordered to pay us the code rate… You can guess the money is handy. But there is something more than the money. There is knowing that the working man don’t stand alone against the bosses and their smart lawyers and all their tricks. There is a government now that cares whether things is fair for us. I tell you that is more than money. It gives you a good feeling instead of all the time burning up because nothing is fair (Waltman 2004, p. 183). Following Sen (1999) and Stabile (2008), Werner and Lim (2015) add a more instrumental argument, one that ties morality to efficiency: a decent wage is necessary for “people’s capabilities in regard to the functions they have as members of society and as workers, and to their ability to enhance capabilities in their children.” Although often neglected in the current debate (but was common in the living wage discussion a century ago), there is also a powerful efficiency case for a Minimum Living Wage (MLW) on externality grounds. A wage that fails to meet minimal thresholds for sustainability and capability means that employers are imposing social costs on the nation, which is why Sidney Webb referred to payment of below subsistence wages as a “vicious form of parasitism” (Webb, 1912; see also the quote by Roosevelt on the title page). Using language like Sidney and Beatrice Webb, the U.S. Supreme Court stated the following in their majority opinion in West Coast Hotel v. Parrish (1937) that: Denial of a living wage is not only detrimental to their health and well being, but casts a direct burden for their support on the community. What these workers lose in wages the taxpayers are called upon to pay. The bare cost of living must be met. …. The community is not bound to provide what is in effect a subsidy for unconscionable employers (Quoted in Anker 2011, p. 78). In addition to a drain on government resources, employers paying low wages could drive down wages in other industries. A Congressional Research Service report on the FLSA notes: At the time of the act’s passage, Congress found that a few employers who paid substandard wages caused a decrease in wages within their respective industries, because other employers sought to compete in the marketplace with lower priced goods. Congress also found that these decreased wages caused one-third of the U.S. population to be “ill-nourished, ill-clad, and ill-housed (Congressional Research Service 2013, p. 1). The case for reliance on a NJL criterion would have to rest on the belief that the costs of job loss would more than offset the ethical and efficiency benefits of a higher wage floor. This is the debate that is needed. 6) The Public Policy Straitjacket Problem: A Special Hurdle for Low-Wage Workers?

#### Work is inherently tied with status and social citizenship – poverty wages diminish both

Levin-Waldman 3 [Oren M. Levin-Waldman, professor of public policy at Metropolitan College of New York and a Research Scholar at the Binzagr Institute for Sustainable Prosperity, 07-2003, “The Living Wage: Realizing the Republican Ideal,” Public Affairs Quarterly, https://sci-hub.se/https://www.jstor.org/stable/40441353]/Kankee

But the idea that welfare recipients should work in exchange for benefits raises the specter of slave labor and thus flies in the face of the American conception of citizenship. According to Judith Shklar (1991), this conception of citizenship is best defined as equality of political rights as a first mark and the rejection of hereditary privilege as the second mark. But American citizenship has also contained another element, which is even more critical to a discussion of living wages and that is the dignity of work. As she notes: The dignity of work and of personal achievement, and the contempt for aristocratic idleness, have since Colonial times been an important part of American civic self-identification. The opportunity to work and to be paid an earned reward for one's labor was a social right, because it was a primary source of public respect, (pp. 1-2) In America, then, citizenship has been a matter of social standing in addition to a matter of agency and empowerment. Therefore, the right to earn a living and to be paid a respectable wage has much to do with one's ability to view one's self as a citizen because it affects that person's social standing. Shklar states it well when she writes: To be a recognized and active citizen at all he must be an equal member of the polity, a voter, but he must also be independent, which has all along meant that he must be an "earner," a free remunerated worker, one who is rewarded for the actual work he has done, neither more nor less. He cannot be a slave or an aristocrat, (p. 64) Consequently, to force people to work is to in effect strip them of their social standing. As she puts it: "To those who want to see workfare made compulsory, the idle poor are no longer citizens. They have forfeited their claims to civic equality, and are well on their way to behaving like unemployed slaves, kept consumers who do not produce" (p. 97). The problem is that such calls for workfare appear to be a regression, especially for those who viewed the civil rights movement of the 1960s as a quest for inclusion - the attainment of full citizenship. The civil rights movement, after all, was about who were already considered citizens and who could so become. To now equate citizenship with work implies that for those who struggled to obtain citizenship, it would now be permissible to revoke it because many of the same people are not participating in the common project. And yet, to the extent that the idle poor are ostracized and their citizenship called into question, so too are low-wage workers. Because their social standing is connected to their wages, to not pay individuals a living wage is to effectively deny them their basic citizenship. But Shklar takes it a step further by suggesting than an important element of American citizenship ought to include the right to work by which she means "the comprehensive commitmento providing opportunities for work to earn a living wage for all who need and demand it" (p. 99). Moreover, such a right, while acknowledged not to be a self-evident moral one that is enforceable, would not be derived from the fact that unemployed individuals suffer aloss of self-respect, but that they suffer a loss of public respect. In other words, in the absence of such a right-to-work, the individual suffers a "reduction of standing and demotion to second-class citizenship, to which the public ethos, overtly and traditionally, condemns them" (pp. 100-101). To not enable individuals to work at livable wages is to effectively deprive them of their standing as citizens, which in the republican frame would only result in greater dependence. The Living Wage In contemporary public policy discussions, the living wage refers to ordinances, usually at the local level, that mandate that employers with contracts with local governments pay a specified minimum wage. In contemporary public policy, Living Wage ordinances represent responses to several trends, all of which have left low-wage workers with barely subsistence wages. First, the value of the federal minimum wage has fallen drastically. For much of the 1960s until 1979 the federal minimum wage hovered around 100 percent of the federal poverty level for a family of three and even peaked at 120 percent in 1968, but has steadily declined since. Between 1979 and 1989, the value of the minimum wage fell from 104.3 percent of the poverty line for a family of three (assuming a single mother with two children) to 70.5 percent of the poverty line. And despite subsequent increases in the minimum wage the value of the minimum wage in 1996 was still only 78.1 percent of the poverty line. Whereas the minimum wage used to hover around 50-55 percent of average annual hourly earnings in the 1960s, it was only 39.8 percent in 1996 (Levin-Waldman 2001, pp. 122-123). Second, many municipal governments in efforts to reduce their budgets, as well as create favorable business climates conducive to new investment, have outsourced to private contractors many of the municipal services once performed by municipal workers, who in many cases were also unionized. These contractors generally paid their employees less, and often not much more than the federal minimum. The end result was that many public services were being performed by workers left among the ranks of the working urban poor. More broadly speaking, the living wage is in many cases the culmination of efforts to organize low-wage workers, many of whom have never been unionized, into new mass movements intended to achieve greater economic justice. And third, living wage ordinances are being passed amidst increasing income inequality. Ordinances have been passed in major cities such as L.A., Detroit, and Miami, and cities as small as Jersey City. In Baltimore, for instance, where the first living wage ordinance was passed in 1994, private contractors performing city services were required to pay their workers $6. 10 an hour at a time the federal minimum wage was still $4.35 an hour (Neidt et al. 1998). After an eighteen-month battle over a living wage bill, Los Angeles's City Council unanimously passed a living wage ordinance in March of 1997. The L.A. ordinance applies to public service contracts worth $25,000 or more and to any businesses benefiting from subsidies of at least $1 million in one year or $100,000 on a continuing annual basis. The law requires an initial living wage of $7.25 an hour plus family health benefits or $8.50 an hour without benefits. Thereafter the wage is indexed to annual adjustments made to the City Employees Retirement System. Covered workers are also entitled to twelve paid days off a year (Reynolds 2001). And in Detroit, voters approved, in a referendum, a living wage ordinance that requires all contractors doing more than $50,000 of business with the city to pay at least $7.70 an hour plus health benefits or $9.63 an hour if health benefits are not included (Hurt 1998). What, then, is the Living Wage really about? On one level, it is about raising the wages of those at the bottom of the income distribution. On another level, however, it is about creating a more just society whereby a campaign serves as a vehicle in the quest for economic justice. For some, the living wage campaign rises to the level of a social movement to the extent that these campaigns attempt to affect broader local development policy, which extends beyond the wage rates these workers get paid. According to David Reynolds (1999), the growing movement of Living Wage campaigns across the country has brought together broad coalitions to fight for basic economic justice. The basic concept behind living wage campaigns is essentially the simple notion that tax payers' money should go to those communities that support their local communities, rather than those who force their workers to live in poverty. The process of organizing living wage campaigns has proven to be a major coalition builder and a great opportunity for labor and community mobilization. Serious living wage campaigns deliver key gains for unions and community groups apart from the impact of any ordinance. With living wage campaigns, new opportunities have been opened for unions to organize among low wage workers. Living wage organizations have also helped labor and the community fight privatization and outsourcing by raising the wage floor and uniting coalitions dedicated to blocking low-wage jobs. In more general terms, a living wage coalition raises a fundamental debate over the purpose of economic development and in this vein might actually represent a credible antidote to the economic growth coalitions that have largely been responsible for the outsourcing of municipal services. Living wages, then, become a means of offering low-wage workers voice, which in turn enhances personal autonomy - a basic ingredient in the meaning of citizenship, which is also a basic principle in republican political thought. It does not give greater voice in that it increases the bargaining power among low-skilled workers in the way that unions do. But it does give them greater voice in that higher wages improve their morale and thereby enable them to have greater dignity in their work. In a study on the effects of a living wage in Baltimore, for instance, Neidt et al. (1998) found that based on interviews with those workers who received pay increases as a function of the living wage, most responded that they felt better about themselves because they were earning more (pp. 27-28). Individuals who earn more are more likely to participate in the democratic process, even if their participation is restricted to the most nominal form of participation: voting. But the fact that they feel better about themselves alone should enable them to behave more autonomously. On a more basic level, however, by providing individuals with greater income, it affords them greater opportunity to pursue their own respective self-interests. In short, it enhances autonomy. To a certain extent, a living wage effectively provides individuals with perhaps what Amy Guttmann and Dennis Thompson (1996) refer to as a fair opportunity. Were this, for instance, a deliberative democracy, they argue, a basic opportunity principle would secure citizens an adequate level of basic opportunity goods. Included in such opportunity goods is that of an adequate income level, which they define as that which enables one to live a decent life according to society's current standards. And yet, this is not the same as equality of opportunity, rather they suggest that the operative principle ought to be fair opportunity. Fair opportunity holds that government should ensure that each citizen has a fair chance of securing opportunity goods such as advanced education and skilled employment, i.e., those tools that will enable individuals to secure the types of positions that enable them to live comfortable middle class lives, which clearly has implications for society's income distribution. But by talking about opportunity to join the middle class, they in essence acknowledge the importance of the middle class to the maintenance of democracy. When they talk about a basic opportunity principle, they are specifically talking about it within the context of welfare provision. And yet, there is no reason that ordinances mandating that workers be paid a specified wage cannot be viewed in similar terms. Timothy Gaffaney (2000) maintains that a democratic polity operates on the premise that individuals will be politically autonomous - that they indeed will be citizens. A goal of democracy does not necessarily have to entail economic equality. But a democratic polity does not merely respect and ensure noninterference and non-coercion. It must also ensure that conditions for participation in that democracy are available to all individuals, for by doing so it guarantees a universal application of citizenship. In fact, the state must guarantee conditions for full citizenship. Autonomy, then, depends on access to and control over economic resources. For Gaffaney, this ideally would mean that government provide the poor with the practical training and skills necessary for conducting democratic government. It might mean providing them the basis upon which they can achieve economic independence. For Elizabeth Anderson (1999), however, the state need not go this far. According to her conception of "democratic equality," all law-abiding citizens are entitled to effective access to the social conditions required to maintain their freedom, i.e., their ability to make choices. Therefore, democratic equality seeks to abolish socially created oppression. It views equality as a social relationship. Moreover, individuals are regarded as equals when each accepts the obligation to justify his/ her actions according to principles acceptable to others. Democratic equality, then, does not require the elimination of income inequality once all citizens enjoy a sufficient set of freedoms to function as equals in society. Society does not have to compensate for inferior natural endowments, but it does have to ensure that conditions are such that individuals can function as equals. In this vein, she suggests that a wage floor, for instance, might well be in keeping with the requirements of democratic equality because it establishes a condition necessary to function as equal and autonomous citizens. Citizenship requires more than the functioning as a political agent; it requires participation as an equal in civil society. Although democratic equality does not require the elimination of income inequality per se, it does suggest limits. These limits would be the point at which income could be converted into status inequality(Anderson 1999). Which is to say, that considerable income inequality could be a threat as it might result in status inequality. But at the same time, policies that limit income inequality, albeit they will never eliminate them altogether, serve to preserve the necessary conditions for the maintenance of equal social relations among people. The same logic applies to republican government, as the assumptions are very much at the heart of republicanism. Moreover, such policies do much to preserve the concept of citizenship as social standing and to prevent individuals from being deprived of their citizenship. Comparative Rhetoric

#### Living wages grant value to work, enhances freedom, and ensure economic independence – both are key to maintaining social citizenship

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Conclusion To the extent that the rhetoric of the living wage is very similar to the rhetoric of the past, it seems reasonable to conclude that the living wage strives to achieve the same goal today that it always has: to improve the lives of those at the bottom of the income distribution and enable them to live independent and autonomous lives. It also forms the basis upon which they can feel included. By organizing low-wage workers into campaigns for living wages at the local level, campaign organizers do much the same that labor leaders did in the past: they rally low-wage workers around cries of a living wage in their quest to give the work they do greater dignity. Therefore, in that the dignity of work is intimately wrapped up in the notion of earning a livable wage, one might further conclude that the contemporary living wage movement is in lines with the same republican tradition. At the heart of republicanism, of course, is the very meaning of citizenship. The living wage movement of the past assumed that one could not rightfully make claims to citizenship - or at least be viewed in those terms by others - unless one had dignity in one's work, which itself could not happen unless one was paid a livable wage. In part, this was, as Shklar suggests, a matter of public respect. What the contemporary living wage, in the form of the campaign, does is give workers voice in very much the same way it did in the past. As a measure that raises lowwage workers' wages and affords them greater dignity in their work, a living wage should then be viewed as a measure aimed at preserving the framework that allows individuals to function as autonomous citizens. Does a higher wage in and of itself not have the effect of giving workers greater voice, which in and of itself becomes a basis for empowerment? It does not give greater voice in that it increases the bargaining power among low-skilled workers in the way that unions do. But it does give them greater voice in that higher wages improve their morale and thereby enable them to have greater dignity in their work. In the past, the idea of a living wage, as we have seen, was to enable workers to rise above the shameful image of an enslaved prostitute, and achieve full citizenship through livable wages. And in fact, the language of citizenship was often used to galvanize not only workers, but the broader middle class to support the concept of a living wage. Citizenship, in other words, was analogous to free labor, which was the same as being a free individual. By wrapping the living wage in the language of citizenship, social reformers effectively sought to put wage laborers on the same footing as others - those that traditionally secured their rights of citizenship through the ownership of property and the economic independence they enjoyed as a result. In the absence of traditional property per se, the average wage laborer could become a property owner of his own labor, but only if that labor were to have value. The ultimatends of that living wage was to give that labor power so that workers could assert their property rights - as others were - as the basis for their making legitimate claims to citizenship. In this vein the living wage of contemporary policy discourse accomplishes the same objective. It gives value to the labor that low-wage workers do, which in essence is the only real property that they have. Does this not in a sense return us to the notion that Harrington put forward that a more equitable distribution prevents the emergence of a nobility? To talk about a more equitable property distribution in Harrington's time was the same as talking about equality of wealth. A living wage, in and of itself, is by no means going to reverse the trend of rising income inequality in recent years. But to the extent that labor market institutions do have a role to play in narrowing the gap, the living wage of today does perhaps send a message that the power of a different type of nobility - corporate interests that profit off the backs of inadequately paid workers at the bottom of the income distribution - does need to have limits imposed on it.

#### Low-wage workers ensure basis-freedom for society free from self-sustaining labor – reciprocal societal treatment implies they ought not struggle merely because they support society

Maskivker 23 [Julia Maskivker, Professor of Political Theory at Rollins College with a PhD in political science from Columbia University, 2023, JUSTICE AND CONTRIBUTION: A NARROW ARGUMENT FOR LIVING WAGES,” The Journal of Philosophy, https://www.academia.edu/85652215/Justice\_and\_Contribution\_A\_Narrow\_Argument\_for\_Living\_Wages]/Kankee

The problem with the foregoing approaches is that they fail to explain why, specifically, workers are owed anything for what they contribute to society. They leave the black box of what constitutes a fair return for a certain type of contribution unopened. Because of this gap, they do not dwell on the reasons why, under normal circumstances, failing to pay living wages is an affront to justice, not just humanity or beneficence. My aim in this paper is to show that we miss something morally important if we do not understand the unique significance of this reason. Interestingly, the idea that fair return should centrally figure in a justification of decent pay for work was perfunctorily mentioned by Adam Smith in The Wealth of Nations. After arguing that increasing the well-being of workers would be conducive to national prosperity, he said: “No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable. It is by equity, besides, that they who feed, clothe, and lodge the whole body of the people should have such a share of the produce of their own labour as to be themselves tolerably well fed, clothed, and lodged.”5 Smith did not expand on what he meant by “equity” or by which exact logic the reciprocity that he was seemingly defending would be justified. I am not interested in reflecting on how Smith himself would have filled this vacuum, but he did identify an under-examined and relevant idea. Smith’s concern was with laborers that produced goods necessary for the fulfillment of important, close-to-essential human needs—he did not seem to be expressing concern for all types of workers and all types of desired goods. Needs and desires are not always coextensive, obviously. My arguments here will also apply to workers who produce goods and services that we would be hardpressed to forsake without sacrificing something of objective moral importance—namely, something that we need to have (not just want) so that our life is livable enough according to the standards of the historical epoch in which we live, even if it is conceivable that some individuals may not value these goods appropriately. I cannot dwell more on the technical issues of how to calculate a living wage and on how these calculations may vary according to a country’s economic development level. I expect the foregoing stipulations to suffice for my normative arguments in this paper.6 Workers of the sort that Smith described, who do life-sustaining tasks for others in the community, save the rest of us from toiling to survive and, in so doing, grant us a type of freedom that is necessary for pursuing ends and relationships that matter to us. Because this benefit contributes to making meaningful and self-charted living possible, society owes those responsible for collectively providing it a fair shot at living meaningfully and autonomously, too. Society owes them a fair return in value. This reciprocal response, I will show in the paper, is normatively bound up with considerations of fair play. It will be clear from the arguments developed below that denying life-sustaining workers a fair return in value for their contributions amounts to foul play on the part of society. That is, I will submit that society deals a low blow to life-sustaining workers when they end up struggling to subsist despite being normally productive contributors to the life of others in the community. A focus on reciprocity as fair return is necessary to isolate a particular form of justification for a decent income, which we must distinguish from other forms of justification. Reciprocity as involving fair reward for our contributions to a scheme of cooperation (such as society) offers a test case for conceptions of equal treatment that hold that individuals should get their “just due.” More precisely, a focus on reciprocity framed in these terms offers a test case for understanding what justice requires that people get on account of the benefits that they have contributed to the lives of others. Ignoring this correspondence, as I mentioned, exemplifies an instance of foul play and therefore an injustice, all things equal. In other words, neglecting to acknowledge the right type of normative link between the worker’s contribution and her reward for it in the labor market amounts to neglecting basic rules of fair play that normally would dictate how the distribution of cooperative burdens and cooperative benefits in the economy ought to be structured. Principles of human dignity, social solidarity, and universal benevolence are important and can justify a decent income for citizens. They tell us, in different ways, under what circumstances people ought to receive support from their societies, mostly for humanitarian reasons and related reasons derived from unconditional rights to basic sustenance.7 However, they are not so useful for identifying the type of moral injury that the citizen suffers when her productive contribution to the lives of others goes unrecognized.8 Those other (noble) notions do not capture so well the particular wrong of “unfairness by foulness” that such lack of recognition reflects, as I will suggest in the paper. This essay makes the central claim that failure to reciprocate duly to life-sustaining workers for their socially necessary and freedom-generating contributions amounts to not playing fairly with them, either as a community or as a particular employer. I will explain why the application of principles of fair play to the labor market is more than adequate. Before I continue, a clarification is in order. Philosophers who advocate basing compensation on economic contributions frequently claim that talented workers deserve superior rewards. In the case of this article, however, thinking of social contribution and fair reward does not invite a focus on special talents as a measure of deservingness. Basic-task work of the sort that Smith alluded to does not standardly entail any “special” talents that society might be willing to pay for at higher rates than more “common” talents. On the contrary, essential work tends to be badly paid in actual society, because the abilities involved in it are not very rare. Thus, in my discussion, there is no question about whether the higher earning potential that someone’s (special) talents may make possible is morally appropriate, nor whether society has a duty to provide the “right” incentives to attract specially talented workers.9 In my treatment of reciprocity as fair reward (and related fair-play considerations), I am not concerned with the justification of significant differences in the allocation of economic benefits, although it is true that an emphasis on contribution in general can be (and has been) used to justify these differences. My arguments also challenge the commonplace view, in much of the contemporary literature on the ethics of wages, that wages are immune to substantive moral evaluation because they stem from contracts in a free market among workers and employers, in which all parties willingly participate, and which contribute to efficient outcomes. In this view, exemplified by the work of Joseph Heath, “markets are structurally unable to deliver ‘just’ wages, according to any everyday moral understanding of what justice requires in cooperative interactions, and so, we should stop either defending or criticizing them in those terms.”10 By contrast, my views here entail that moral evaluation of labor markets and wages is entirely appropriate even if efficiency and incentives are adequate considerations to keep in mind when thinking about wages in general. The reasons why will become clear as the paper unfolds. Its structure is as follows. In section I, I flesh out how the ideal of reciprocity drives my argument for fair rewards in the case of life-sustaining workers, and I explain what is morally distinctive about life-sustaining labor. In principle, what makes life-sustaining work valuable is the nature of the benefit that it produces for others. However, all types of labor that are valuable for social cooperation are so because they benefit others in one way or another. What is special about life-sustaining labor that makes its benefits morally salient for the purposes of this discussion? I propose that the benefits generated by life-sustaining workers can be understood in the currency of what I dub basis-freedom. This is a limited notion, yet important for a more complete understanding of what renders human beings self-determining. It is necessary to enjoy basis-freedom in order to have room for things that make life meaningful and significant to the individual. Basis-freedom is the control over our life that we gain when we are exempt from the toil that goes into producing the necessities that we need to subsist, and do so decently, because someone else will engage in that labor and grant us the chance to devote time to pursuits that we deem worthy, instead. We need enjoyment of basis-freedom in our lives so that we can thrive—not merely subsist—and can chart our own courses, cultivate meaningful relationships, and pursue worthy life projects. When we are free in this sense, we have some non-trivial control over how we use our time, and we consequently gain an effective capacity to spend our energy out there in the world, doing things that matter and that are constitutive of who we are or who we may want to become. After explaining the role of basis-freedom as a source of value for economic contributions, in section II of the paper I dwell on how considerations of fair play—germane to reciprocity—generate obligations for members of society to accept a fair allocation of cooperative burdens and economic benefits, of which a decent wage for lifesustaining workers is an example. Fair play is standardly understood in the literature on justice and cooperation as imposing a duty to do one’s share in the upholding of a scheme from which one stands to benefit, thereby creating a strong presumption against free riding on others. However, the idea that considerations of fair play also justify an obligation to accept the sacrifices necessary to ensure fair reward for labor from which one clearly benefits has been vastly underexamined in conversations about justice in social cooperation. I suggest that when reflecting on what fair play really requires, the flipside of our intuition against free riding should be an equally strong intuition against taking advantage of other individuals by insufficiently rewarding them for labor that benefits us in morally significant ways. Finally, in section III, I examine the objection that it should not fall on employers to pay living wages but on society via government welfare schemes. I offer an argument based on the notion of “productive enfranchisement”—that is, the idea that workers have a claim to being treated as full participants in the economy of their societies—to explain why wages are due to them in the market for their contributions.11 That workers have a claim to being treated as full economic citizens if they participate fully in the economy does not depend on the specific type of labor they contribute; and it may imply that all workers— not just those performing life-sustaining labor—have a right to decent wages. However, I think that the argument of productive enfranchisement offers a good response to the objection that it is not clear that employers should shoulder the burden of paying decent wages—that is why I expand on it before I conclude the article. I. BASIC TASK WORK AND FREEDOM The kind of labor to which Smith alluded above produces goods that we consume in order to fulfill basic life necessities, either for strict survival or for a minimally decent life. These needs include physical needs as well as socially relative basic needs. Following Amartya Sen, the latter are concerned with conveniences of life (common in the society of the individual) that are so necessary to avoid shame that they are generally considered necessary for normal human welfare.12 Generally speaking, failing to meet these standards will ensue in economic hardship as well as social stigma.13 Furthermore, basic-task work is necessary for any relatively complex activity to be even possible. One cannot satisfactorily practice a worthy talent if starving or sick. One cannot perform successfully at a job interview if shirtless. Laborers cannot be normally productive if barefoot and cold. Basic-task-labor contributions warrant a certain type of reciprocal treatment based on the objective importance of the human good that they enable other members of society to enjoy, namely, freedom. Let me elaborate. Because the goods that come from basic-task work are necessary for a minimally good life (and a minimally productive economy), it would not be far-fetched to think that basic-task workers’ benefit to society— that is, what their labor accomplishes for others—can be understood in the currency of basis-freedom. Basis-freedom is the wherewithal to live according to plans of life and projects that require the use of time and higher capacities for which significant absence of toil is fundamental. My notion of basis-freedom is modest, but it points to a dimension of human autonomy that is relevant. An important aspect of human autonomy is the freedom that results from access to services and goods—today, generally produced by the labor of others in society— that help us fulfill our basic needs and, in so doing, free us from the physical exertions that we would have to engage in ourselves to cover those needs directly through our labor. No human pursuit that requires a minimal degree of planning, creative initiative, and ingenuity can be undertaken in hunger, in filth, in sickness, or when there is little room for it. This is because urgent basic tasks such as securing food, securing appropriate shelter, or caring for dependents cannot be avoided and demand most of our time and energy. Basic-task workers are individuals whose labor produces goods generally deemed necessary for (decent) subsistence, sparing others the toil (and time) that they would have to undertake and spend themselves to live in acceptably good, comfortable, and safe conditions. Basic-task workers, thus, partly allow the rest of us the opportunity to engage in valuable activities. They contribute importantly to our ability to work toward meaningful self-chosen goals such as professional careers, school, restful leisure, life-changing travel, serious intellectual inquiry, valuable relationships, entrepreneurial undertakings, and existential introspection. It is this contribution and its instrumental value to human autonomy (and, indirectly, to advanced economic production and innovation) that ground a claim to fair compensation for the workers who make it.14 Basic intuitions of reciprocity suggest that, if some individuals contribute to establishing the conditions that make other individuals in society free in one morally important respect, society owes those individuals access to the same conditions of freedom. Society may do this by rewarding them sufficiently well so that they can live decently. That is, those who are willing to do life-sustaining work and enable others to pursue valuable ends and avoid toil should also live freely. They too should be granted the wherewithal to devote part of their lives to meaningful goals beyond strict survival. This exchange is what return of value for value entails. At a minimum, it requires that those who contribute to making other people free to live their lives autonomously, in the sense that they have the space to chart it according to self-chosen and meaningful projects and ideals, be given a chance to be similarly free by being able to avoid the struggle to subsist (given the standards of the community and the epoch). Struggling to subsist puts meaningful life projects and goals out of reach in a very real respect. It makes living meaningfully extremely hard because it does not allow us effective opportunity for anything other than toil, and even subjects us to psychological torture. Thus, meaningful, self-authored living must preclude acute economic struggle. After presenting the argument that basis-freedom is a labor-derived benefit worthy of reciprocation given that it is necessary (albeit not sufficient) for a decent and self-determined existence, in the next section I propose that considerations of fair play ought to figure prominently in any justification of just wages for life-sustaining laborers. I will develop the idea that when society neglects to reciprocate appropriately to workers who generate basis-freedom for others, this constitutes a “low blow.” Under normal circumstances, one would suppose, workers have a valid claim to see this affront averted. A discussion of whose responsibility it is to respect fair play by providing decent wages—namely, employers versus the government—also follows in section II. WORK, FAIR PLAY, AND COOPERATION

#### Egalitarianism requires all societal members have equal distribution of burdens – society ought not exploit low-wage workers and limit access for them to have a meaningful life

Maskivker 23 [Julia Maskivker, Professor of Political Theory at Rollins College with a PhD in political science from Columbia University, 2023, JUSTICE AND CONTRIBUTION: A NARROW ARGUMENT FOR LIVING WAGES,” The Journal of Philosophy, https://www.academia.edu/85652215/Justice\_and\_Contribution\_A\_Narrow\_Argument\_for\_Living\_Wages]/Kankee

II. WORK, FAIR PLAY, AND COOPERATION When we pay for someone else’s work to produce basic goods (and services) that we need to subsist for our consumption, we are free to devote ourselves to higher pursuits instead, and we do not have to worry about spending much of our day—perhaps all of it—toiling to produce those goods. Since this sense of freedom is so important to human flourishing and well-being, we could say without much controversy that rational individuals will have a (non-capricious) interest in enjoying it. Furthermore, if it is uncontroversial to suppose that there is a universal human interest in the conditions conducive to basis-freedom, it makes sense to think that society, understood as a cooperative scheme, should enable access to those conditions for all individuals who participate in the making of societal wealth. This goes especially for those in charge of producing the portion of that wealth that will be consumed to fulfill basic necessities, which no individual can leave unattended on pain of losing her capacity to do things that matter in life. The foregoing reasoning requires that we accept two premises, however. First, it requires accepting that society is a cooperative scheme in a relevant sense, that of dividing labor and multiplying its fruits so that everybody gains, as opposed to a situation in which each of us lives in autarky (à la Robinson Crusoe), satisfying our needs via our own toil without much exchange or interaction with others. Second, it requires that we accept that the cooperation that exists in the making of societal wealth has as one of its (normative) purposes the generation of material conditions necessary for the effective capacity to do things that matter in life and that give it meaning beyond strict subsistence. This second premise points to the idea that it is appropriate to view society as a mutually advantageous scheme of cooperation not only regarding the capacity to survive and cover our basic needs, but also in terms of our effective freedom to realize higher-order life goals and ideals. On this view of mutual advantage, it ought not to be the case that the rules of cooperation are structured in such ways that they systematically thwart the achievement of meaningful life objectives for a certain group of people (namely, those in certain types of occupations or with certain types of skills). I know no devastating objection against these two premises for discussion, which I believe to be quite established in the egalitarian literature on justice (at least), and, so, I will not spend more time arguing for them here. If we are to see society as a cooperative venture whose normative goal is to make life acceptably good for all contributors (at least in some important respects related to basic needs and autonomous thriving beyond survival), that means that the distribution of cooperative burdens and benefits must be relevantly governed by principles of fair play. Nobody may be improperly dealt with when it comes to who does what, for whom, and how much individuals should receive for doing their part. More formally, the intuition is that, for a scheme of cooperation to be minimally fair for all in the two respects mentioned above, the cooperative burdens and the cooperative benefits would have to be allocated in a way that is to everyone’s advantage, at least. 15 Contemporary discussions usually associate failures of fair play with instances of free riding on others who contribute to a joint activity from which we stand to benefit.16 In this context, free riding is seen as exploitative because the individual who free rides reaps the benefits of other people’s efforts without contributing his share to the generation of the benefits that the cooperative scheme produces (and that improve his life). One of the most well-known expositions of an intuition in favor of fair play in the literature belongs to H. L. A. Hart. He says: When a number of persons conduct any joint enterprise according to rules and thus restrict their liberty, those who have submitted to these re strictions when required have a right to a similar submission from those who have benefited by their submission.17 John Rawls subsequently adopted and slightly modified this principle by emphasizing the importance of accepting the benefits that one re ceives, but Hart’s formulation expresses the gist of Rawls’s concerns.18 It seems clear, thus, that the principle of fair play is frequently in voked to justify the obligation to contribute productively to society, or another joint scheme of cooperation, lest one “abuse” the good will of those who do their part. The principle prohibits becoming a par asite on others by benefiting from the pains of their work or efforts while one does not produce a similar benefit for them in a common, cooperative venture. We can refer to this moral intuition against free riding as the anti-parasite dimension of the principle of fair play. It tells us that free riding on others is unfair (and a morally unacceptable way of relating to them in a cooperative scheme). It is like foul play in that it violates rules meant to apply equally to all and that conse quently render certain behaviors, and not others, duly expected. Two clarifications are in order before I proceed with the argument. The standard (re)formulation of the Hartian principle of fair play that we owe to Rawls captures the idea that for fair-play duties to have any normative force, the benefits of the cooperative scheme must be voluntarily accepted by members of the scheme. I do not think that this addition is relevant to my discussion, and I want to clarify why before it gives room to possible objections to my views. The goods and services that life-sustaining workers produce are generally pur chased in the market, or we pay the government to provide them to us—hence, it is reasonable to think that we accept them willingly. Since we do not receive them if we do not pay for them, they are not, generally speaking, thrust upon us against our will or without ou prior consent. That certain benefits may be thrust upon us without our having voluntarily accepted them is a consideration with much normative weight against fair-play duties of reciprocation. The idea is that individuals should not be forced to reciprocate for a benefit if they did not ask for it or accept to profit from it willingly.19 My arguments around the principle of fair play underscore the as sumption that the goods produced by basic-task workers are willingly accepted by those who consume them. This is clear from the fact that individuals consuming these goods and services pay for them in order to get them. It does not matter that the goods produced by basic-task workers are non-excludable in the sense that workers have the ability to withdrawprovision of said goodstorecipients who arenotwillingto reciprocate by paying. Non-excludable goods have a public-goodqual ity; that is, agents producing them do not have the ability to exclude a person or a group from using them. (Thus, they are often subject to free riding.) As I understand the principle of fair play, in both Hart’s and Rawls’s formulations, the rules that it prescribes are not limited to cooperative projects through which only non-excludable benefits are generated. Let me explain further. It is not evident that the legitimate concern about free riding which the principle of fair play addresses only arises if the producer cannot exclude the beneficiary from acquiring the benefit that she produces. The concern about free riding may also arise when the goods pro duced are technically excludable, yet the producer gets shortchanged by the beneficiary after the producer’s cooperative activity takes place. What is more, it may be true that life-sustaining workers do not gener ate non-excludable goods most of the time, but it is also appropriate to note that individual workers alone do not have the effective power (capacity) to withdraw benefits without facing formidable costs (such as losing their jobs). And if this is so, beneficiaries (or society more generally) are de facto free riding on workers when they do not re ward them adequately—even if the benefit in question is technically excludable because hypothetically it can be withdrawn. Relatedly, one might argue that the concern about free riding, which the principle of fair play addresses, only arises when the pro ducer creates a benefit from a certain attitude—namely, one of “vol untary” compliance with a set of shared rules of cooperation. Life sustaining workers, like most workers, arguably do not supply their labor from such an attitude, but do so from the attitude of wanting to make a living. However, again, there is no logical or morally rele vant reason to limit the scope of the principle of fair play to situations of “voluntary compliance” by cooperators in a joint scheme. If one takes having a job as a voluntary choice, however, this worry dissolves. More realistically, if one acknowledges that most people must work (on pain of grave costs to themselves and their families) so that the compliance with the rules of cooperation in the economy is not truly voluntary, why is this fact at all relevant to whether fair-play consid erations should govern the distribution of rewards and sacrifices in the labor market? We have already reasonably presupposed that so ciety, understood as a large cooperative venture, can be governed by fair-play considerations. We also know that our participation in many (smaller) cooperative activities within society is not voluntary, in the sense that we cannot escape it without facing high costs. Taxes are an example. If fairness was only an attribute of joint activities that we like, or that we are free to abandon whenever we desire, that would be quite a morally deficient attribute indeed, despite leaving much of humancooperation outside of the picture. It is not clear that many of the cooperative efforts in society that we tend to think of as apt to be governed by fair-play rules are cases of voluntary compliance in the strict sense—rather they are likely to be cases of “necessity to comply.” But why should this matter when it comes to the fairness of the rules of cooperation? Wouldn’t it be odd to ascertain that fairness has no place in instances in which individuals cooperate with each other on pain of great costs if they do not? Isn’t the fact that most people must cooperate (or perish, or face coercive punishment) precisely a good reason to think that such cooperation should be fair to all (including those with less power)? It would be strange to think that in cases of this sort—in which com pliance with the rules of the cooperative scheme may not be thought of as truly voluntary—free riding on others is not morally question able. For example, we surely would not condone a situation in which some normally productive citizens in society pay no taxes at all but receive (and gladly enjoy) regular benefits of social cooperation such as clean streets, public healthcare, and public education, to name a few. Nor would we happily accept a system in which a selected num ber of citizens are exempt from obeying the laws (for no other reason than mere convenience to them) while all other citizens respect them and submit to the discipline necessary to do so. These examples, like many others, normally include compliance that is not fully voluntary, in the sense that we do not believe that the individual’s actual consent to participate in the cooperative scheme is what explains her cooper ation. Nor do we believe that it is necessary to render cooperation justified or morally obligatory. Thus, even if participation in a scheme of joint benefits is not fully voluntary for the individual, it is not clear that fair-play considerations should be ruled out as governing our intuitions regarding justice. In fact, I believe that there is little controversy to the idea that free riding is unjust in most circumstances. But if this is clear, we should see that fair-play intuitions also justify an obligation to compensate efficient, full-time contributors to a given scheme sufficiently well so that they do not have to struggle for subsistence. This concern with enabling others to avoid struggle is the flipside of a concern with ensuring that others refrain from parasitic behavior (free riding), but this corre spondence has been obscured in the literature. I shed light on it in what follows. When we neglect to contribute (or contribute sufficiently) our share of work or resources to a cooperative scheme that generates a joint benefit, but we still benefit from the efforts of others who con tribute, we assign the contributors a larger share of cooperative burdens than we take, and we do so for no seemingly justified reason other than raw self-interest, all else equal. This is so because we take a larger share of benefits than we should, given what others in the scheme would justifiably agree that we take, and we do so for no ap parently unselfish reason that permits this disproportionality (assum ing capacity to work is the same, or relevantly comparable for all). The principle of fair play, thus, seems to be a consideration necessary to guard us against disproportionate (unfair) ratios of sacrifices to benefits among equal and free members of a cooperative scheme such as society. These individuals, we can assume, legitimately want the best for themselves when cooperating with others, besides all the other goals (many of them altruistic, for sure) that they may have. It is appropriate to think that free and equal members of such a scheme will not tolerate unequal cooperative burdens for reasons unrelated to justified exceptions, of which disability or unequal skills are good examples. We disproportionately burden (free ride on) our fellow citizens when we benefit from their work in society but fail to contribute, or contribute sufficiently, to the social product ourselves—say, if we do not work, or do not work enough (but we could). But we also disproportionately burden our fellow citizens when we assign them a larger share of sacrifices than appears to be asked for by allowing them to work full time producing something we need, and are generally eager to consume, in exchange for pay that is insufficient to make a decent (austere) living, even if we contribute to society by dutifully working ourselves. They get from this “joint, cooperative enterprise” much less than they would prefer since they now struggle, and what they would prefer is not morally objectionable if we know that no individual has a natural authority over others that gives her a valid claim to subordinate them for her own advantage. In turn, nobody has a duty to readily accept this subordination barring a special explanation, such as the existence of a special (or contractually acquired) duty to accept this self-abnegation, or some other contingent duty to unilaterally sac rifice for others. Ignoring that fair-play considerations call for some sort of duly set correspondence between material reward and the nature of the worker’s contribution to a shared activity seems to imply a strange conclusion. This strange conclusion is the idea that certain individ uals do not have sufficiently strong claims against being treated as trustees for society because they have no morally significant rights to live their lives with independence from the wishes of others, having to constantly labor to fulfill other people’s needs and wants without much left, in terms of time and resources, to follow their own life plans and aspirations. Even though interdependence is a (welcome) fact of life in society, no acceptable vision of life in common should tolerate arrangements that run afoul of a basic claim to some degree of independence from other people’s wants and wishes—on pain of supporting a type of system that makes some people something like serfs to others. But serfdom is at odds with the perennial and un controversial idea that people are morally equal. We can refer to this intuition as the anti-trustee intuition that is built into the principle of fair play. When I use the term ‘trustee’, I mean to convey the image of a person who acts in complete alignment with a third party’s aims and preferences, that is, completely in that party’s name, without at tention to her own autonomous existence from the agent for which she acts. An arrangement in which we seem to assume that some indi viduals will consistently and all the time act as trustees of society and will, with self-abnegation, relegate their claims to a share of the good that they are helping to generate for others does not pass the muster of fairness around which mutually beneficial schemes of cooperation must be structured. At a minimum, a society where the burdens of co operation are justly distributed must be one in which the individual who does her share is able to subsist without having to subordinate most of her life goals to others to do so. Leading a life like this entail that one would not have to forsake things that really matter to barely live. In other words, it entails that one would not have to become a trustee of society or other citizens in order to survive. At this juncture, someone could object to my reasoning by saying that non-living wages are still wages, which is admittedly better than no wages at all. In other words, it is still beneficial for the least ad vantaged in terms of their bargaining power and skills to accept the present configuration of burdens and benefits in society, which is not reflective of fair-play considerations. Accepting this configuration of burdens and benefits in actual society is still advantageous for individ uals who do not command a living wage and for individuals who em ploy them, and for everybody else who benefits from what basic-task workers produce when employed. Everybody gains something from the actual (non-just) way in which cooperation functions; thus, the condition of mutual advantage that we established should character ize society conceived of as a joint, cooperative scheme still holds be cause pareto optimality obtains. A scheme of cooperation may allot burdens and benefits unfairly but still be beneficial for all involved given the (worse) alternatives that the least advantaged by this alloca tion have outside of the scheme.

#### Egalitarianism requires everyone access to basis-freedom and dignity – low wages insult worker’s dignity by lowering their sense of societal value

Maskivker 23 [Julia Maskivker, Professor of Political Theory at Rollins College with a PhD in political science from Columbia University, 2023, JUSTICE AND CONTRIBUTION: A NARROW ARGUMENT FOR LIVING WAGES,” The Journal of Philosophy, https://www.academia.edu/85652215/Justice\_and\_Contribution\_A\_Narrow\_Argument\_for\_Living\_Wages]/Kankee

III WHO SHOULD PAY? At this juncture, I must address one final issue. Whose responsibility should it be to fairly reward life-sustaining workers? Let us grant that basic-task workers should receive enough income to decently sustain them, and that this is a requirement of reciprocity-derived fair-play considerations. Whose job is it to ensure that these workers get what they are owed? My arguments for a decent income assume that the income will be disbursed by employers, so, mine is effectively an argument for a living wage in the labor market. To some, this may sound unfair. They might argue as follows. These workers provide us all with the things we need to enjoy basisfreedom. In return, we owe it to them to ensure that they, too, enjoy basis-freedom by ensuring they have enough money to live on. Therefore, if any of these workers earns a below-subsistence wage from their employer, the state must make a supplementary payment to them from the public purse. After all, these workers are owed what they are owed in virtue of their contribution “to society.” So, presumably, it is society (namely, the state through taxes) that owes the obligation of reciprocity, not the employer. However, this is an incorrect angle from which to look at the issue. Let me explain why. It would not dislodge common sense to think that, if society is to be seen as a scheme of mutually advantageous cooperation, society has a responsibility to ensure that basic-task workers do not struggle after being productive contributors, not that they receive help from the government despite being normally productive contributors. These workers are not the unlucky ones that call for our assistance through the state since they do the work as called for by the law of supply and demand in the market, and they do so with normal efficiency. It is not far-fetched to reason that, because of this, we owe them reciprocity for their useful and wanted contributions to society. Common-sense morality seems to point to the requirement that people be recognized as deserving of decent reward for their actual work in the market, where there was a demand for it and where that demand was effectively met. Do normative notions of justice require this also? I would say yes. Citizens in societies that aspire to structure cooperation according to fair-play rules have a real claim to “productive enfranchisement” besides having claims to state assistance.24 This is a claim to be effectively allowed to support themselves via economically profitable pursuits given the fact that economic production constitutes much of the cooperative effort in real economies. When we are productively enfranchised, we are given the rights and recognition that go with full economic citizenship in the market. Economic citizenship is a narrow term; it entails claims to be recognized as deserving of fair reward if one contributes to the economy and produces goods that others want to consume. In other words, it entails the presupposition that one is subject to the rules of fair play in the market that generates production if one is to be a producer. It would be inconsistent—and morally problematic—to accept that workers are to be legitimately seen as participants in a cooperative venture that generates a social product in great part due to labor (of many kinds, not only life-sustaining), yet deny some contributors to that product the expectation of rewards proportionate with their contributions within the very system that is supposed to be governed by rules of fair play, as all acceptably fair cooperative schemes should. We have established that fair-play rules dictate that contributors are entitled to fair reward for what they add to the scheme; the rules are not concerned with “compassion” via government bureaucracies. This is not to say that all government bureaucracies that provide support to citizens are justified on grounds of compassion (as opposed to positive rights to subsistence or other similar claims to a modicum of resources necessary for a decent life, regardless of contribution). However, I see no morally salient reason why the government should step in to satisfy the individuals’ expectation of monetary payment. Indeed, it is not at all far-fetched to realize that it is the mere existence of the capitalistic labor market that creates this reasonable expectation for reward for work, absent other considerations strictly related to workers being unable to participate, or to participate fully, in the labor market. Moral claims to state aid are activated for different normative reasons than moral claims to self-reliance via wealth-generating activity. Legitimate moral claims to state assistance should not overcrowd claims to fair recompense for productive participation in society’s economy without begging the question of why we need a welfare state in the first place. We would be hard pressed to say that full-time, normally efficient contributors to the economy and society do not have to be rewarded in proportion to their work in the market just because the state can “foot the bill”—unless we conceive of government as a tool to save all employers as much money as possible all the time. But why should we conceive of the government as having this role? There does not seem to be any principled reason why we should, although it is certainly possible that the state would be justified in assisting employers unable themselves to pay their employees for varied, legitimate reasons. (More on this below.) The absence of a morally valid reason for the state to save employers as much money as possible as a matter of normal course means that employers should not be able to get away with paying less than a normally productive worker deserves, and consumers should not be able to get away with buying at prices that reflect this lack of proportionality. It is society’s responsibility to guarantee a system of rules that ensures fair reward for productive labor in the market where those contributions unfold. A just system of rules is not one that allows for unfair (insufficient) reward and later assists the powerless who can do little about that unfairness. We would not propose that the market pay little to computer engineers, for example, and that the government provide economic assistance to them later because the benefits that computer engineers provide are objectively good for society—the reasoning being that the government is a representative of society and so it is appropriate that complementary payment should come from the public purse. This was the argument behind the objection that it is not clear that employers ought to be responsible for paying decent wages to life-sustaining workers. Standardly, we do not think that the state should intervene to compensate computer engineers—or any other highly skilled professionals from whose work society ostensibly benefits—because we believe that computer engineers ought to be rightly compensated by the market in which their services are offered, in the form of wages or fees. Why should our opinion change when it comes to life-sustaining workers such as cleaners, care workers, farm workers, infrastructure-upkeep laborers, and so on, whose labor and services are in demand by others also in the market? As I pointed out in the introduction to this paper, the productive enfranchisement argument is independent of the reciprocity argument that I centrally put forward here to justify living wages for lifesustaining workers. It is correct to think that if a worker contributes full time in any way to the life of others in society, she has a claim to decent wages in the market that allows people to “find her” and use her services and talents. But this is not a problem for my account. I do not think that acknowledging this fact weakens my case for the value of basis-freedom contributions. My reference to productive enfranchisement responds to the objection, which can also apply to all kinds of labor—not just life-sustaining labor—that it is not clear that employers must shoulder the burden of paying living wages. It seems to me that denying that they have this responsibility amounts, among other things, to giving them a free pass that is normatively unwarranted on first inspection, all else equal. Yet, all may not be equal. What if employers are not able to survive and pay a living wage? Why should they bear all the burden of discharging the reciprocity duty of fair reward when doing so will significantly thwart their own chances of subsisting and living for what matters? Many small businesses can find themselves in this position in a capitalist society where extremely cheap labor is the norm. Big corporations may stand quite unaffected by increases in wages mandated by governments—even if they would prefer that these increases did not happen—but not all businesses are thriving or otherwise mostly undisturbed in their profit margins by variations in employee pay. This difference has morally important implications for my argument, but it would not be difficult to accommodate these implications. Perhaps some way to share the cost of the wage increases for basictask workers would be appropriate.25 Ideally, this cost-sharing measure would have to reflect the moral significance of the difference between corporate and small employers and the fact that the former are liable to shoulder a larger share of the burden given their greater economic power. Additionally, the idea that basic-task work and its fruits constitute a sort of semi-public good that all members of society can avail themselves of in the market makes the cost-sharing option philosophically appealing. Adam Smith, quoted in the introduction to this paper, seems to have believed this was so. He said that life-sustaining workers benefit “the whole body of the people.”26 Thus, I believe that a social wage—that is, employment-related benefits given by the state financed through taxes—may be sometimes apposite. In some cases, productive enfranchisement could get a little help from government assistance in the name of fair cost sharing. Be it as it may, the fact is that in capitalist societies of the sort we are most familiar with, wages and other market payments are a measure of our value to others and the economy more generally. They signal a sort of recognition that we are useful, albeit in different degrees, and that we play a role in keeping the cooperative enterprise of production and consumption going. This sort of recognition may be deemed by some as insufficient or superficial since it only looks at what we are for others and how much we can create for them. It is instrumentalist and conditional in nature. Karl Marx, in his ideal of advanced communism, presaged that wages would not exist and that workers would not feel insulted by this lack of material reward. Of course, he also thought that communism would be a paradise of abundance, mutual kindness, and true freedom. But we do not live in that communist, idealistic society and we never have. Thus, it is appropriate to think that unduly low wages for normally productive work do signify a lack of recognition of our value to the community. This lack of recognition, besides being unfair for the reasons I explained in this article, is also wrongful because of its intrinsic message of disrespect and humiliation.27 It is a wound to the dignity of any individual qua contributor in a market-based capitalist society in which market reward for one’s work is the norm.28 In being so, it can also be harmful because of its deleterious effects on self-respect, which is intimately intertwined with how others see us and whether they see us at all. Another question lurks in the background. Is society obligated to enable anyone who wants to do basic-task work the certainty that their work will be needed, or met with enough market demand? Let us take an uncontroversial example—the baker that gives us our daily bread. Now consider this: I decide to quit my current job to become a baker, but the market is oversaturated, so very few people buy my bread even though it is good and competitively priced. Consequently, I make some money from this basic-task work, but not enough to decently sustain myself. Is there some injustice here that needs correcting? Does society owe me a living income simply because I now do a kind of work that (in the abstract) generates basis-freedom for others? And would society owe the same to each subsequent person that follows my lead into the bread business? The answer to the foregoing questions is negative. Doing lifesustaining work is not sufficient by itself to entitle someone to a living wage on grounds of reciprocity. Rather, what gives people the right to a living wage is doing basic-task work that others demand in sufficient quantities to keep someone working normally due to that demand. Overcrowded and oversupplied markets exist all the time, and some individuals lose because of that. It is not society’s responsibility to ensure that my work will be met with enough demand in the market. However, it certainly is society’s responsibility to make sure that if my work is met with sufficient demand, I get rewarded accordingly. In other words, society does not have a duty to make sure that everyone succeeds in the commercial endeavors that they choose. What the arguments in this paper address is the situation of the individual whose labor (or fruits thereof) are well within the carrying capacity of the market but still does not get what is due to her in that market.

#### Employers subjugating others for them to live well is inherently unethical

Cordero 00 [Ronald A. Cordero, Professor Emeritus of Philosophy at UW Oshkosh, 2000, “Morality and the Minimum Wage,” Journal of Social Philosophy, https://sci-hub.se/https://onlinelibrary.wiley.com/doi/abs/10.1111/0047-2786.00042]/Kankee

Of course this example with the gardener involves a rather special sort of employment, in which the employee provides services (such as mowing the lawn) or produces goods (such as flowers from the garden) for the direct benefit of or use by the employer. A much more important sort of employment, it must be admitted, is that in which the employee produces goods or provides services that the employer sells to others. Would payment of wages below the good-life minimum be prohibited by the moral principles of benevolent rational beings in this much more common kind of arrangement? The answer is apparently that it would. Suppose, to keep matters simple, that I start selling flowers raised by my gardener to my neighbors or that I start having him cut their lawns for a fee (paid to me). This could turn out to be a nice arrangement. I might be able to pay the gardener enough for a good life and still have a profit that would make my already nice life even nicer. No moral problem looms. But if I pay such a gardener (even a willing one) less than enough for a good life, I necessarily contravene the moral legislation of benevolent rational beings. Now suppose—and this is where the matter becomes difficult—that the only way I could afford to employ a gardener at all is by selling services performed or goods produced by the gardener. Suppose further that the proceeds of these sales would not permit me to pay enough (on a full-timeequivalent basis) for the gardener to have a good life, but that the gardener would be more than willing to work for what I can offer. Would benevolent rational beings really expect me not to make the offer of employment? Would their moral principles really prohibit such an arrangement? I am afraid that they would. In order to avoid living well in a way that prevented someone else from doing so too, I would have to do my own gardening, my neighbors would have to get their flowers and have their lawns cut some other way, and my would-be gardener would have to find employment elsewhere. This last situation is, of course, analogous to that of employers who simply could not stay in business in a particular environment if they raised wages to the good-life minimum. Would it really be immoral for employers in such a situation to provide wanted employment by paying wages insufficient for the good life? I am afraid the answer is that it would. Such employment would be inconsistent with the principles of benevolent rational beings. Benevolent rational beings would want both employees and employers to have enough to lead good lives; and the kind of employment arrangement proposed, while providing the employees the means to survive, would in effect prevent them from having good lives, by giving them too little income for a good life and leaving them too little time and energy to supplement their income through some other job. Under such an arrangement, the employees could do good work without having good lives. And this could not be accepted by benevolent rational beings. To avoid immorality of the sort in question, the employers would simply have to refrain from providing employment as planned. Now, this may seem to be a regrettable conclusion, disappointing both potential employers and potential employees in the name of morality. Would its acceptance not be disastrous for enterprise in general, and thus for the economic health of society? And should not this fact, if granted, be taken as evidence of some serious error in the benevolent rational being approach to morality? Perhaps not. I think that a good part of the apparent oddity of the conclusion derives simply from the widespread assumption that there is nothing morally amiss when someone is paid less than enough for a good life. And I think that once the possibility of this assumption’s being in error is taken seriously, ways may be seen of avoiding both immorality and economic disaster. The ingenuity of entrepreneurs is such that ways to make fortunes would be devised even in a society that mandated wages at or above the good-life minimum. People have found ways to prosper in commerce without having slaves, without using child labor, without selling addictive drugs, and without polluting the environment. In like manner, they can find ways to prosper commercially without making it impossible for others to achieve the good life. The moral requirement of wages at or above the good-life minimum can, in fact, be seen as just another challenge to entrepreneurial intelligence. Yet what of situations in which, perhaps because of extremely limited resources, all parties cannot flourish? What about circumstances in which it is just not possible for everyone to attain the good life? Suppose that all available resources will simply not permit everyone to prosper. What kind of expectations will benevolent rational beings have regarding the conduct of others in such a situation? In particular, if the only way for anyone to attain a good life involves keeping someone else from doing so, will benevolent rational beings expect everyone to forgo the good life? Presumably, the answer must depend upon the alternatives open in a given situation. If all could survive, though without living well, benevolent rational beings might expect all to refrain from living well at the expense of anyone else. On the other hand, if available resources could not even permit all to survive, it is not clear that benevolent rational beings would have to expect all to forgo survival at the expense of someone else. What is clear, however, is that in any situation in which resources are sufficient for all to live well, benevolent rational beings will not be able to endorse living well in a manner that prevents someone else from doing so. To make this clear, the moral principle laid down by benevolent rational beings might be phrased as “When everyone could live well at the same time, do not live well in a way that prevents someone from doing so.” Thus the action of achieving the good life by paying wages that keep someone from achieving the good life is incompatible with the universal moral principles benevolent rational beings could lay down for all rational beings to follow. And if this is so, then in accordance with the earlier argument, the action of voting to sustain a minimum wage below the good-life minimum must also be incompatible with those principles, because it promotes something those principles cannot permit. Voters who can directly or indirectly control wage arrangements and who choose to condone the payment of wages below the good-life minimum are in clear violation of the moral principles that benevolent rational beings could endorse. 5. International Connections

#### Human dignity provided by the right to a living wage is the utmost priority

Prasch 10 [Robert E. Prasch, professor of economics at Middlebury College, 2010, “MONSIGNOR JOHN RYAN ON THE ETHICS AND ECONOMICS OF MINIMUM WAGE LEGISLATION,” Research in the History of Economic Thought and Methodology, https://sci-hub.se/https://www.emerald.com/insight/content/doi/10.1108/S0743-4154(2010)000028A005/full/html]/Kankee

Ryan always stated that his primary inspiration came from the Church. And there are reasons for this claim. In his Encyclical Letter of 1891, Pope Leo XIII had forcefully articulated the ethical basis of a living wage (Although, as is self-evident, it leaves open the question as to how such a wage is to be achieved): Let it be granted, then, that, as a rule, workman and employer should make free agreements, and in particular should freely agree as to wages; nevertheless, there is a dictate of nature more imperious and more ancient than any bargain between man and man, that the remuneration must be enough to support the wage-earner in reasonable and frugal comfort. If through necessity or fear of a worse evil, the workman accepts harder conditions because an employer or contractor will give him no better, he is the victim of force and injustice. (Pope Leo XIII, 1891, from the translation reproduced in Ryan & Husslein, 1920, p. 83) 5 Ryan’s primary ethical argument for minimum wage legislation was derived jointly from the Christian tradition and natural rights theory. It proposed that people are imbued with human dignity, and for that reason, able-bodied persons are entitled to meet their basic needs through their own labor – even under modern conditions where so many workers lack access to productive resources other than their own labor. To Ryan, Natural rights are the moral means or opportunities by which the individual attains the end appointed to him by nature. For the present it is sufficient to say that this end is right and reasonable life. The exigencies of right and reasonable living, therefore, determine the existence, and number, and extent of man’s natural rights. (Ryan, 1906, p. 44) A ‘‘right and reasonable’’ life requires that a person have access to the necessary means to live a life consistent with human dignity and the opportunity to achieve their potential as a human being. This includes the recognition and respect of the other members of society (Ryan, 1902a, pp. 163–165). It follows that the required minimum standard cannot be fixed in some immutable fact of nature, such as the biological requirements of life, which can be measured as so many grains of rice or loaves of bread per day. Rather socially determined standards of propriety and respectability necessarily play a role.6 Like the classical economists, Ryan thought that the level of subsistence was a socially determined minimum contingent upon social norms and a given society’s state of development (Ryan, 1906, p. 68). For example, modern societies place demands on people with regard to personal grooming, dress, and presentation that have evolved into virtual mandates for anyone hoping to qualify for a job or standing within the community. Accordingly, a living wage must be one set at a level consistent with ‘‘right and reasonable living.’’ Once such a standard of living has been achieved, each of us can begin our primary ethical task – to develop our unique personality. This task is at the core of Ryan’s conception of natural rights, ‘‘Right and reasonable life, the welfare of the person, consist in the development of man’s personality through the harmonious and properly ordered exercise of his faculties’’ (Ryan, 1906, p. 48; Beckley, 1988). Ryan fully understood that the natural rights theory he advanced was in opposition to the individualism and utilitarianism of nineteenth-century English political economy, to say nothing of the legislation inspired by that perspective. ‘‘For those who maintain that the supreme end of life and rule of conduct is one’s own happiness, there can, of course, be no such thing as a right in the moral sense of the term’’ (Ryan, 1906, p. 54, italics Ryan’s). Indeed, as a consequence of their widespread acceptance at this time, Ryan often had occasion to criticize the principles of individualism and utilitarianism (Ryan, 1906, chap. 1, 1916, chap. 22, 1923a, 1927, chap. 1). First, he argued that the intellectuals who initially developed these ideas did not accept them in their pure form. Although Ryan did not explicitly state to whom he was referring, we might surmise that it was John Stuart Mill, who in his famous essay Utilitarianism acknowledged that people derived more pleasure from intellectual than sensual experiences, and for that reason, educated tastes were more fully human (Mill, 1863, chap. 2). Second, Ryan maintained that the principles of strict individualism and utilitarianism were at variance with widely held social norms that operated as checks on self-seeking. With approval, he observed that these principles were rejected by ‘‘the overwhelming majority of men and women who live outside of lunatic asylums’’ (Ryan, 1906, pp. 54–55). Ryan has been criticized for failing to ground his arguments in scripture (Curran, 1982, pp. 84–91). Ryan was undoubtedly aware that he could have taken a more scriptural approach as the Christian tradition presents several justifications for the idea of a living wage. For example, Adam was excluded from the bounty of the Garden of Eden with the following condemnation, ‘‘In the sweat of thy face shalt thou eat bread’’ (Genesis, 3:19). In the Book of Matthew we are told that ‘‘the workman is worthy of his meat’’ (Matthew, 10:10). And in Psalms we are told, ‘‘For thou shalt eat the labour of thine hands: happy shalt thou be, and it shall be well with thee’’ (Psalms 128:2). Nevertheless, Ryan decided to base his reasoning on natural law arguments. We do not know, and likely will never know, the reason for this emphasis. Perhaps he had calculated that this form of argument would appeal to more people, especially among the educated classes, additionally, he may have thought that such arguments would stand a better chance in an American court of appeal. Ryan argued that because man is enjoined to earn his bread through his own labor, a just society must provide him with an opportunity to accomplish this end. It follows that ‘‘The primary natural right from which the right to a Living Wage is deduced, is the right to subsist upon the bounty of the earth’’ (Ryan, 1906, p. 68). To Ryan, a corollary of the previous statement is that the private property rights of individuals, while essential to a well-ordered society, must be secondary to our primary right to earn a share of the earth’s bounty adequate to sustain a standard of living consistent with human dignity. ‘‘For the right to live decently by one’s labor is as important as the right to life and more important than the general right to property’’ (Ryan, 1910b, p. 473; see also Ryan, 1902a, pp. 164–165). To Ryan private property was a means and not an end in itself, so it followed that society had a legitimate say in its disposal by private individuals. To the extent that private property promoted the dignity of individuals, it was both just and valid. To the extent that its use or scope impeded this end, the law of property should be modified: Private property is morally legitimate because it is the method that best enables man to realize his natural right to use the gifts of material nature for the development of his personality. It is, therefore, merely a means, and its scope is determined and limited by the end which it promotes, and which is its sole justification. (Ryan, 1906, p. 72) Ryan stressed that the ethical foundation of the living wage was the dignity of mankind and not the greater good of society, whether measured in productivity or total wealth (Beckley, 1988, pp. 66–68). Ryan reasoned that a utilitarian foundation for a minimum wage such as the ‘‘social good’’ would constitute an inadequate defense of the ethics of a living wage in the event that a situation emerged where a greater social good could be achieved with a lower wage (Ryan, 1906, pp. 82–85). As a Catholic priest and natural rights theorist Ryan maintained, throughout his writings, that human dignity took intellectual and ethical priority over the utilitarian standard of the ‘‘greatest good.’’ Drawing from a long tradition of Catholic teaching on natural law, Ryan argued that human dignity must be considered as an end in itself (Ryan, 1902a, 1906, chap. 4, 1910b, pp. 461–462, 1913, 1916, chap. 23,1920a). ‘‘For Ryan human dignity is grounded, not in autonomy, but in the universal and natural capacity of humans for excellence’’ (Beckley, 1988, p. 67). Being a core principle of natural law it followed that, with few exceptions, rights based on our human dignity could not be superseded by the needs of society. Although these social needs might be compelling or even pressing, short of a crisis such as our collective defense against an aggressor, they must remain secondary. To Ryan the principle that the ends of society or the state were before the dignity of the individual was the basis of a political philosophy he loathed – that of Fascism (Ryan, 1927, chap. 5). Consistent with the earlier arguments, Ryan thought that each worker’s right to a living wage could be derived from the first principles of natural law: The thesis to be maintained in this volume is that the laborer’s claim to a Living Wage is of the nature of a right. This right is personal, not merely social: that is to say, it belongs to the individual as individual, and not as a member of society; it is the laborer’s personal prerogative, not his share of social good; and its primary end is the welfare of the laborer, not that of society. Again, it is a natural, not a positive right; for it is born with the individual, derived from his rational nature, not conferred upon him by a positive enactment. In brief, the right to a Living Wage is individual, natural and absolute. (Ryan, 1906, p. 44) In sum, to Ryan the principles of human dignity and natural law dictate that each and every person is entitled to an opportunity to fully develop their personality. Anything less would denigrate the worker by denying him or her the means to become a full member of society. ‘‘The true formula is, that the individual has a right to all things that are essential to the reasonable development of his personality, consistently with the rights of others and the complete observance of the moral law’’ (Ryan, 1906, p. 65). To maintain any other position would, according to Ryan, suggest that it is reasonable or valid to treat another person as merely an object or means: Now, since a reasonable life and the reasonable development of personality are of equal intrinsic importance in all human beings, the fruits of the earth, the common heritage, ought to be distributed in such a way that this end will be realized. Consequently when any person is hindered from obtaining access on reasonable terms to this minimum of material goods his dignity and rights are violated, and some other man or men, or some social institution, has committed an act of injustice. (Ryan, 1906, p. 74) RYAN’S CRITIQUE OF THE ‘‘LIBERTY OF CONTRACT’’ DOCTRINE

#### Sub-living wage incomes are reliant on coercive bargain of slave-wages or starvation – employment contracts are fundamentally unfree

Prasch 10 [Robert E. Prasch, professor of economics at Middlebury College, 2010, “MONSIGNOR JOHN RYAN ON THE ETHICS AND ECONOMICS OF MINIMUM WAGE LEGISLATION,” Research in the History of Economic Thought and Methodology, https://sci-hub.se/https://www.emerald.com/insight/content/doi/10.1108/S0743-4154(2010)000028A005/full/html]/Kankee

Ryan thought that the English political economists had overemphasized the essentially a priori proposition that individual liberty, combined with enlightened self-interest, would bring about a just human order. This metaphysical claim was supported by a naive and equally a priori, ‘‘faith in the beneficent and leveling influence of competition’’ (Ryan, 1906, pp. 14–15). Like so many of the American economists of his era, Ryan thought that the English political economists were wrong on both counts (Clark, 1913, 1902; Ely, 1884; Power, 1999; Rodgers, 1998, chap. 3; see also Prasch, 2000, 1999, 1998). To Ryan, the experience of England under the regime of laissez-faire revealed the tendency for free labor markets to undermine the living standards of unorganized workmen, even as great wealth was created for the privileged classes. To make his case, Ryan drew upon the authority of some of the most important of the new generation of British economists, including Thorold Rogers, Sidney and Beatrice Webb, and John Hobson, to demonstrate that an unregulated market system featured structures and tendencies that undermined the proposition that unfettered competition worked for the benefit of all (Rogers, 1890, chap. 19; Webb and Webb, 1920/1897; Hobson, 1906, 1900). The basic flaw that Ryan identified in the liberty of contract approach to wage determination was its implicit premise that ‘‘competition was free and general among both laborers and employers’’ (Ryan, 1916, p. 329). He thought that the material circumstances of the individuals engaged in a bargaining process often modified its outcome, with adverse effects for those who could least afford them: When a labourer is compelled by dire necessity to accept a wage that is insufficient for a decent livelihood, his consent to the contract is free only in a limited and relative way. It is what the moralists call ‘‘voluntarium imperfectum.’’ It is vitiated to a substantial extent by the element of fear, by the apprehension of a cruelly evil alternative. The labourer does not agree to this wage because he prefers it to any other, but merely because he prefers it to unemployment, hunger, and starvation. (Ryan, 1916, p. 329) Ryan rejected the idea that anyone whose bargaining power is strengthened by monopoly, or the ignorance or distress of another, is acting ethically when they draw upon such advantages to achieve a favorable bargain. He argued that the notion that the prevailing market wage, even when determined under free contract, was somehow a just wage ignored ‘‘the moral claims of needs, efforts, or sacrifices’’ (Ryan, 1916, p. 332). From this, it followed that a purely formal conception of law, one that applied a single standard to all persons in all situations, was often unjust when applied uniformly to persons in different situations. ‘‘[W]hile legislation should treat all individuals and classes equally in so far as they are equal, it ought just as surely to treat them unequally in those respects in which they are unequal’’ (Ryan, 1910b, p. 468).7 Ryan concluded, along with Pope Leo XIII and the emerging Catholic social thought tradition, that inequalities in bargaining power meant that free market outcomes could not and should not be society’s final arbiter of economic justice (Husslein, 1919, chaps. 9, 21, 23; Curran, 1982, chaps. 1–2). Instead, Ryan argued that human dignity, as that is understood in the natural rights tradition, presents us with a substantial criteria for a just distribution that is not contingent on the outcome of unrestricted bargaining in the marketplace. Ryan also claimed that his perspective would not be controversial as most people have an intuitive and reasonably accurate understanding of natural rights (Ryan, 1906, pp. 43–66). From this he observed, correctly, that the worker’s right to a living wage was a principle that enjoyed a broad consensus within American society (Glickman, 1997). Ryan summarized these sentiments as follows, ‘‘Indeed, it may be said with confidence that the common sense and unbiased convictions of the community not only repudiate the theory that free contracts are always just, but maintain that when the laborer is compelled to accept less than a certain decent minimum of remuneration he is in truth defrauded’’ (Ryan, 1906, p. 37). THE LIVING WAGE: A ‘‘PERSONAL LIVING WAGE’’ OR A ‘‘FAMILY LIVING WAGE’’? Ryan argued that the lowest wage paid for labor should be a living wage. Yet he also recognized that this wage level could mean different things to different people – including differences between the several philosophers, theologians, and economists who agreed with the principle of a living wage. To establish a more concrete standard for the living wage, Ryan tried to identify the conditions, and thereby the level of income, that would allow a working person to achieve their full human potential – what he repeatedly called ‘‘a right and reasonable life.’’ His name for such a wage level was the ‘‘Personal Living Wage’’ (Ryan, 1906, chap. 5).8 After developing the qualities of, and the need for, a personal living wage, Ryan argued that it was insufficient for the majority of the manufacturing workforce. The reason was that a personal living wage would be inadequate for male workers since Ryan believed that a man could only realize his full human potential as the head of a family (Ryan, 1906, pp. 116–120). After reviewing some statistics on average family size, Ryan presented his criteria for a ‘‘family living wage’’ – a wage that would enable a man, his non-working wife, and four-to-five children under the age of 16 to live a dignified life. He proposed that the standard for a family living wage be calculated as follows: ‘‘the cost of maintaining himself and wife until death and the children until they are of an age to be self-supporting, divided by his working time as an adult in full vigor, will give in terms of money the family Living Wage’’ (Ryan, 1906, pp. 119–120; see also Ryan, 1902a, p. 173).

#### Dignity based rights like a living wage are key to human rights

Chuman 21 [Joseph Chuman, professor of Human Rights at Columbia University, 3-27-2021, "A livable wage and human dignity", Hill, https://thehill.com/opinion/finance/545226-a-livable-wage-and-human-dignity/]/Kankee

A few observations: In the first instance, we should not be speaking of a “minimum wage,” but a “living wage.” Also, the bill to raise the minimum will phase it in in over several years, allowing the economy to expand in the interim. But the primary issue relates to basic assumptions. The rejection of a livable wage looks to the market as the governor of policy. It’s a presumption I reject. Human dignity and need should be our reference point, which opens the door to other approaches, other political requirements. The right to a livable wage is a fundamental human right. The United States, under the leadership of Eleanor Roosevelt, was a prime mover in the creation of the Universal Declaration of Human Rights of 1948. The Declaration outlines economic as well as political rights, rights which the United States — to its shame — is too often ready to neglect, not only in practice, but in principle. Article 25, paragraph one, states: “Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.” The standard is the preservation and protection of human dignity. If a person is compelled to eat his or her next meal out of a garbage can, to live on the street, or lacks the ability to meet basic needs for survival, then we can rightly conclude that one’s dignity is impugned. If the economy through its normal mechanism cannot ensure that standard of dignity, then it becomes the obligation of the state to step to guarantee that that standard is met. That is what a “right” means. The individual has a claim — and it is a hard claim — against the government which that government is obligated to recognize and fulfill. Eighteen years after the Universal Declaration, the UN introduced for ratification the two human rights covenants; the International Covenant of the Civil and Political Rights and the Covenant on Economic, Social and Cultural Rights. These documents separate the two types of rights outlined in the Universal Declaration and expand them. They are the pillars of the international law of human rights. Some may be surprised to know that while the United States has ratified the Covenant on Civil Rights, we have failed ratify the Covenant on Economic Rights. The reason the United States has not ratified the Economic Covenant is because the official position of the United States government is that economic rights are not rights. The Europeans accept that they are. The Canadians do. The United States does not. If you are looking for a reason why our country remains the sole industrialized nation without universal health care, you can readily find one here. Other Western states take economic rights seriously, which means that it is the obligation of government to ensure the economic viability of its citizens. This an unenviable way in which the United States remains exceptional. Hence, we have vast pockets of America that are economically indistinguishable from the developing world. Once more, the starting point is the preservation of human dignity. With that value as the foundation, I submit we need to radically reimagine the premises and structure of our economy. We need to move toward the equitable redistribution of wealth and enforce government’s role to ensure that equity so that all our inhabitants can live a life of dignity. A federally guaranteed livable wage would be a critical step in that direction.

#### Living wage is a rejection of poverty and an emancipation from class based wage slavery that obliterates individual freedom

Manchego 24 [Isaac Manchego, Law Clerk at the Hennepin County Public Defender's Office with a Bachelor’s in Legal Studies from the University of Maryland, 2024, “Exploring Pleasure as Resistance: A Study of BlaQueer Liberation from Work to Enjoyment,” Academia, https://www.academia.edu/119047325/Exploring\_Pleasure\_as\_Resistance\_A\_Study\_of\_BlaQueer\_Liberation\_from\_Work\_to\_Enjoyment&nav\_from=8ed0ae11-b5fb-4d17-9b5b-98db78a4eaa8&rw\_pos=0]/Kankee

IV. From Work To Labor To Enjoyment According to Black’s Law Dictionary, the term “labor,” can be traced to the 13th century and defined as “[w]ork of any type, including mental exertion…[t]he term [usually] refers to work for wages as opposed to profits.” For example, “the fruits of one’s labor.” The verb form of labor descended from the 14th century, implies working, especially with significant effort, defined as “to work, esp. with great exertion.” The term employment dates to the 15th century, and Black’s Law Dictionary defines employment as “the relationship between master and servant” and “work for which one has been hired and is being paid by an employer.” The economic and legal notion of the master-servant relationship refers to the association between an authoritative figure and a subordinate, typically between an employer and an employee, where “one of whom (the master) has authority over the other (the servant), with the power to direct the time, manner, and place of the services provided…[and] the servant is almost completely under the control of the master.” Abolishing the employer-employee, master-servant relationship requires dismantling and rejecting hierarchical subordination, including class, which affects both poor non-whites and poor whites. The class comprises individuals who lack wealth and experience the effects of poverty. Although not a solidarity due to the belief in white superiority, the effects of poverty are widespread, impacting bodily autonomy, reproductive rights, and the prevalence of gender violence. These issues have calculable damage and influence on interstate commerce, a power of Congress to rectify. Abolishing the employer-employee master-servant relationship entails abolishing and rejecting poverty as a condition of existence and citizenship. This has implications for policing, political participation, and more opportunities for pleasure and self-determination. It involves redefining pleasure as a form of determining one’s own destiny, including the right to pleasure and leisure. This shift would empower individuals to shape their lives in ways that align with their values and desires. Additionally, a “living wage,” traced to 1888, is defined as “[a] wage sufficient to provide for a worker and his or her family a reasonably comfortable existence.” According to Mark Oldroyd in 1894, a living wage means: “A wage by which the worker may obtain the means of subsistence for himself, for those legitimately dependent on him; a wage by which the worker may provide reasonable home comforts and fit himself for the discharge of duties of citizenship; and that the wage shall be earned under such conditions as regards sanitary regulations, physical and mental effort, and duration of working hours, and as will afford reasonable time for recreation and rest.” Oldroyd further elaborated that a living wage must be sufficient to maintain the worker at the highest level of industrial efficiency, with decent surroundings and sufficient leisure. This definition underscores the importance of decency and leisure in a worker’s life In Invisible No More. Andrea J. Ritchie quotes Angela Y. Davis’s use of the term “‘abolition feminism,’ to envision a world ‘based on radical freedom, mutual accountability, and passionate reciprocity. In this society, safety and security will not be premised on violence or the threat of violence; it will be based on a collective commitment to guaranteeing the survival and care of all peoples.’”141 How can the U.S. economy prioritize “resources such as safe and affordable housing, healthcare, education, living wage employment, childcare, and mental health treatment?”142 True labor equity involves abolishing employer-employee hierarchies of subordination, refusing work that lacks remuneration, and affirming the right to find pleasure in one’s labor. A living wage is a fundamental right, crucial for preserving human dignity. Economic, legal, and historical factors have shaped living wage policies and were crafted to exclude non-white and non-heterosexuals from the fundamental right to enjoy. Recognizing a living wage as a human right is essential for addressing economic disparities and ensuring reparations, a repair of a broken system of economic disparity. The refusal to accept the minimum wage as the status quo and advocate for a guaranteed living wage, unconnected from work or labor but considers pleasure just as valuable, is a rejection of capitalism’s categorization of class stratification and a challenge to that pillar of oppression. The evolution from viewing work as unpaid toil to recognizing labor as remunerated toil signifies progress, yet dismantling systemic constructs necessitates acknowledging pleasure as equally essential to human life and the Black being. The labor movement’s fraught history was an existential struggle for many Black people, especially Black women, and domestic workers. This struggle against legislation, executive actions, and judicial interpretations reveals pervasive systemic barriers faced by Black individuals, particularly in creating the conditions for poverty to proliferate, given the roles of Congress and the Court in determining a living wage. The preclusion of a living wage, particularly for African Americans who were excluded from the benefits of the New Deal and union protections, underscores systemic inequities in the labor market. Despite the efforts of powerful unions, often influenced by white ideologies and interests, minimum wage laws have historically failed to adequately address the needs of marginalized communities. The legacy of exclusion from key economic policies and protections has perpetuated poverty and limited opportunities for African Americans, exacerbating racial disparities in income and wealth. Recognizing and addressing these historical injustices is essential to achieving true equity and justice in the labor market. Black’s Law Dictionary defines the right to pursue happiness, as “[t]he constitutional right to pursue any lawful business or activity that might yield the highest enjoyment.” Saidya Hartman quotes Black’s Law Dictionary, to explain that “to enjoy” means “to have, possess, and use with satisfaction; to occupy or have the benefit of.”143 Hartman’s analysis of enjoyment extends beyond mere possession, encompassing the broader, interconnected condition of citizenship–exercising rights and privileges–and resistance embodied by pleasure and leisure. Increasing the minimum wage may not be the sole solution, but it remains a critical step in changing the conditions that diminish the value of pleasure to advocating for the value of pleasure in people’s lives. There must be a fundamental value shift from labor to pleasure to ensure there is a life worth living; citizenship that treats the complete existence of a human to include pleasure. By diminishing the value of pleasure, society often overlooks the importance of internal satisfaction compared to physical exertion. This mindset contributes to the comorbidity of poverty and incarceration, where leisure and excess are penalized. Abolishing the minimum wage and legal poverty requires acknowledging that labor should bring as much pleasure and happiness to the worker as it does to the consumer. To achieve this balance, we must replace the capitalist system with an economy of enjoyment that prioritizes the satisfaction of both laborers and consumers equally. A. The Labor Movement

### Contention 5: Care Work

#### Nursing homes are having mass closures now – staff shortages are key

Parkinson 23 [Mark Parkinson, Opinion Contributor for the Hill and president of the American Health Care Association with a JD from the University of Kansas, 5-31-2023, "Mandates are not the solution to our growing nursing home crisis", Hill, https://thehill.com/opinion/congress-blog/healthcare/4028284-mandates-are-not-the-solution-to-our-growing-nursing-home-crisis/

It wasn’t the State Department’s fault — there are statute limitations on how many visas can be processed each year. Yet thousands of much-needed nurses are unable to enter the country now. It is an example of a key missed opportunity to help bolster our long-term-care workforce, and how Washington is leaving real solutions to address the labor crisis on the table. Nursing homes are eager to grow their workforce but are still in the process of rebuilding after COVID-19. The sector lost nearly 250,000 workers over the course of the pandemic — more than any other health care sector. The total number of individuals working in nursing homes today has dipped down to levels not seen since 1995. Even though providers are doing everything they can to try to recruit new caregivers, they struggle to find qualified applicants, as well as to compete against hospitals and other employers due to limited government funding. We are seeing the consequences of our labor crisis in real time. Nursing homes limiting the number of residents they can accept is becoming all too common. For others, staffing shortages are leading to the devastating decision to close entirely. Vulnerable residents are being forced to relocate, disrupting the continuity of care and moving them farther away from their beloved family and friends. In rural states, closures have been rampant. In the Sunflower State, where I also served as governor, the 52nd nursing home since the beginning of the pandemic shut down last month. Yet Washington’s response is a blanket staffing mandate, currently unfunded and without any supporting workforce development programs. This one-size-fits-all regulation is counterproductive and in no way addresses the underlying issue of our persistent workforce challenges. To truly solve our labor crisis, we must start with the core need: proactive measures that will support workforce recruitment and retention.

#### Nursing home labor shortages cause elder abuse and poor care – poor wages are key

Banham 23 [Russ Banham, reporter and editor at The Journal of Commerce with a MA from the University of Montana, 9-27-2023, "America’s Nursing Home Crisis", Leader's Edge Magazine, https://www.leadersedge.com/p-c/americas-nursing-home-crisis]/Kankee

High Turnover Means More Risk One of the major problems affecting quality of care in nursing homes is chronic understaffing and high turnover. The median rate of nursing staff turnover nationwide is 53.3%; for registered nurses it’s 51.9%, according to the Long-Term Care Community Coalition. The American Health Care Association (AHCA), a nursing home trade group, maintains that more than 200,000 staff positions at nursing homes were lost during the pandemic, although the federal Bureau of Labor Statistics posited that the number of workers in nursing homes and other care facilities fell by 410,000 nationally between February 2020 and November 2021. As of January 2023, staffing rebounded by about 103,000. Nevertheless, a December 2022 survey by AHCA found that 86% of nursing homes are experiencing moderate to severe staff shortages, with only 3% fully staffed. “The staffing issue is largely a retention problem,” says Toby Edelman, senior policy attorney at the nonprofit Center for Medicare Advocacy. Workers often leave nursing homes because of bad working conditions, Edelman says. “More staff means better care, especially since nursing home care is hands-on care.” Lori Smetanka, the executive director of the nonprofit National Consumer Voice for Quality Long-Term Care, attributes the high turnover rate to a combination of poor wages and benefits, lack of training, poor management, lack of career advancement, and an impossible workload that is emotionally and physically demanding. “Many people have to work multiple jobs to make ends meet,” Smetanka says. “Certified nurse assistants (CNAs) should have about seven or eight residents to care for, and that number should decrease as resident needs increase. However, we are regularly hearing from residents and CNAs themselves that CNAs are responsible for 20 residents each, sometimes more.” Dan Gilhooly, managing director of Gallagher’s senior living practice, says every one of the brokerage’s nursing home prospects and clients maintain that staffing and turnover are the biggest challenges in providing quality care. “The problem is so acute that third-party staffing companies are called upon to fill the void, but these are people who have not come up through your culture, who need to be trained in appropriate policies and procedures,” Gilhooly says. “They’re also expensive, often exponentially so.” Filling the massive void in job applicants in a post-pandemic world will not be easy, said Randall Fearnow, a partner specializing in health law at law firm Quarles & Brady. “Employment has always been a problem, but once so many residents and staff died during the pandemic, few people want the job,” Fearnow says. Randy Stimmell, a senior vice president and a founding member of the WTW senior living group, notes the stressful conditions in which nursing home caregivers work. “Helping people in the last stages of life is a tough and very demanding physical job that requires utmost respect and dignity,” Stimmell says. But caregivers, he says, “are not adequately paid for what they do.” Increases in state Medicare and Medicaid reimbursement rates are a means towards solving the staffing issue, Stimmell says, citing actions taken in Florida, Illinois, Kentucky, North Carolina, Pennsylvania and Texas to increase their reimbursement rates. Gilhooly offers a similar view. “Solving staff recruitment and turnover is the million-dollar question” he says, “but a step in the right direction is for owners and operators of nursing homes to partner with local high schools, colleges and certified nursing programs in an apprenticeship model designed to find people … invested in improving the quality of life and well-being of the aging population.” In the meantime, high staff turnover is linked to an increase in resident abuse and related litigation, an issue of importance to insurance brokers and carriers focused on the market. According to an analysis by National Consumer Voice, nursing homes with a turnover rate from 50% to 59% are cited for abuse at a rate 1.5 times higher than those with lower turnover rates. “The percentage of nursing homes cited for abuse declines precipitously as the rate of nursing staff turnover declines,” Smetanka explains. Attorney Eric Carlson, director of long-term services and support advocacy at Justice in Aging, a nonprofit that advocates on behalf of low-income older adults, says issues regarding emotional abuse of nursing home residents are often associated with understaffing. He points to claims made by nursing home staff to residents that certain types of care are not covered under Medicaid. “I’ve seen situations where the staff tells a resident they cannot receive care like physical therapy, one-on-one attention and even hands-on assistance with eating, all of them incorrect assertions,” Carlson says. Early in his career, the wife of a nursing home resident contacted Carlson because she was told her husband had to leave the facility within 48 hours because his Medicare coverage had expired. “I looked at the law regarding proper notice for an eviction, in addition to the transfer discharge protections and the right to an appeal hearing, and what the facility told her simply did not reconcile with the law,” he says. The resident remained in place. Across his 22 years with Justice in Aging, Carlson has unearthed so many disturbing practices that he compiled them in a report titled “25 Common Nursing Home Problems & How to Resolve Them.” The problems range from a failure to provide necessary services to the improper use of physical restraints and behavior-modifying drugs. “Many nursing homes have standard procedures that in a variety of instances are contrary to what the law provides,” he says. Ownership in Question

#### Understaffed nursing homes kill residents through neglect

Kohn et al. 23 [Nina A. Kohn, visiting professor at Cornell Law School, a distinguished scholar in Elder Law at the Solomon Center for Health Law and Policy at Yale Law School and the David M. Levy Professor at Syracuse University College of Law, Charlene Harrington, professor emeritus at the University of California San Francisco’s School of Nursing, and Lori Smetanka, executive director of the National Consumer Voice for Quality Long-Term Care, 9-22-2023, "Biden’s nursing home staffing proposal is dangerously inadequate,” Hill, https://thehill.com/opinion/healthcare/4214467-bidens-nursing-home-staffing-requirements-are-dangerously-inadequate/]/Kankee

As nursing home residents and staff died by the thousands in the first months of the COVID-19 pandemic, one thing became clear: Understaffing in America’s nursing homes is lethal. Most facilities lacked the staff needed to prevent neglect and avoidable harm to residents. President Biden responded to the nation’s nursing home crisis by declaring that his administration would create a minimum staffing standard for nursing homes, to help ensure basic care and services for the nation’s more than 1 million nursing home residents. This announcement was heralded by long-term care residents and their supporters. For years, nurses, physicians, researchers, consumer advocates and government reports had been sounding the alarm that understaffing in nursing homes jeopardized residents’ health and safety. Consider the result of understaffing in four New York nursing homes recently sued for abuse. One resident was so neglected his son couldn’t recognize him. Another resident was dying from an infected pressure sore that grew “cavernous” and ended up “eating away most of his buttocks.” Staff had so little time to provide basic care that they left windows open to reduce the stench of unclean residents, leaving residents “freezing” and swarmed by flies. Unfortunately, the federal agency responsible for drafting Biden’s new staffing standard has just dropped a bombshell. On Sept. 6, it published a proposed staffing standard so minimal and with such huge exceptions that many nursing home residents will see no benefit at all. To be sure, the proposal has some good news for residents. It requires a registered nurse to be present in a nursing home 24 hours a day, replacing the current federal requirement of only 8 hours. That’s a major step forward. RN levels predict nursing home quality, and RNs play a critical role in assessing, diagnosing, planning, and overseeing care. But when it comes to total staffing levels, the federal agency in charge, the Centers for Medicare and Medicaid Services (CMS), has proposed that nursing homes only be required to provide three hours of staff time per resident per day. That’s far less than what many states with state-specific minimum staffing standards require. It’s only 73 percent of the 4.1 hours per day that a rigorous CMS study found is necessary to avoid neglect. A lower standard might be understandable if the federal government planned to make all nursing homes comply with it. It doesn’t. CMS proposes granting waivers to both rural facilities and facilities in communities with below-average numbers of health care providers. Facilities must make a “good faith effort” to recruit and retain staff to get a waiver, but this effort doesn’t have to include offering the higher wages or benefits needed to attract workers. So long as a facility offers the “prevailing wage”— which is notoriously low — it can avoid the minimum staffing requirement. The Economic Policy Institute found that long-term care workers (over 80 percent of whom are women and who are disproportionately Black and immigrant women) are substantially underpaid and most lack any employer-provided retirement or health benefits. The nursing home industry argues that it can’t afford higher staffing requirements. Yet even nursing homes that are dependent on Medicaid (which the industry claims doesn’t pay enough) are being bought up by private equity firms because of their profit potential. And stories abound of nursing homes claiming poverty while their owners pocket millions. It’s time for the federal government to stop allowing nursing homes to operate with unsafe staffing levels. After all, the federal government foots the bill for three-quarters of nursing home residents. And the federal government shouldn’t continue to expect taxpayers to pay for nursing homes that lack the minimum staff needed to provide adequate care. Nursing home residents, their families and their supporters need to demand minimum staffing standards that are higher and that apply to all nursing homes (rural residents deserve good care too). They may not have the resources of the nursing home industry, which routinely spends over $100 million a year on lobbyists. But they can make themselves heard. One way to do so: commenting directly on CMS’s proposed standard on the federal government’s dedicated website. CMS is legally required to read these comments and consider them in developing the final rule. Inadequate nursing home staffing is not just an issue for today’s residents. Each of us may be one accident away from a nursing home. Whether we are 80 years old with a broken hip or 30 years old with a head injury, we shouldn’t have to worry that we’ll end up neglected in a nursing home too understaffed to keep us safe. As one longtime nursing home resident explained, understaffing means “you don’t get cleaned or changed which leaves you susceptible to all kinds of sicknesses” and that’s “counterintuitive to how you’re supposed to live in a nursing home. You’re not supposed to get sicker here because of low staffing.” He’s right.

#### Living wages for care workers bolsters the economy and the health system

Weller et al. 20 [Christian Weller, professor in the Department of Public Policy and Public Affairs at the University of Massachusetts Boston and senior economist at the Center for American Progress, Beth Almeida, principal at Cove Research and Senior Fellow at American Progress with a master’s degree in economics from the University of Massachusetts Amherst, Marc Cohen, co-director of the LeadingAge LTSS Center, and Robyn Stone, co-director of the LeadingAge LTSS Center, 09-2020, “Making Care Work Pay,” LeadingAge LTSS Center, https://www.ltsscenter.org/wp-content/uploads/2020/09/Making-Care-Work-Pay-Report-FINAL.pdf]/Kankee

Direct care workers are a critical foundation of the U.S. health care system and represent a substantial share of total employees in the nation’s economy. Every day, some 3.5 million direct care workers go to work in residential care settings and homes to provide care for some of society’s most vulnerable members—people who are older, live with disabilities, or have complex medical needs. Despite the importance of direct care workers to our nation’s health and economy, however, direct care work remains undervalued and poorly compensated. Low pay, combined with difficult working conditions, leads to chronic staffing shortages in the direct care field. As a result, productivity and quality of care are lower than they could or should be. Low pay also contributes to financial instability for direct care workers, their families, and the communities in which they live. Using publicly available data and standard economic simulation techniques, this report offers a glimpse into a different world—one in which direct care workers are paid at least a living wage. A living wage is one that would enable a full-time worker to pay for their family’s basic housing, food, transportation, and health care needs out of their own earnings, without the need to rely on public assistance. Our analysis found that raising the pay of direct care workers to the living wage in their respective states of residence would translate into meaningful wage gains for the lowest-paid aides, improve productivity, and have a significant effect on the overall economy. Specifically, raising pay so all direct care workers earn a living wage would result in: • Higher wages: Raising pay to a living wage in 2022 will give 75.3% of direct care workers a higher wage than they would otherwise receive. • A modest overall price tag: In 2022, the average wage gain for workers receiving a pay increase would be 15.5%. However, the overall price tag for these meaningful wage increases—estimated to be $9.4 billion—is relatively modest considering that total spending in the direct care field was already $366 billion in 2016 (Congressional Research Service, 2018) and will likely exceed $400 billion in 2022. • Fewer staffing shortages: A living wage would help to relieve staffing shortages, both by encouraging those in the direct care field to work longer hours and by attracting new entrants to the direct care field. The combined effect would be equivalent to adding 330,000 direct care workers to the ranks of those already employed, or a roughly 9.1% boost to employment in 2022. • Lower turnover and higher productivity: Paying direct care workers a living wage would reduce turnover and boost productivity. Higher pay would result in a modest reduction in turnover of between 0.7 and 1.7 percentage points. Even these modest effects could lead to substantial savings, possibly covering more than 10% of the total wage increase. More importantly, total productivity would increase by at least $5.5 billion. Lower turnover and higher productivity would offset most, if not all, of the costs of higher pay. Robust economic growth: Higher pay for direct care workers would add billions of dollars to local economies. By 2030, the economic “footprint” of additional spending by workers would be between $17 and $22 billion greater than it would have been in the absence of higher pay. This spending would add 65,516 to 85,990 jobs in sectors other than direct care in 2030. Communities where direct care workers live and spend their money would benefit the most from these additional jobs. • Financial well-being for workers: A living wage would enhance financial well-being for direct care workers, doubling the share of direct care workers who have retirement savings, and substantially increasing the share of those who own their own homes. Higher pay also would reduce direct care workers’ use of public assistance programs to the tune of $912 million to $1.6 billion per year. These savings would offset some of the additional costs of higher pay for direct care workers. Valuing direct care work through a variety of interventions, including paying these workers a living wage, would result in a stronger foundation for the U.S. health care system, better care, and greater economic security for those who carry out this important work. INTRODUCTION & OVERVIEW Quality of care for frail older people and people with disabilities depends on the pay direct care workers receive, whether those workers provide care in skilled nursing and assisted living settings or in homes in the community. Undervaluing care by, for instance, paying low wages to direct care workers, contributes to staff turnover and shortages (PHI, 2020). Turnover and shortages, in turn, have a direct impact on care recipients, who suffer because they cannot get the quality care that they need (Ruffini, 2020). This report offers a glimpse into a different world—one in which direct care workers become more valued for their work. Using standard economic simulation techniques, our analysis traces how raising wages for direct care workers in residential care and home care settings reduces turnover and staffing shortages, which boosts productivity and quality of care. Overall economic growth would also increase, alongside better pay, in communities where direct care workers live. Direct care workers would be the immediate beneficiaries of higher wages. But their care recipients and the communities where workers live would also benefit. This analysis quantifies those impacts. THE CRITICAL ROLE OF DIRECT CARE WORKERS Direct care workers play a critical role in the functioning of the health care system. They work as certified nursing assistants and personal care aides (PCA) in nursing homes and residential care settings, where they help residents with medications, eating, bathing, cleaning, and other activities. Their work allows older people and people with disabilities to live more safely in these care settings than would otherwise be the case. These workers are referred to in this report as “care facility aides” or CFAs. Many direct care workers also work in people’s homes as home health aides and PCAs. These workers help care recipients carry out a wide range of activities, ensuring care recipients get and take their medications, receive proper nutrition, and live in a clean environment. These workers are referred to in this report as “home care aides” or HCAs. Without the work of HCAs, more people would need to live in residential care settings, often at a greater cost and frequently with a greater risk of social isolation. HCAs also provide valuable care after a care recipient returns from a hospital stay, for example, and help reduce that person’s chance of returning to the hospital (Carnahan et al., 2017; Feltner et al., 2014; Murtaugh et al., 2017). Clearly, direct care workers contribute substantially to the health and well-being of their care recipients and the overall functioning of our health care system. Yet, the same health care system that relies heavily on direct care workers to ensure the health and safety of patients, also undervalues those workers by paying them so little that many cannot live on their wages, even when working full time. This failure to value direct care workers puts the health of care recipients at risk. Low pay for what is widely acknowledged as physically and emotionally difficult work contributes to turnover and chronically high staffing shortages in the direct care field (Institute of Medicine, 2008). Turnover reduces the opportunity for aides to gain experience in their occupation and with particular care recipients. This inexperience undermines care quality (Ruffini, 2020), as measured by such indicators as incidence of pressure ulcers, urinary tract infections, and/or the use of physical restraints. Low pay also leads to staffing shortages, requiring those who work as direct care workers to fill in the gaps as best as they can, and sometimes requiring those who need care to go without it. The coronavirus pandemic of 2020 brings into sharp focus the risks to people’s health that follow from low pay for direct care professionals (Kirschner, Iezzoni, and Shah, 2020). The pandemic laid bare how staffing shortages can become deadly when a contagious disease quickly spreads among care recipients in residential care settings (Barnett and Grabowski, 2020). At the same time, underpaid, financially strapped direct care workers had few other options than to keep working during the coronavirus pandemic, even if it put at risk their own health and the health of their families and care recipients. The pandemic highlighted an often deadly contradiction: We rely on dedicated direct care workers to provide critical services to vulnerable populations, but we do not value their work.1 In the extreme, undervaluing the direct care workforce—the cornerstone of our health care system—may have led to many unnecessary deaths during the pandemic. HIGHER PAY: A CRITICAL FIRST STEP Higher pay for direct care workers is a critical first step, though not the only one, needed to improve the lives and livelihoods of these workers (PHI, 2020). This report uses standard economic simulation techniques to describe the likely effects of higher pay for direct care workers, mainly for HCAs. The analysis indicates that higher pay would reduce turnover somewhat and, more importantly, reduce labor shortages in the direct care field. Less turnover would foster a more experienced, better qualified workforce. Higher pay would make it less likely that currently underpaid staff would leave their occupation in an effort to pay their bills. Specifically: • Direct care workers would work more hours in their existing jobs, because they can earn more. • People from other fields would be attracted to direct care work, easing existing labor shortages. • Older care recipients and people with disabilities would receive more consistent and reliable care, making it easier for them to live independently. In the end, health outcomes among vulnerable populations would improve. Care recipients would experience fewer adverse health outcomes, such as pressure ulcers, urinary tract infections, or the use of physical restraints. These care recipients would also receive more supportive care, such as physical and occupational therapy, as direct care professionals become more familiar with care recipients’ needs and work with other providers to weave those therapies into daily routines. OTHER ECONOMIC BENEFITS OF HIGHER PAY

#### Living wages are key to recruitment to solve care worker shortages

Weller et al. 20 [Christian Weller, professor in the Department of Public Policy and Public Affairs at the University of Massachusetts Boston and senior economist at the Center for American Progress, Beth Almeida, principal at Cove Research and Senior Fellow at American Progress with a master’s degree in economics from the University of Massachusetts Amherst, Marc Cohen, co-director of the LeadingAge LTSS Center, and Robyn Stone, co-director of the LeadingAge LTSS Center, 09-2020, “Making Care Work Pay,” LeadingAge LTSS Center, https://www.ltsscenter.org/wp-content/uploads/2020/09/Making-Care-Work-Pay-Report-FINAL.pdf]/Kankee

Two additional, relevant effects would follow from higher wages. First, aides would likely work more hours since there would be a greater incentive to work more. The estimate shows that the increase in hours would be equivalent to hiring an additional 154,623 aides at the current average hours per week, if wages increased to the living wage in 2022. Second, higher wages for direct care workers would attract more people to the profession and reduce staffing shortages. An additional 177,171 people would work as aides in 2022, according to the estimates in Table 4. Higher pay would reduce staffing shortages among direct care workers by more than 330,000 aides in 2022, including additional employment due to more hours (154,623) and additional induced employment (177,171). This represents an increase of 9.1% over the baseline in 2022. The magnitude of this increase in labor supply would go a long way toward alleviating staffing shortages in the direct care field, given that pre-COVID, state-level job vacancy estimates for direct care work range from 4% to 20% (Gleason et al, 2018; PHI, 2020). This increase in labor supply would come from: • Making direct care work more attractive for people who already work in the field and who would be less likely to look for supplemental jobs elsewhere. • Paying relatively higher wages, under this simulation, than in other sectors that would not see an increase in wages. Basically, higher pay would make direct care work financially more rewarding for existing and potential workers, shrinking labor shortages. SECTION 4 REDUCING TURNOVER AND LOWERING ASSOCIATED COSTS BY PAYING A LIVING WAGE A number of additional economic benefits would flow from total direct and indirect wage gains that result from boosting the pay of direct care workers to at least a living wage. These benefits include less turnover among direct care workers and resulting quality gains in care provision. As described in Section 3, raising wages for direct care workers can be expected to substantially improve the supply of direct care workers. Better rewards for physically and emotionally challenging care work would make it less likely that workers would want to leave the field and would simultaneously attract new people to these occupations. These changes would have 2 effects: • Turnover in direct care occupations would be lower, reducing the costs that nursing homes, home care agencies, and other employers incur when recruiting and training new workers. • The average productivity of aides would increase, as discussed in more detail below. In this case, productivity would mean higher quality care for care recipients as direct care workers accrue firm-specific human capital and become more familiar with specific client needs and care-related processes. Improvements in patient safety and health reduce costly, adverse health outcomes, like hospitalizations and infections (Ruffini, 2020). This section separately models the cost savings from lower turnover and discusses the likely increases in productivity that could result from higher pay for direct care workers. The appendix explains the underlying assumptions. COST SAVINGS FROM TURNOVER The effect of a higher wage on the total turnover costs for existing employees in the direct care field is theoretically ambiguous. There are 2 factors at play that can offset each other: 1. Higher pay can reduce turnover in the direct care field because it gives people more incentives to stay in direct care jobs. 2. However, turnover costs are tied to the pay of workers, so higher pay raises the costs of turnover at any given level. Higher wages reduce turnover, but they also increase the cost of replacing each employee who leaves. Therefore, the overall effect of a higher wage on total turnover costs depends on which effect dominates: the reduction in turnover or the increase in costs of turnover for each position. Employers are more likely to save money on turnover costs if reductions in turnover are large relative to the increase in pay for each employee. Table 5 shows 3 distinct scenarios. • Scenario 1 assumes a starting turnover rate of 80%, a turnover elasticity of -0.25 (that is, turnover relative to wage increases), and turnover costs equal to 20% of pay.8 • Scenario 2 uses a starting turnover rate of 60%, an elasticity of -0.25, and turnover costs of 20% of pay. • Scenario 3 assumes a starting turnover rate of just 40%, an elasticity of -0.2, and turnover costs equal to 16% of pay. Table 5 then summarizes the aggregate changes in turnover costs under each scenario. A negative number in Table 5 indicates cost savings, while a positive number shows higher turnover costs due to higher pay and additional employees. Lower turnover could reduce costs for employers. Under Scenario 2, with intermediate assumptions, employers would save a little under half a billion dollars each year from lower turnover. Under the highest cost assumptions in Scenario 1—high turnover and high turnover costs coupled with aboveaverage elasticity—employers could save more than $1.3 billion each year due to lower turnover. Not all scenarios end up saving money from lower turnover. Scenario 3 shows that if initial turnover and the costs of replacing an employee are low, and if the turnover elasticity is also low, employers may end up with additional costs topping $150 million. Compared to the baseline wage bill of $68.4 billion in 2022, however, this figure would represent a small additional cost, about 0.2% of payroll. As shown in Table 5, these estimates for the effect of higher pay on turnover costs hold 2 lessons: • Employers in the direct care field could potentially save money from paying higher wages, due to lower turnover costs. • The cost savings are greater if initial turnover is larger. SECTION 5 BOOSTING PRODUCTIVITY AND IMPROVING QUALITY OF CARE BY PAYING A LIVING WAGE Employers and third-party payers would also see a clear benefit from higher productivity as aides get paid more. There are 4 channels through which higher wages affect the productivity of direct care workers.9 1. Employees already in the sector have incentives to stay, rather than to leave their jobs. Additional time working increases an HCA’s experience, on-the-job learning, and skill in handling health issues and related care processes. As a result, quality of care should increase and costs to health insurance companies and public programs like Medicare and Medicaid for hospital admissions and readmissions, for example, can be expected to fall (Ruffini, 2020). 2. Employers, including home care agencies, nursing homes, and others, will have incentives to invest in measures that can raise the productivity of direct care professionals to offset higher labor costs. For example, these organizations could provide direct care workers with more training and technical support, which raise worker effectiveness and improve the quality of care, lowering other associated costs. 3. Higher wages will allow employers to attract direct care workers with more experience, education, and relevant certifications. This would make it easier for newly hired direct care workers to assume complex tasks more quickly.10 4. Higher pay gives direct care workers more financial flexibility to stay home when they get sick or have childcare and other family obligations. These workers can provide better care when they are at work because they are healthier and more concentrated on the tasks at hand.11 THE LINK BETWEEN HIGHER PRODUCTIVITY AND PAYHigher pay would result in greater productivity among direct care workers, but the size of the effect is unclear. There is not a large body of research on the link between employee productivity and pay among direct care workers, but existing evidence is suggestive. For example, in examining care outcomes in nursing homes following increases in the minimum wage, Ruffini (2020) finds that higher wages increase tenure and lead to improved patient safety and health. Importantly, the cost savings associated with improvements in care, such as savings from pressure ulcer treatment, alone offset up to half of the increased wage bill. The cost of increased wages is completely offset when the social value of increased longevity is considered. In a similar vein, Jarrin and colleagues (2014) find that more favorable work environments in home health agencies correlated with greater productivity among registered nurses. The researchers attributed this correlation to fact that acute hospitalizations—a direct measure of health care productivity—were significantly lower, and community discharges significantly higher, when the work environment was more favorable. Similarly, Flynn and colleagues (2010) find that better work environments for nurses working in New Jersey nursing homes reduced adverse health outcomes, such as pressure sores, for residents. With respect to low-wage workers outside of health care, Hirsch, Kaufman, and Zelenka (2011) find that employers plan to respond to a minimum wage increase by trying to increase employee productivity. The limited evidence suggests that higher pay, as part of a more favorable work environment, would likely be accompanied by higher productivity levels among direct care workers. HOW MUCH WOULD PRODUCTIVITY INCREASE IF WAGES GO UP? In theory, productivity gains would accrue over time after wages increase, but not right away. It takes time for lower turnover and new hiring to show up in average productivity data. We expect that productivity gains would ultimately mirror total wage increases, including direct and indirect pay gains, reported in Table 4. This would translate into a permanent $5.5 billion gain once all productivity gains are realized. Productivity growth afterwards could also be higher if wages for direct care workers remain higher than for other, related occupations. In recent decades, wage gains have fallen behind productivity gains for most workers, due to diminished bargaining power of workers across the economy (Economic Policy Institute, 2019a). Specifically, productivity grew 6 times faster than total compensation over the 40-year period from 1978 to 2018 (Economic Policy Institute, 2019a). This would inversely imply that productivity would go up more than wages increase. How could this happen? Let’s assume that wages increase for aides but not for other low-wage occupations. Nursing homes, home care agencies, and other employers could attract the most productive workers from other occupations. As long as employers in other sectors are keeping wages below workers’ productivity, employers in the care sector may be able to attract highly productive employees to the sector and, in the process, boost productivity more than wages. On the flip side, this example would imply that employers are currently not fully compensating direct care workers for their qualifications, thus providing an incentive for them to leave the job. This is indeed the case. If the wages of aides increased, direct care workers would be better compensated for their work and their qualifications relative to other occupations. This would allow a larger share of qualified direct care workers to stay on the job and would allow employers to attract qualified people from other fields. The result is that productivity would go up with wages. Alternatively, it is also possible that productivity gains would lag behind wage increases if employers either had little incentive to improve employee productivity or were unable to attract and retain more experienced workers. The data below, however, suggests that aides are relatively more qualified than workers in other, related fields, given their wage levels. FILLING SHORTAGES THROUGH HIGHER WAGES Employers are already able to attract qualified direct care workers, but there are substantial shortages. Higher wages can start to fill these shortages. Qualified direct care workers are likely to be more productive than workers in other, similar occupations, thus holding wages constant. This productivity likely reflects a sense of commitment to the occupation and to care recipients, in spite of poor pay.12 This means that raising pay for direct care workers could come with a commensurate increase in productivity and quality of care because employers are better able to retain and attract a larger number of qualified workers with higher pay into these direct care occupations. LINKING PAY, EXPERIENCE, EDUCATION, AND LICENSING

#### Higher wages save lives and increase care quality – stats prove

Ruffini 20 [Krista Ruffini, educator at the Goldman School of Public Policy at UC Berkeley, 06-2020, “Worker earnings, service quality, and firm profitability: Evidence from nursing homes and minimum wage reforms,” Equitable Growth, https://equitablegrowth.org/working-papers/worker-earnings-service-quality-and-firm-profitability-evidence-from-nursing-homes-and-minimum-wage-reforms/]/Kankee

In order to test whether legislated wage increases affect service quality, I adapt the contigu2 ous county-pair differences-in-differences framework, pioneered by Card and Krueger (1994) and generalized by Dube et al. (2010) and Dube et al. (2016). I build upon this approach by including city- and establishment-level reforms, in addition to state and county changes. The rich temporal and spatial variation in minimum wages permits comparisons of patient well-being in the same facility due to exogenous changes in labor costs, and relative to neighboring firms, while flexibly accounting for demographic and economic changes at a very local level. I first establish higher minimum wages increase earnings among low-skilled healthcare workers, with a ten percent minimum wage increase raising nursing assistant earnings 1.2 to 2.0 percent while not significantly reducing low-skilled employment. Although nursing homes are relatively unexplored in the U.S. minimum wage literature, the earnings and employment responses are comparable to those found for affected workers in other low-wage industries (Dube et al., 2010, 2016; Reich et al., 2017; Jardim et al., 2017; Cengiz et al., 2019).1 I also find suggestive evidence higher minimum wages increase tenure by reducing separations and increasing the share of hires who remain with their employer for at least three months, again consistent with existing work in other sectors (Dube et al., 2016; Jardim et al., 2018; Portugal and Cardoso, 2006; Brochu and Green, 2013). Second, I provide some of the first empirical evidence how employee wages affect consumer well-being. Here, I find higher wages improve patient safety and health, with a ten percent minimum wage increase reducing the number of health inspection violations by one to two percent (0.1 violation each period for the typical facility), the fraction of residents with moderate-to severe pressure ulcers by 1.7 percent (0.14 percentage points), and the annual number of deaths occurring in nursing homes by 3.1 to 3.3 percent (15,000-16,000 deaths a year). Event study analyses illustrate that resident health does not systematically diverge prior to minimum wage increases, supporting the basic differences-in-differences framework, and that reductions in the most costly health outcomes – pressure ulcers and mortality – persist after the initial wage shock. Third, I examine how employers offset higher labor costs. I find that the mechanical increase in costs from the baseline low-skilled labor share fully accounts for the reported cost changes. Facilities do not substitute towards higher-skilled labor or other factors of production, but increase the revenue they receive from consumers in two ways. First, firms charge private payors more (about 75 percent of the increase in per-resident revenue), and second, firms shift the resident mix towards higher-revenue patients by serving more private payors and fewer Medicaid recipients. My findings are consistent with minimum wages improving patient health through increasing firm-specific human capital and improving worker performance. Importantly, the underlying motivation for efficiency wages – namely that higher compensation improves worker productivity when effort is imperfectly observable to employers and consumers – makes disentangling potential mechanisms particularly difficult in this setting. In the absence of a direct measure of worker productivity, several extensions can rule out competing explanations. First, although I find nursing home residents become more positively selected following minimum wage increases, changes in observable patient characteristics cannot account for most of the observed health improvements. Second, I do not find higher minimum wages increase firm closures or mergers, suggesting the findings are not driven by low-performing firms exiting the market. Third, while higher wages could improve quality by altering incentives of current workers, attracting better workers, or leading firms to substitute towards higher-skilled staff, there are no significant changes in worker demographic characteristics or increased employment among credentialed nursing staff. Together, these patterns are consistent with higher minimum wages inducing better performance among current workers and improving production efficiency through greater retention. These findings provide empirical evidence on how higher wages can improve service quality in low-wage settings. Although a single industry, the nursing home sector is an important setting to explore the relationship between worker economic security and consumer outcomes. First, long-term care is a large and rapidly growing sector of the economy, accounting for about 10 percent of Medicaid and Medicare expenditures. More than half of individuals reaching age 65 will require long-term care at some point in their lives, much of which is provided in residential settings (Favreault and Dey, 2015). Patients have imperfect information about the quality of care at the time of admission, as health conditions develop over time and require expertise to diagnose. The traditional fee-for-service reimbursement model, combined with a large role of government financing through Medicaid and Medicare, results in relatively inelastic consumer demand for most consumers that reduces incentives for providers to offer cost-efficient treatments. As the population ages, demand for long-term care will increase, placing greater pressure on government finances and increasing demand for health service workers. In addition, medical experts, policymakers, families, and patients have expressed concerns about the quality of longterm care for at least sixty years (Castle and Ferguson, 2010; Institute of Medicine, 1986). In an effort to monitor service provision, the federal government has implemented a series of inspection and reporting requirements. I build a novel dataset from this information that includes administrative measures of staffing, health inspection violations, and patient health for the nearuniverse of nursing homes spanning the 1991 through 2017 period.

#### Higher nursing home pay helps the economy

Weller et al. 20 [Christian Weller, professor in the Department of Public Policy and Public Affairs at the University of Massachusetts Boston and senior economist at the Center for American Progress, Beth Almeida, principal at Cove Research and Senior Fellow at American Progress with a master’s degree in economics from the University of Massachusetts Amherst, Marc Cohen, co-director of the LeadingAge LTSS Center, and Robyn Stone, co-director of the LeadingAge LTSS Center, 09-2020, “Making Care Work Pay,” LeadingAge LTSS Center, https://www.ltsscenter.org/wp-content/uploads/2020/09/Making-Care-Work-Pay-Report-FINAL.pdf]/Kankee

SECTION 7 ADDING BILLIONS TO LOCAL ECONOMIES BY PAYING HIGHER WAGES Higher pay will increase overall economic growth and boost job creation outside of the occupations in which direct care professionals work.16 Direct care workers can be expected to spend most of their additional income to buy more clothing, food, health care, and transportation. That additional consumption spending will create jobs and income for people in other sectors of the economy, mostly in local economies where people spend most of their incomes. This phenomenon is known as the multiplier effect of spending. The appendix details our assumptions related to the multiplier effect and other relevant factors. EFFECTS OF HIGHER PAY ON HCAs Table 9 summarizes calculations on the effects of higher pay for HCAs. The economic “footprint” of additional spending, in 2022 dollars, would be $17 billion to $22 billion greater in 2030 than it would be in the absence of higher pay for HCAs. The size of the impact on the economy varies with the size of the assumed multiplier, which is especially hard to predict in light of the uncertainty associated with the coronavirus pandemic and associated policy responses. The economy would also have more jobs in sectors other than home care occupations because economy-wide spending would increase. The additional job estimates vary as much as the projected economic growth impacts. At the low end, there would be an additional 65,516 jobs in 2030, as shown in Table 9. At the other end, the estimates show that there will be 85,990 new jobs in 2030 as a result of a higher economic multiplier. Higher wages for direct care workers will also reduce worker reliance on public assistance. Table 8 already showed that higher wages among direct care workers go along with reduced rates of public assistance receipt. In this case, public assistance refers to a range of public programs for families with low and moderate incomes. These programs include Medicaid, food stamps, free and reduced price school lunches for children, housing subsidies, and the EITC. Table 4 already showed that as wages go up, direct care workers would see higher incomes as they are paid more for each hour they work and as they work more hours. This additional income would reduce worker reliance on public programs and tax credits while also reducing government outlays. ESTIMATED SAVINGS FOR PUBLIC PROGRAMS

#### No econ disadvantages – nursing homes overly inflate prices and wages cause cost savings

AFL-CIO 23 [AFL-CIO, 6-14-2023, "Myths and Realities About Nursing Home Staffing,” AFL-CIO, https://aflcio.org/reports/myths-and-realities-about-nursing-home-staffing]/Kankee

Second, comparisons with Medicaid are misleading. Though Medicaid covers the majority of nursing home residents, less than one-third of nursing home revenue comes from Medicaid reimbursement and the vast majority of residents—more than 80%—are “dually eligible,” which means their initial care is covered by Medicare. It is true that Medicaid covers the care of long-stay residents, but these people generally have medically less intensive nursing and therapy care needs. Their cost of care is generally lower. Moreover, many state laws granting Medicaid eligibility to residents who “spend down” their own assets require them to pay for a substantial portion of their care out of pocket, which further reduces the relevance of Medicaid rates. Third, the complete lack of industry transparency makes it impossible for policymakers to really know. Each year nursing homes funnel billions of dollars through related-party transactions (a form of self-dealing in which a nursing home pays a shell company it owns inflated prices for goods and services) with little to no scrutiny. The Biden administration has a proposed rule that may significantly increase transparency in the industry by requiring that nursing homes disclose their related-party transactions. Only after CMS gets a handle on related-party transactions will we really know whether we need to increase Medicaid or Medicare reimbursement rates. Fourth, any effort to tally the cost of additional staffing must take into account savings from improved care. Staffing at recommended levels will reduce pressure ulcers, infections and hospitalizations. Such improved outcomes will save facilities more than $3,000 per resident per year, according to one study. MYTH: “Nursing homes would like to pay CNAs and other workers more, but they can’t afford it.” REALITY: While the adequacy of Medicaid reimbursement is unclear, we do know that nursing homes are essentially overpaid for a significant portion of their labor costs. For residents whose care is covered by Medicare, nursing homes are reimbursed for their labor costs at the same level as hospitals—even though hospitals pay their nurses and other staff 10%–20% more than nursing homes. That is money that is supposed to go to RNs, CNAs and other direct care workers that is being pocketed by nursing homes. Increasing the compensation of direct care workers generally may pay for itself in the form of higher productivity and improved health outcomes. According to a 2020 LeadingAge report, paying nursing home and home care workers a living wage would increase the average salary of these workers by more than 15%. While this would increase the costs by $9.4 billion a year, the overall cost of long-term care would only increase by 2.5%. Moreover, the increases could pay for themselves through lower turnover and higher productivity. It’s possible that no additional reimbursement would be required to pay nursing home workers a living wage. Again, there may be a need to increase reimbursement (earmarking a percentage of any increase for higher worker wages). But given current policies, there isn’t any reliable data on how much, if any, additional revenue would be needed to cover improved wages and benefits. MYTH: Will facilities have to close if there is a national standard requiring higher staffing? REALITY: No. It is common for the nursing home industry to oppose increased regulation by saying facilities will have to close. Most recently, the industry claimed closures would occur because of the vaccine mandate. History and research have proven this not to be the case. A relatively small number of facilities may have difficulty complying with a mandatory staffing standard. They may be engaged in self-dealing that purposely limits their cash flow; others may pay relatively low wages that make it difficult to retain existing staff, let alone hire additional staff. It is important to remember that this proposed rule does not establish an optimal level of care—that is up to individual nursing homes. A national minimum staffing standard is intended to avoid resident harm. One has to ask: would you send a family member to a facility that is chronically unable to comply with the most basic safety requirement? If not, should we be asking others to?

#### Higher wages increase care quality for child/elder care

Banerjee et al. 21 [Asha Banerjee, EPI economic analyst with a MPhil in Economic and Social History from the University of Oxford, Elise Gould, EPI senior economist with a PhD in Economics from the University of Wisconsin at Madison, and Marokey Sawo, EPI economic analyst with a MS in Economic Theory and Policy from the Levy Economics Institute of Bard College, 11-18-2021, “Setting higher wages for child care and home health care workers is long overdue,” EPI, https://files.epi.org/uploads/237703.pdf]/Kankee

Benefits of paying workers more for care provision and quality Care workers are severely underpaid, and, as outlined above, they face multiple pay penalties. Paying care workers more is not only possible and long overdue, but it would result in far-ranging positive consequences for those they care for and the macroeconomy. Along with providing much-needed financial stability and economic security to care workers themselves, higher wages in the care sector would produce a range of positive benefits to people with disabilities, older adults, and children; employers and institutions; and the economy as a whole. To put it simply, raising wage standards for care workers makes good economic sense. The existing low-wage care system is highly precarious and inefficient, not to mention extremely harmful to care workers themselves. The persistent low wages and lack of benefits mean that many care workers cannot afford to support themselves or their families, and many leave or change jobs as a result. This high turnover, in turn, damages the quality of care provided and imposes costs on employers (Ruffini 2020; Caven et al. 2021; Batt, Lee, and Lakhani 2014). And the churn in general hurts the macroeconomy. Providing much-needed financial stability and economic security to care workers The inefficiency and dysfunction of the care economy imposes steep costs—not the least of which is the cost to care workers in lost and low wages. Higher wages would transform the lives of the care workers who are the foundation of the current system. Both child care workers and home health care workers carry out deeply specialized and often physically and emotionally demanding labor for poverty-level wages and without fringe benefits or paths for advancement. These care workers are deeply committed to the people in their care and recognize the risk their absence would pose to the well-being of people with disabilities, older adults, and children. And yet the devaluation of care work—combined with the sexism, racism, and xenophobia many of these workers endure—make it less likely that care workers will be treated with the respect they deserve. In addition, given the isolating nature of the job and physical distance from co-workers, it is harder for care workers to build solidarity, strike, or use other traditional levers of worker power to increase their pay or labor standards. Long hours and low wages mean that, in reality, millions of care workers cannot afford to cover their family’s basic needs, especially as costs and rents have skyrocketed (Gupta 2021; Gould 2015; Mazzara 2019). Out of financial and economic necessity, many are forced to leave the care sector for other industries, which may compensate them more equitably for their experience and labor. Increasing wages in the care sector would finally compensate and value care workers’ labor closer to the level it deserves, and it would provide much-needed economic security to these workers. Higher wages would allow more care workers to continue working in these demanding and critical jobs. Strengthening the provision and quality of care In addition to the costs to care workers, there are costs to those receiving care under the current system. The provision and quality of care would undoubtedly be strengthened with higher wages across the care sector and the resulting lower turnover. People with disabilities, older adults, and children who are entrusted to care workers for significant periods of time would thus strongly gain from the better pay. In addition, accessible care also provides parents or other family members, especially women, a means to work or reenter the workforce. Broadly, the economic stability from a good-paying care job and the absence of financial distress translates into a more secure and less stressed workforce. In the case of child care, research has shown that stability in who is giving care, and interactions with experienced caregivers, are beneficial for babies’ and toddlers’ learning and growth in the crucial early years of development (Ludden 2016). Other research has found that highquality early care has long-lasting effects (Abbott 2021). In home health care, higher pay and reduced turnover would allow people with disabilities and older adults to build strong and trusting relationships with their caregivers. A recent economic study of the long-term residential care sector found that a 10% increase in the minimum wage resulted in higher earnings among workers in this sector, which translated into significant improvements in patient health and safety (Ruffini 2020). Reducing costs associated with employee turnover Higher wages and lower turnover are also beneficial to employers and third-party payers (Weller et al. 2020). Employers and institutions heavily bear the costs of turnover through spending on recruitment and training for new employees (Boushey and Glynn 2012). The cost savings from reduced turnover alone is estimated to be up to 40% of a position’s annual wage (Bahn and Cumming 2020). A stable workforce and employees who want and are able to stay in their jobs creates stability for employers as well, which has powerful reputational and income effects (Washington State Department of Commerce 2019). Child care centers, for instance, operate on extremely thin margins and have high overhead costs, such as rent, safety regulations, mandated child-caregiver ratios, food, etc. (Workman and Jessen-Howard 2020; Oncken 2016). Saving on turnover would help centers meet these costs more easily, and higher pay might attract more applicants to open positions. It is important to note, though, that the cost savings from lower turnover—while helpful—is not sufficient to solve our child care challenges. Federal funding and public investment remain essential counterparts to helping employers meet costs and pay equitable wages. Macroeconomic benefits

#### Living wages are key to address racism/sexism for health workers

Duffy 22 [Mignon Duffy, Associate Professor Of Sociology At University Of Massachusetts Lowell, 09-2022, "Why Improving Low-Wage Health Care Jobs Is Critical for Health Equity,” American Medical Association Journal of Ethics, https://journalofethics.ama-assn.org/article/why-improving-low-wage-health-care-jobs-critical-health-equity/2022-09]/Kankee

Health Workers Are Patients In May 2021, the American Medical Association (AMA) released a strategic plan to dismantle structural racism and eliminate inequities in the health of patients.5 At the risk of stating the obvious, the heavily racialized low-wage workforce within health care organizations are patients, too. Inadequate wages and unsafe working conditions in low-wage health care therefore create and reproduce health inequities by gender, race, and class, and addressing those injustices will require improving these jobs. Wages in these segments of health care leave many workers living in poverty or in near-poverty conditions. The median hourly wage for direct care workers in 2020 was $13.56, and their median annual earnings were just $20 200.1 In fact, 45% of direct care workers rely on some form of public assistance, including Medicaid for health insurance.1 Among Black and Latina female direct care workers specifically, about 50% earned less than $15 per hour.6 Maids and housekeeping cleaners in health care settings similarly earn low wages, averaging $32 000 a year in hospitals and $26 310 in nursing homes in 2020.7 Socioeconomic status is a powerful predictor of disease and mortality, and living in poverty puts individuals at substantially higher risk for chronic disease , injury, and early death.8 In addition to experiencing poverty, low-wage health care workers are exposed to a range of other risks: biological agents such as viruses, toxic chemicals used in cleaning and sanitizing, heavy lifting of equipment and patients, physical and verbal assault, and high-stress conditions, including long hours and night-shift work.9 Nursing assistants are more than 3 times as likely to experience workplace injuries than the typical US worker.1 Attaining health equity requires mitigating the health risks of poverty and hazardous working conditions for this highly feminized and racialized group of workers within the health care sector. “This Bridge Called My Back”1 From an ethical perspective, there is a related and perhaps even more compelling reason why medical professionals and health care organizations must confront stratification in the health care workforce as an equity issue. The economic status and social power of doctors and other medical professionals was built on exclusionary practices and racist and sexist cultural narratives. To borrow a phrase from the pathbreaking feminist anthology by Cherríe Moraga and Gloria Anzaldúa, women of color have long been forced to be the bridge to power and resources for other groups.10 Health care workers earning low wages have been that bridge for medical professionals. Thus, a commitment to health equity requires examination of occupational stratifications created by histories of exclusion, reenvisioning the interrelationship of jobs within the health care sector, and addressing the cultural biases and structural inequities that persist. While women were the primary caregivers for the ill in preindustrial times, the professionalization of medicine in the United States that began in the late 19th century systematically excluded women as physician jobs grew in number and prestige.11 African Americans were also effectively barred from medical schools, residency programs, hospital staffs, and professional organizations (including the AMA).12 The process of professionalization has been described as one of social closure, whereby members of an occupation erect barriers to entry in the form of education, credentialing, licensing, or membership requirements.13 This process raises the social and economic rewards of the job in 2 related ways. First, there is a structural impact by restricting labor supply and enhancing demand. Second, there are “signaling” consequences, as professionals carve out a singular claim to expertise and quality service delivery.13 Physicians are widely considered the archetype of successful professionalization, a process led in large part by the AMA. Early physician advocates effectively erected barriers to entry through the development of extensive licensing requirements and moving medical education from an apprenticeship model to one embedded in formal educational structures. Through this process, medicine became highly credentialed, culturally associated with technical skills and scientific knowledge, and dominated by White men.14 White women activists, looking for opportunities for employment for daughters of middle-class families, carved out the niche of trained nursing as a “feminine” domain by focusing rhetorically on the moral and spiritual caring aspects of the job (despite the reality of hard physical labor for many nurses at that time).15 Although Amitai Etzioni argued in the 1969 that nursing had not fully achieved professional status (he called a semi-profession),16 trained nursing did establish some level of social closure through credentialing and education requirements. However, Black women (and other women of color) were essentially excluded from professional nursing well into the 1960s.17 In the professionalization of both medicine and nursing, structural exclusion was complemented by cultural constructions of the nature of the job that emphasized certain characteristics, signaled expertise, and relegated other work to jobs identified as lower status. The health care workers earning low wages whose numbers have expanded dramatically throughout the course of the 20th century and into the 21st century perform the labor excluded by the construction of doctors’ and nurses’ professional expertise: direct care for older, disabled, and ill bodies, as well as cleaning and food preparation and serving in hospitals and long-term care institutions. Scholars note that, throughout US history, a racialized division of labor channeled White women to become masters of the emotional, more performative aspects of care work, whereas women of color and immigrant women were forced to engage in more invisible “backroom” and physically intensive tasks.18, 19, 20 The association of the “dirty work” of care with women of color has its roots as far back as slavery. In the context of slavery, White women of means were the hostesses and mistresses of the home, while Black enslaved women often did the backbreaking and never-ending work of cleaning houses and outhouses, laundering and maintaining clothing, and procuring, preparing, and serving food. Domestic servitude in the North in the pre-Civil War era mirrored this gendered and racialized division of care labor, despite the different economic structure, and women of color and immigrant women were heavily overrepresented in the expanding ranks of domestic servants across the nation in the second half of the 19th century.18, 19, 20 The structure of modern medicine was built on the backs of women of color performing the dirty work of health care for poverty-level wages. It is important to note that this stratification in health care has benefited not only higher status workers but also the health care organizations that drove this stratification. As Susan Reverby has noted in her history of nursing, it was in hospitals’ economic interests to maintain a “divided and cheap” workforce.15 Higher status health care workers, health care organizations, and professional associations have created and benefited from racialized stratification. If equity is the goal, this history creates an ethical imperative for the medical establishment to dismantle a system that places women of color in unsustainable jobs. Building Better Health Care for All The goal of health equity therefore requires us to address the poverty-level wages and high-risk working conditions faced by the women of color who perform the lowest wage jobs in the health care sector. In the short term, all workers must be offered living wages and basic benefits, including health insurance and access to paid leave. In the long term, the restructuring of health care will require a transformation of health care financing and insurance provision to emphasize adequately funded public investment. And, ultimately, attaining health equity will require revaluing all health care work and dismantling racist and sexist divisions of labor.

#### Care worker pay is key to address the childcare shortage

Milli 22 [Jessica Milli, Study Director at IWPR and Scholar in Residence at American University with a Ph.D. in Economics from the University of Wisconsin-Milwaukee, 05-2022 Why Investing in Child Care Providers is Essential for Providers, Children, and Families,” Center for Law and Social Policy, https://www.clasp.org/wp-content/uploads/2022/05/2022\_Why-Investing-in-Child-Care-Providers-is-Essential-for-Providers-and-Families.pdf]/Kankee

Child care is an essential service that parents rely on so they can work, attend school, or participate in training while knowing their children are well cared for in a stable and nurturing environment. For too long, child care has been out of reach for many families due to the lack of available care and the high price. This was exacerbated by the pandemic when child care programs closed—both temporarily and permanently. Compounding these challenges has been that fact that child care workers have been leaving the sector due to persistent low wages and lack of benefits. Public investment in child care is desperately needed in order to support living wages for child care workers and alleviate the current shortage of affordable and reliable child care options for families. Employment of child care workers has steadily declined since 2011, a trend exacerbated by the pandemic While the late 1990s and 2000s ushered in a significant increase in the employment of child care workers1 of 79 percent, from about 353,000 in 1997 to 631,000 in 2011, employment peaked in 2011 and has seen a slow decline since then. By 2019, employment had dropped by 11 percent compared with 2011 (Figure 1). The pandemic only accelerated these trends with the closure of child care programs across the country. Between 2019 and 2020 alone, employment of child care workers decreased by 67,000 (12 percent; Figure 1). And according to recent jobs reports, the child care workforce is still more than 10 percent below its pre-pandemic levels.2 This is particularly troubling not just because overall employment across sectors is only about 2 percent below its pre-pandemic levels but also because of the huge unmet need for affordable and accessible child care among parents. Alongside the decline in employment among child care workers is a striking decline in the number of providers accepting children with Child Care and Development Block Grant (CCDBG) subsidies. Between FY 2008 and FY 2019, the number of providers accepting children with CCDBG subsidies has declined by 60 percent, with only 244,055 providers accepting children with CCDBG subsidies in FY 2019,3 though the largest decline has been among family care providers (a decline of 67 percent compared with just 18 percent among center-based providers).4 The data also show a parallel decline in the average monthly number of children served by CCDBG, though there have been small increases between FY 2018 and FY 2019, indicating both fewer providers participating and fewer families receiving assistance.5 CCDBG resources were stagnant from year to year prior to FY 2018. This lack of investment made it nearly impossible to reach more children or pay providers more, even as the cost of care continued to increase. Providers who do not serve children receiving subsidies have cited a number of administrative and financial burdens to doing so, including problems with voucher payments (i.e., low rates, delayed payments, or inaccurate payments) and the need to devote significant staff time to managing the voucher system’s administrative requirements.6 The combination of these two forces has meant that the shortage of child care workers has likely hit families with low incomes the hardest. Low and stagnant wages drive child care workers out of the sector Median real hourly wages among child care workers are low and have barely increased since 1997 (Figure 2). In addition, the current structure of most child care programs provides few opportunities for teaching staff to advance into higher-level and higher-paying roles. These persistent low wages and a lack of advancement opportunities provide little incentive for child care workers to invest in skill development, though many are often required to seek more training regardless of compensation levels. This results in significant disparities in wages between collegeeducated child care workers and workers across sectors,7 and may be driving some of the decline in employment, as child care workers leave the sector for higher-paying options.8 It is also important to note that the U.S. Bureau of Labor Statistics (BLS) data presented in this brief do not include self-employed individuals and may leave out a significant share of family child care providers who often have lower earnings and are more financially sensitive to changes in demand.9 Inclusion of these child care providers in average wage calculations may result in lower wage estimates than those presented here. Wage levels are not, and have not been, sufficient to meet the needs of child care workers. Poverty rates are substantially higher among child care workers than they are among K-8 teachers, and child care workers consistently have had higher utilization rates of public assistance programs such as the Supplemental Nutrition Assistance Program (SNAP) and the Temporary Assistance for Needy Families (TANF) program.10 Further, a child care worker who works full-time year-round (defined by the BLS as 2,080 hours per year) would earn $27,498 a year. According to the BLS, the average single person spent $17,296 on housing in 202011—68 percent of the median full-time year-round earnings of child care workers. Most financial experts recommend that individuals should spend no more than 30 percent of their pre-tax income on housing. In addition, the BLS estimates that the average single person spent approximately $6,871 on transportation expenses, $5,168 on food, and $3,516 on health care in 2020.12 Adding these expenses to the average annual housing expenditures and adjusting to 2021 dollars totals nearly $34,400 in annual expenses—nearly $7,000 more than the median annual earnings of a child care worker working full-time year-round in 2021. Child care workers are passionate about the work they do, yet turnover is exceptionally high, with some estimates suggesting that the average annual turnover rate among child care staff can be as high as 30 percent.13 Low compensation and a lack of benefits are major drivers of turnover among child care workers. One qualitative study, for example, found that child care center teaching staff and center directors were more likely to quit if they earned lower wages and that only half of those who left continued to work in child care.14 Another study surveying over 10,000 current and former child care workers in North Carolina in 2019 found that 57 percent of workers who were no longer classroom teachers or assistant teachers had left to work in another field entirely. Further, 41 percent of those who were no longer classroom teachers or assistant teachers left those roles because they wanted to earn more money, 25 percent wanted better benefits, and 20 percent wanted better working conditions.15 Of course, other factors such as inadequate administrative support, job stress, a lack of respect for the work they do, and other personal and environmental factors are also important drivers. For many child care workers, it would seem that passion for the work alone is not enough to surmount the financial difficulties associated with the sector’s low wages. A lack of benefits and workplace supports, along with stressful working conditions, are also driving child care workers out of the sector

## Negative

### Contention 1: Economy

#### The economy is gangbusters – wages, growth, employment, household wealth and net worth, with decreasing inequality, racial pay gaps, and inflation – every record has been broken

Karma 6-9 [Rogé Karma, staff writer at the Atlantic, 6-9-2024, "The U.S. Economy Reaches Superstar Status", Atlantic, https://www.theatlantic.com/ideas/archive/2024/06/us-economy-excellent/678630/]/Kankee

If the United States’ economy were an athlete, right now it would be peak LeBron James. If it were a pop star, it would be peak Taylor Swift. Four years ago, the pandemic temporarily brought much of the world economy to a halt. Since then, America’s economic performance has left other countries in the dust and even broken some of its own records. The growth rate is high, the unemployment rate is at historic lows, household wealth is surging, and wages are rising faster than costs, especially for the working class. There are many ways to define a good economy. America is in tremendous shape according to just about any of them. The American public doesn’t feel that way—a dynamic that many people, including me, have recently tried to explain. But if, instead of asking how people feel about the economy, we ask how it’s objectively performing, we get a very different answer. Let’s start with economists’ favorite metric: growth. When an economy is growing, more money is being spent. More stuff is being produced, more services are being performed, more businesses are being started, more workers are being hired—and, because of this abundance, living standards are probably rising. (On the flip side, during a recession—literally, when the economy shrinks—life gets materially worse.) Right now America’s economic-growth rate is the envy of the world. From the end of 2019 to the end of 2023, U.S. GDP grew by 8.2 percent—nearly twice as fast as Canada’s, three times as fast as the European Union’s, and more than eight times as fast as the United Kingdom’s. “It’s hard to think of a time when the U.S. economy has diverged so fundamentally from its peers,” Mark Zandi, the chief economist at Moody’s Analytics, told me. Over the past year, some of the world’s biggest economies, including those of Japan and Germany, have fallen into recession, complete with mass layoffs and angry street protests. In the U.S., however, the post-pandemic recession never arrived. The economy just keeps growing. Still, growth is a crude measure that says very little about people’s day-to-day lives. Perhaps the right question to ask is: Are most Americans better off financially than they were before the pandemic? One school of thought maintains that the answer is no, because of the rising cost of living. Thanks to three years of higher-than-usual inflation, just about everything costs more than it did before the pandemic. Price increases on their own, however, can’t tell us if the cost of living has gone up. What really matters is the relationship between how expensive things are and how much money people have to spend on them. As Vox’s Eric Levitz recently pointed out, prices have increased by 1,400 percent since 1947; that doesn’t mean Americans have less buying power today than at a time when a third of the country didn’t have running water and 40 percent lived in poverty. That’s largely because incomes have increased by 2,400 percent over the same stretch. If prices go up but people’s incomes go up faster, then the cost of living decreases. And that is exactly what has happened in the U.S. over the past five years. It took some time. When inflation was at its worst, in late 2021 and 2022, prices were rising too fast for workers’ pay to keep up. Over the course of 2023, however, the rate of inflation plummeted while wages kept rising. According to calculations by the economist Arindrajit Dube, prices rose about 20 percent from the beginning of the pandemic to the end of 2023—but the median worker’s hourly wages had increased by more than 26 percent. In other words, a dollar in 2024 might not go as far as a dollar in 2019, but today the average worker has so many more dollars that they can afford a higher quality of life. Some experts dispute this. Loretta Mester, the president of the Cleveland Federal Reserve, recently told The New York Times that wage growth hadn’t kept pace with inflation, citing an indicator that tracks changes in compensation within particular industries. But one of the most common ways for workers to get a raise is to move between industries, from lower- to higher-paying occupations—the way someone working as a fry cook, say, might next take a job as a package-delivery driver. Basically every other measure of worker pay shows that wages adjusted for inflation are higher today than they were before the pandemic. Dube’s calculations are particularly reliable because they are based on a dataset that tracks wages for individual workers over time. Other nations probably wish they had the luxury of debating such technicalities. From the beginning of the pandemic through the fall of 2023, the last period for which we have good comparative data, real wages in both Europe and Japan fell. In Germany, workers lost 7 percent of their purchasing power; in Italy, 9 percent. By these metrics, the only workers in the entire developed world who are meaningfully better off than they were four years ago are American ones. Averages can conceal a lot, of course. The rise in inflation-adjusted wages, which economists call “real wages,” might not be such good news if it were flowing mostly to the already-wealthy, as it did during the recovery from the Great Recession. In fact, from 1964 through 2018, real wages for most workers hardly budged; almost all gains went to the richest Americans. In the early days of the pandemic, when millions of low-income workers found themselves suddenly out of a job, it would have been reasonable to expect the same trend to play itself out. Instead, the opposite happened. A recent analysis from the Economic Policy Institute found that from the end of 2019 to the end of 2023, the lowest-paid decile of workers saw their wages rise four times faster than middle-class workers and more than 10 times faster than the richest decile. A recent working paper by Dube and two co-authors reached similar conclusions. Wage gains at the bottom, they found, have been so steep that they have erased a full third of the rise in wage inequality between the poorest and richest workers over the previous 40 years. This finding holds even when you account for the fact that lower-income Americans tend to spend a higher proportion of their income on the items that have experienced the largest price increases in recent years, such as food and gas. “We haven’t seen a reduction in wage inequality like this since the 1940s,” Dube told me. Pay in America is becoming more equal along race, age, and education lines as well. The wage gap between Black and white Americans has shrunk to its lowest point since at least the 1980s. Pay for workers younger than 25 has increased twice as fast as older workers’ pay. And the so-called college wage premium—the pay gap between those with and without a college degree—has shrunk to its lowest measure in 15 years. (The gender pay gap has also narrowed slightly, but far less than the others.) What explains this sudden boost in lower- and middle-class wages? The answer lies in the post-pandemic American labor market, which has been unbelievably strong. The unemployment rate—defined as the percentage of workers who have recently looked for a job but don’t have one—has been at or below 4 percent for more than two years, the longest streak since the 1960s. Even that understates just how good the current labor market is. Unemployment didn’t fall below 4 percent at any point during the 1970s, ’80s, or ’90s. In 1984—the year Ronald Reagan declared “It’s morning again in America”—unemployment was above 7 percent; for most of the Clinton boom of the 1990s, it was above 5 percent. The obvious upside of low unemployment is that people who want jobs can get them. A more subtle consequence, and arguably a more important one, is a shift in power from employers to workers. When unemployment is relatively high, as it was in the years immediately following the 2008 financial crisis, more workers are competing for fewer jobs, making it easier for employers to demand higher qualifications and offer meager pay. That’s how you end up with stories about college graduates working as baristas for $7.25 an hour. But when unemployment is low and relatively few people are looking for jobs, the relationship inverts: Now employers have to compete against one another to attract workers, often by raising wages. And—this is the crucial part—these dynamics affect all workers, not just people who are out of a job. This helps explain what happened after the pandemic. When the economy first reopened, employers suddenly had to fill millions of positions. Meanwhile, workers—flush with stimulus checks and expanded unemployment insurance—could afford to say no to bad jobs. In response, even famously low-paying companies such as Amazon, Walmart, and McDonald’s started raising wages and offering new benefits to attract employees. What was misleadingly labeled the “Great Resignation” was really more of a great reshuffling, as record numbers of workers quit a job to take a better-paying one. Over the next couple of years, as American consumers kept spending money, demand for labor stayed high. “Low-wage workers are finally getting a small taste of the bargaining power that highly paid professionals experience most of the time,” Betsey Stevenson, a labor economist at the University of Michigan, told me. So far we’ve been talking about wages: the money people are paid by their employer. To better capture overall financial well-being, we might instead look at household wealth, which takes into account the full range of people’s debts and assets. Over the past few years, Americans have experienced the biggest surge in wealth in at least three decades. The gold standard for research into the state of Americans’ finances is the Federal Reserve’s Survey of Consumer Finances, released every three years. The most recent report found that, from 2019 to 2022, the net worth of the median household increased by 37 percent, from about $141,000 to $192,000, adjusted for inflation. That’s the largest three-year increase on record since the Fed started issuing the report in 1989, and more than double the next-largest one on record. (According to preliminary data from the Fed, wealth continued to rise across the board in 2023.) Every single income bracket saw net worth increase considerably, but the biggest gains went to poor, middle-class, Black, Latino, and younger households, generating a slight reduction in overall wealth inequality (though not nearly as steep a reduction as the decline in wage inequality). By comparison, median household wealth actually declined by 19 percent from 2007 to 2019. An important caveat to the wealth statistics is that much of the recent increase came from the surge in home prices. A family that’s wealthier on paper might not feel rich if they would have to sell their home to realize any gains—especially if all the places they might want to move to have gotten similarly expensive.

#### No recession now due to market fundamentals

Economist 8-7 [Economist, 08-07-2024, "A global recession is not in prospect", Economist, [https://www.economist.com/finance-and-economics/2024/08/07/a-global-recession-is-not-in-prospect]/Kankee](https://www.economist.com/finance-and-economics/2024/08/07/a-global-recession-is-not-in-prospect%5d/Kankee)

A weak jobs report in America has raised fears that the world’s largest economy is heading for recession. America’s stockmarkets have tumbled, with fear spreading to other countries. Japan’s Topix index is 15% off its recent high; Germany’s main index is down by 7%. When America sneezes, everywhere catches a cold. But a look at the latest data suggests that the global economy is not in danger, and that the market panic may be misplaced. Turn first to the labour market. America’s unemployment rate has risen from a low of 3.4% in April 2023 to 4.3% in July. Indeed, history suggests that an increase of this size tends to accompany a drop in economic output—leading, in turn, to a further rise in unemployment, bankruptcies and falling incomes. This cycle may be different, though, as labour markets in other parts of the rich world suggest. For months unemployment has been slowly rising almost everywhere (see chart 1). Germany’s jobless rate has increased from a recent low of 2.9% to 3.4% today. Britain’s has risen from 3.6% to 4.4%, while Australia’s has gone from 3.5% to 4.1%. Some of this uptick has a common cause: a loosening of the extraordinarily tight labour market at the end of the covid-19 pandemic. Not long ago employers, struggling with labour shortages and sky-high demand, would take on practically anybody they could. Now, with everything more settled, they can be discerning. On top of this, unemployment is rising in part because of changes to the rich world’s labour force. The OECD’s working-age labour-force-participation rate recently hit an all-time high. Those who had once been on the economic sidelines are now actively looking for work—something which, in the short run at least, can raise the unemployment rate. These people have reason to think they will soon find a post. Job growth remains pretty strong. Over the past quarter employment has risen by 0.8% in Australia and 0.6% in Canada. Although Japanese employment fell by 0.03%, this is the exception in the rich world. It is also hard to square supposed labour-market weakness with wage growth that, across advanced economies, easily exceeds the rate of inflation. If the story about jobs is reasonably subtle, the story about output is less so. Our judgment, from looking at a range of data, is that there is not much evidence of a slowdown. In a typical recession company profits plunge, but for now firms across the rich world are doing well. Research by Deutsche Bank suggests that in the first quarter of this year global corporate-earnings growth reached its highest level in seven quarters. The strong performance appears to have continued in the second quarter. American companies’ earnings look set to have grown by more than 10% year on year. On August 6th Uber, a ride-hailing app, reported good results. A healthy share of European companies are beating analysts’ expectations for profits. In South Korea second-quarter earnings were better than expected. The economy at large offers a similar story. A weekly tracker of American economic activity, produced by the Federal Reserve Bank of Dallas, shows little sign of weakness. A global composite “purchasing managers’ index” that tracks economic conditions remains strong. Although the rate of expansion slowed in July, it remained among the best registered over the past year. A “current-activity indicator” produced by Goldman Sachs, a bank, gives another reason for optimism. Published at a high frequency and compiled from a range of sources, it provides a hint of where GDP across the rich world is going. The indicator, if anything, looks slightly stronger than it did for most of last year (see chart 2). Some economies are struggling with weak growth, including Austria and France. But they have looked sickly for at least a year—and the situation is a lot better than it was a few months ago. The inflation picture is improving as well. After peaking at 10% in late 2022, inflation in the median OECD country has steadily fallen. In June median prices across the bloc rose by 2.6% year on year—close to central banks’ targets of 2%. About a quarter of OECD countries have now reduced inflation to that level or below. Annual inflation in Italy is less than 1%, while consumer-price growth in France and Germany is pretty much bang on target. It is ironic that concerns about recession have spread just as the rich world appears set to pull off a “soft landing”, in which central banks bring down inflation to target without causing much economic damage. Worries about the economy can, in time, become self-fulfilling. As stockmarkets tumble, households might start to fret about the future or feel poorer, leading them to pull back on spending. Skittish companies might also cancel their investment plans. Inflation is not yet defeated, even if it has come down, and with commodity prices volatile it could increase once again. High interest rates continue to bite. Yet, for now, the global economy remains in decent health.

#### The economy is still good despite stock fears

Anstey 24 [Christopher Anstey, senior editor at Bloomberg, 08-04-2024, "Today's financial panic looks like the stock crash in 1987—when the economy avoided a recession, market veteran says", Fortune, https://fortune.com/2024/08/05/stock-market-crash-1987-recession-outlook-financial-panic-federal-reserve-rate-cuts-liquidity/]/Kankee

Longtime market and economy watcher Ed Yardeni said that the current global equities selloff bears some similarity to the 1987 crash, when the economy averted a downturn despite investor fears at the time. “This is very reminiscent, so far, of 1987,” Yardeni said on Bloomberg Television’s Bloomberg Surveillance. “We had a crash in the stock market — that basically all occurred in one day — and the implication was that we were in, or about to fall into, recession. And that didn’t happen at all. It had really more to do with the internals of the market.” Among the reasons cited for the current plunge in equities has been an unwinding of bets that took advantage of near-zero funding costs in the Japanese yen to invest in other assets. That so-called carry trade was undermined by the Bank of Japan’s interest-rate hike last week and pledge to consider further moves. Traders have also pointed to an unwinding of bets on big US tech companies. “I think there’s the same thing going on here” as in 1987 with regard to internal market dynamics, said Yardeni, president of Yardeni Research. “A lot of this selloff has to do with this carry trade unwind.” In the historical case, then-Fed Chair Alan Greenspan lowered interest rates and pumped liquidity into the financial system. Yardeni said he anticipated that monetary policymakers will respond to the current situation, though didn’t predict an emergency rate move. Credit Risk “This is turning into a global financial panic, and I think we can expect that the central banks will respond to it,” he said, before US stocks pared losses by the middle of Monday’s session on Wall Street. The S&P 500 index was down about 2.3% as of noon in New York, after sliding as much as about 4.3% earlier in the day. Japan’s Topix Index plunged more than 12%. Treasuries also soared before paring the move. Policymakers’ first response may be to “lower concerns about the US economy” and to push back against the potential for the Fed to begin its easing cycle with a 50 basis-point rate cut, Yardeni said. “But you know, another couple of days like Friday and this morning’s futures selloff, and I think the central bank will be going into the mode of providing liquidity — and that could very well mean a 50 basis-point cut.” The danger is that the plunge in markets feeds on itself and morphs into a credit crunch, said Yardeni. “It’s conceivable that this carry trade unwind becomes some sort of financial crisis that, in turn, leads to recession,” he said, while highlighting that’s not his expectation. “The labor market is still in good shape,” he said, even after Friday’s weaker-than-expected US jobs report. The July data showed a marked slowdown in payroll gains and an unexpected climb in the jobless rate, which stoked concern the Fed may be behind the curve in reducing rates from their highest settings in more than two decades. “The US economy is still growing, I think the service economy is doing well,” he said. “All in all, I think this will turn out to be more of a technical aberration in the market than something that turns into a recession.” Yardeni is famed for coining the term “bond vigilantes” during the 1980s, referring to investors’ potential to shape policymaker discussions by driving up interest rates out of concern about the fiscal trajectory.

#### Wage hikes decrease employment, increase prices, destroy businesses, and kill employee benefits

Bourne 22 [Ryan Bourne, R. Evan Scharf Chair for the Public Understanding of Economics at Cato, 2022, "The Minimum Wage", Cato Institute, https://www.cato.org/cato-handbook-policymakers/cato-handbook-policymakers-9th-edition-2022/minimum-wage]/Kankee

Supporters of higher minimum wages argue that they are necessary to boost living standards for the working poor. Opponents have traditionally responded that minimum wage hikes would harm critical entry-level employment opportunities for low-skilled and inexperienced workers. As possibly the most studied economic policy issue, both sides can cite economic theories and empirical studies to back their positions. Yet, despite claims to the contrary, the preponderance of the scholarly literature remains on the critics’ side. A recent University of Chicago Initiative on Global Markets poll of leading academic economists found that 50 percent agreed with the statement that “a federal minimum wage of $15 per hour would lower employment for low-wage workers in many states,” with only 16 percent disagreeing. Newer lines of research establish that a higher minimum wage can harm the public welfare in other, less discernible ways too. This chapter, therefore, argues that, far from minimum wages being increased, minimum wage laws should be repealed. For their mutual benefit, laborers and employers should be free to strike voluntary work agreements at any wage rate.

Economic Theory Both supporters and critics of minimum wage laws cite classical price theory—the interaction of supply and demand—to support their positions. They differ, however, on important assumptions about real-world conditions: specifically, whether employers have significant “market power” over labor pools such that businesses can pay wages below competitive market rates. The standard competitive model of the labor market assumes there are many potential workers and businesses seeking out labor. These “consumers” and “suppliers” of labor decide whether to buy and sell based on the price they would pay or receive for work: if the wage rate is too high, businesses will buy less labor, and if it is too low, fewer workers will make themselves available. Such decisions result in an equilibrium wage and quantity of labor exchanged in the market. The model predicts that a minimum wage enforced at a level above the market-determined equilibrium creates unemployment: the quantity of labor supplied rises due to the higher wage on offer, but the quantity of labor demanded falls given the higher wage costs to firms. Some jobs simply aren’t profitable enough, or labor isn’t valuable enough, for businesses to justify paying the minimum wage plus other costs that employers must bear for workers (e.g., payroll taxes, training costs, health care and other benefits, and liability insurance). The standard model expects the least productive or experienced workers to be the ones most likely to be laid off, have their hours cut, or find it more difficult getting hired when a minimum wage is set at a high level. That means the loss of crucial work experience or opportunities to learn soft skills and accumulate on-the-job human capital from employment. The banning of mutually beneficial trades—of would-be employees willing to work for wage rates that employers are happy to pay—makes us poorer as a society while also harming many of the workers this policy intends to help. The theoretical argument that minimum wages are actually good for efficiency stems from the idea that low-wage labor markets are not competitive but “monopsonistic.” This view says that businesses hold enough power over workers to pay lower wages when they hire fewer of them, such that the benefit from lower labor costs outweighs the cost of forgone output and revenue. If a market exists where employers have such market power, a minimum wage carefully set to bring the wage rate closer to a competitive market level can provide the double dividend of higher hourly wages and more employment. There is no tradeoff between raising pay and jobs, at least provided that minimum wages are not increased beyond the competitive wage rate. Empirical Evidence

Both theories are prima facie plausible. They are also empirically testable. If minimum wage supporters are correct, increasing the wage would increase employment; if critics are correct, raising the minimum wage would result in less employment (whether that manifests through fewer jobs or hours worked). Minimum wage supporters frequently cite a 1994 paper by economists David Card and Alan Krueger as evidence in their favor. That paper found that a 1992 New Jersey minimum wage increase resulted in higher fast-food restaurant employment in that state’s side of the Philadelphia metropolitan area relative to the Pennsylvania side. Yet this paper itself was soon challenged by other academics on data grounds and is not representative of the academic literature as a whole. In a recent meta-analysis, economists David Neumark and Peter Shirley assembled the entire set of papers examining the impact of minimum wage hikes at the state and local level since 1992. Just 5.8 percent of those studies found that minimum wage hikes increased employment. The overwhelming majority (79.3 percent) found that hikes had a negative effect, with the impact stronger for teens, young adults, and less-educated workers. Perhaps unsurprisingly, economists Jeffrey Clemens and Michael Strain have found that large minimum wage hikes have significantly larger negative effects than small hikes. It’s certainly true that a significant minority of studies, particularly those assessing the impact of modest minimum wage hikes in growing economies, have found little overall impact on jobs. A lot of these results hinge on methodological choices, such as time frames or industries examined, and how one defines the counterfactual—that is, what control groups are used to judge the impact of the policy. Studies on impacts on the retail and restaurant industries have been less likely to find immediate negative effects from minimum wage hikes, for example. But those examining broader changes to employment rates in the longer term—job growth—have tended to find much larger harmful effects from minimum wage increases. The fairest assessment of the empirical literature is that very few studies find that minimum wages boost employment and that a significant minority find no to small employment effects. But the majority of papers find negative effects that are larger for low-skilled workers and during downturns. Non-Wage Impacts of Minimum Wage Hikes Not every business will react to a minimum wage hike by laying off workers, reducing its hiring, or cutting worker hours. But unless there is a costless way that companies can use the wage hike to improve worker productivity, these other adjustments harm a business’s bottom line or else lead to adverse effects for the worker that aren’t picked up by studies assessing the simple pay-employment tradeoff. Some companies will pass some or all the minimum wage increase onto consumers via higher prices, for example. A recent study by economists Orley Ashenfelter and Štěpán Jurajda examining how McDonald’s reacted to minimum wage hikes found evidence “consistent with near‐​full price pass-through of minimum wages in McDonald’s restaurants.” The ability to do this will depend on the industry and its competitive conditions, and this certainly doesn’t occur across the board. But if minimum wage hikes raise the cost of certain products, such as takeout foods and hospitality services, this will reduce the real income gains that low-income households with minimum wage workers might expect from the wage hike. Other companies will tough it out in the short term by bearing the higher labor costs through reduced profits. But that’s not economically costless at the economy-wide level either. Weaker profits will increase the likelihood of firm deaths, thus risking jobs. A study of Yelp data, for example, found that minimum wage increases in San Francisco predict increases in exit among low-rated restaurants. Lower profit rates will discourage business startups and firm entry, reducing future job opportunities or consumer welfare. Again, there is no free lunch. Given that businesses are not charities, it is more likely they will adjust on other margins, such that the pay gains for workers are offset by other changes to their compensation or work conditions. Non‐​wage aspects of jobs that can be costly to firms, such as the convenience of schedules, security of work hours, health insurance quality, retirement benefits, payments‐​in‐​kind, and workplace conditions are important to workers. The economic literature on these adjustments is less advanced. But analyses of more recent minimum wage changes tend to find negative effects of minimum wage hikes on the generosity of the employer‐​funded health insurance they are offered. Evidence from the retail sector suggests that companies have reduced employees’ work hours, making them ineligible for other in-work benefits as a means of better controlling labor costs when the minimum wage was raised. Fast‐​food outlets have likewise reduced generosity by stripping their staff of free food benefits after major minimum wage hikes. Other research finds minimum wage hikes make it more likely companies find other ways to control their labor costs (such as unusual contracts that do not guarantee set hours) or keep workers more attached to firms (such as non-compete provisions in contracts). Finally, some businesses will react to higher mandated pay by trying to improve the productivity of their workforce. But this is not costless either. Raising productivity may require replacing inexperienced low‐​skilled employees with more experienced employees, or else investing in labor‐​saving devices. These bring search, turnover, and upfront “lumpy” costs while still reducing work opportunities for lower-skilled workers. Raising productivity might also entail requiring more effort of workers by imposing ambitious targets or stripping away work breaks. That may raise their output to justify the higher wage but at the same time make their work more stressful or unpleasant, which represents a decline in their quality-adjusted wage. The Minimum Wage as Social Policy Given the empirical evidence, some minimum wage supporters concede that, yes, these laws might reduce job opportunities or have other unintended consequences. But, they say, the lost jobs or hours are a worthwhile tradeoff for higher wages for low-skilled workers who remain employed, thereby reducing poverty. Although the Congressional Budget Office has indeed found that a $15 per hour minimum wage probably would reduce the level of poverty somewhat, it would be a far blunter tool than its proponents imagine. First, those with the lowest skill levels are the most likely to be made unemployed or find it more difficult to get a first job due to minimum wage hikes, which risks more entrenched poverty. David Neumark’s research has found that high minimum wage rates when young scars the labor market prospects for lower-paid black workers in particular. Second, a lot of people who earn the federal minimum wage, or just above it, are not members of households that are poor. They might be working students or second earners in relatively affluent households who are working part time. Third, a lot of the cost pass-through into consumer prices will tend to occur for products that the poor buy disproportionately or which might affect them most harshly—for instance, fast-food or labor-intensive services such as home-based childcare. A full picture of the distributional aspects of the minimum wage would need to account for all this rather than just looking at the impact on earnings for those who maintain their jobs or hours. But no aggregated analysis will be able to account for the multitude of effects on individuals, given their very different circumstances and life opportunities. Minimum wage hikes will no doubt raise incomes for many, but they also raise risks of fewer work opportunities for teenagers who want an after-school job, first-time workers who are willing to “pay their dues” to pursue higher ambitions, young workers with low living costs, idealists who will accept a low wage to work for a cause, and people who want to make a little money while helping an entrepreneurial friend. For all these reasons and more, as a price control, economists still tend to believe that minimum wages are inefficient and reduce the overall output and public welfare. Minimum Wage Federalism

#### Wage increases decrease hours workers and compensation while decreasing employment, decreasing take-home pay

Phelan 19 [John Phelan, Economist at Center of the American Experiment with an MSc. in economics from London School of Economics, 7-17-2019, "4 Ways Employers Respond to Minimum Wage Laws (Besides Laying Off Workers)", American Experiment, https://www.americanexperiment.org/4-ways-employers-respond-to-minimum-wage-laws-besides-laying-off-workers/]/Kankee

Whether the something in question is a good or a service, shoes or labor, the basic supply and demand model predicts that, ceteris paribus, an increase/fall in the price of something will lead to a fall/increase in the quantity demanded of that something—this is Econ 101. In the context of minimum wage laws, this model predicts that setting a minimum wage above the equilibrium level or raising it will lead to a lower quantity of labor demanded. Often, people think this means fewer workers employed. So, when minimum wage hikes aren’t followed by increases in unemployment, people cite this as evidence that minimum wage hikes don’t reduce employment. But a model is an abstraction from reality. In that messy reality, there are a number of things employers can do in response to a minimum wage hike that don’t involve laying off employees. Cut Hours Rather Than Workers Remember, the simple supply and demand model says that increasing the price of labor leads to a lower quantity of labor demanded. But an employer doesn’t need to cut workers to achieve that. They can cut their hours instead. Research from Seattle illustrates this. In 2014, the city council there passed an ordinance that raised the minimum wage in stages from $9.47 to $15.45 for large employers in 2018 and $16 in 2019. In 2017, research from the University of Washington examining the effects of the increases from $9.47 to as much as $11 in 2015 and to as much as $13 in 2016, found: …the second wage increase to $13 reduced hours worked in low-wage jobs by around 9 percent, while hourly wages in such jobs increased by around 3 percent. Consequently, total payroll fell for such jobs, implying that the minimum wage ordinance lowered low-wage employees’ earnings by an average of $125 per month in 2016. [This was later revised to $74] As the model predicts, the price of labor increased, and the quantity of labor demanded fell. A follow-up paper looked at the impact on workers who were employed at the time of the wage hike, splitting them into experienced and inexperienced workers. It found that, on average, experienced workers earned $84 a month more, but about a quarter of their increase in pay came from taking additional work outside Seattle to make up for lost hours. Inexperienced workers, on the other hand, got no real earnings boost—they just worked fewer hours. Again, as the model predicts, the price of labor increased and the quantity of labor demanded fell. Instead of more money, they got more free time. Make Employees Work Harder An employer could try to raise worker productivity to match the new minimum wage. One way to do this is simply to work their employees harder. One paper by Hyejin Ku of University College London looks at the response of effort from piece-rate workers who hand-harvest tomatoes in the field to the increase in Florida’s minimum wage from $6.79 to $7.21 on January 1, 2009. It found that worker productivity (i.e., output per hour) in the bottom 40th percentile of the worker fixed effects distribution increases by about 3 percent relative to that in the higher percentiles. The author concludes: These findings suggest that while an exogenously higher minimum wage implies a higher labor cost for the firm, the rising cost can be partly offset by the increased effort and productivity of below minimum wage workers. Another recent study by economists Decio Coviello, Erika Deserranno, and Nicola Persico looks at the impact of a minimum wage hike on output per hour among salespeople from a large US retailer. “We find that a $1 increase in the minimum wage (1.5 standard deviations) causes individual productivity (sales per hour) to increase by 4.5%,” they note. Importantly, tomato harvesting and sales are labor-intensive work. Any increase in output per hour can be assumed to come from increased physical effort. Cut Other Elements of Remuneration Supporters of higher minimum wages talk almost exclusively about wages. But this is only one part of a worker’s total remuneration. The cost of an employee to the employer is not just the wage but total remuneration, including benefits such as health insurance. If legislation increases the wage, the employer can keep overall remuneration the same by reducing other elements. A new paper from economists Jeffrey Clemens, Lisa B. Kahn, and Jonathan Meer finds that this is what happens in practice. The authors “explore the theoretical and empirical relationship between the minimum wage and fringe benefits, with a focus on employer-sponsored health insurance.” They find: [There is] robust evidence that state-level minimum wage changes decreased the likelihood that individuals report having employer-sponsored health insurance. Effects are largest among workers in very low-paying occupations, for whom coverage declines offset 9 percent of the wage gains associated with minimum wage hikes. We find evidence that both insurance coverage and wage effects exhibit spillovers into occupations moderately higher up the wage distribution. For these groups, reductions in coverage offset a more substantial share of the wage gains we estimate. Simply put, as the minimum wage rises, other elements of worker compensation fall. Hire Fewer People, More Robots If a business that plans to add 10 jobs over a year cancels these plans on the passage of a minimum wage hike, those 10 jobs have been destroyed without ever showing up in the data. Economists from Washington University in St. Louis use wage data on one million hourly wage employees from over 300 firms spread across 23 two-digit NAICS industries to estimate the effect of six state minimum wage changes on employment. They find “…that firms are more likely to reduce hiring rather than increase turnover, reduce hours, or close locations in order to rebalance their workforce.” As we look at responses over time, we also see the possibility that employers can substitute capital inputs for labor inputs. Economists Grace Lordan and David Neumark analyze how changes to the minimum wage from 1980 to 2015 affected low-skill jobs in various sectors of the US economy, focusing particularly on “automatable jobs – jobs in which employers may find it easier to substitute machines for people,” such as packing boxes or operating a sewing machine. They find that across all industries they measured, raising the minimum wage by $1 equates to a decline in “automatable” jobs of 0.43 percent, with manufacturing even harder hit. They conclude that groups often ignored in the minimum wage literature are in fact quite vulnerable to employment changes and job loss because of automation following a minimum wage increase. Minimum wage hikes are bad public policy. Economics, like all social sciences, has difficulty testing its models against data, but even where we can, the evidence bears this out.

#### Meta-studies of wage hikes prove it causes job losses

Neumark and Shirley 21 [David Neumark, Distinguished Professor of Economics and Co-Director, Center for Population, Inequality, and Policy at UCI, and Peter Shirley, Distinguished Scientist at NVIDIA and adjunct professor at the University of Utah in computer science, 2021, “MYTH OR MEASUREMENT: WHAT DOES THE NEW MINIMUM WAGE RESEARCH SAY ABOUT MINIMUM WAGES AND JOB LOSS IN THE UNITED STATES?,” NBER, https://www.nber.org/system/files/working\_papers/w28388/w28388.pdf]/Kankee

VI. Conclusions We set out to take stock of the U.S. minimum wage literature on employment effects beginning with the New Minimum Wage Research in 1992, which moved towards more rigorous identification of minimum wage effects than the earlier, predominantly time-series studies. We were motivated not by the conflicting studies in this literature – and indeed in this paper we do not focus on adjudicating between these conflicting studies. Rather, we were motivated by the sharply different summaries of what this literature says, because, surprisingly, economists seem not even to agree on which way the entire set of studies points. Does the research literature by and large establish that there are no employment effects, as some suggest? Is the evidence roughly balanced between finding disemployment effects or not? Or does the research point predominantly to job loss for lower-skilled workers from a higher minimum wage? We answer these questions by summarizing the preferred estimates of authors of the studies in this literature. Our key conclusions are as follows: First, there is a clear preponderance of negative estimates in the literature. In our data, 79.2% of the estimated employment elasticities are negative, 53.8% are negative and significant at the 10% level or better, and 46.2% are negative and significant at the 5% level or better. Second, there is not much difference across studies depending on the minimum wage variation used – whether state variation across many states, federal variation, or case studies relying on narrowing comparisons. The more important variation stems from differences across studies in the set of workers for whom employment effects are estimated. There is strong and consistent evidence of negative employment effects for teens, young adults, the less-educated, and directly-affected (low-wage) workers, with the estimated elasticities generally larger for the less-educated than for teens and young adults, and larger still for directly-affected workers. In contrast, the evidence from studies of low-wage industries is less one-sided, with a smaller percentage of negative or negative and significant estimates. Overall, we conclude that the preferred estimates of authors of studies evaluating the employment effects of minimum wages in the United States, since the advent of the New Minimum Wage Research in 1992, paint a clear picture that is at odds with how this research is often summarized. In its totality, this body of evidence and conclusions points strongly toward negative effects of minimum wages on employment of less-skilled workers. The exception is for the industry studies. However, this is likely because there is far greater scope for labor-labor substitution within industries than within groups of workers who are lower-skilled on average, and even more so for groups of workers that are uniformly lower skilled. These industry studies may tell us that it is not so clear whether employment in an industry declines when the minimum wage increases. But this does not in any way rule out larger gross employment declines for the less-skilled workers in those industries; and the clearer evidence of employment declines for lessskilled workers suggest this is exactly what is going on. In other words, a good deal of the evidence that is less consistent with disemployment effects comes from industry studies, but this may be the evidence that is least relevant to the question of whether some low-skilled workers lose their jobs when the minimum wage increases. Conversely, the evidence is much clearer that employment does decline among low-skilled workers when the minimum wage increases – and the most relevant evidence may be that for directly-affected workers. To be clear, the evidence is not unambiguous. There are studies, including those of low-skilled workers, that do not find employment effects that are significantly different from zero, and/or with estimates that are near zero or sometimes even positive. But concluding that the research evidence as a whole fails to find disemployment effects of minimum wages requires discarding or ignoring most of the evidence on low-skilled workers or relying on the industry studies where labor-labor substitution is more likely to mask job loss among the least-skilled workers.39 There are other sources readers can consult for discussions of whether a particular subset of studies is most likely to be correct or incorrect. In particular, we would recommend Neumark and Wascher (2007), Dube et al. (2010), Allegretto et al. (2011), Neumark et al. (2014a, 2014b), Schmitt (2015), Allegretto et al. (2017), Neumark and Wascher (2017), Clemens (2019), Neumark (2019), and Manning (2021). Based on these evaluations (or new ones), economists and others may decide that in fact the best evidence indicates that minimum wages do not reduce employment of less-skilled workers in the United States. But our analysis shows clearly that most of the evidence indicates the opposite – that minimum wages reduce low-skilled employment. It is incumbent on anyone arguing that research supports the opposite conclusion to explain why most of the studies are wrong.

#### The aff increases homelessness by killing jobs

Miltimore 23 [Jon Miltimore, former Senior Creative Strategist at the Foundation for Economic Education with a MA from the University of South Dakota, 7-10-2023, "Minimum Wage Laws Increase Homelessness, New Study Finds", Foundation for Economic Education, https://fee.org/articles/minimum-wage-laws-increase-homelessness-new-study-finds/

Though Martinez agrees with the conventional wisdom that mental illness and drug abuse are the primary catalysts for homelessness, new academic research suggests the picture is more complicated. A fresh study out of University of California, San Francisco suggests that losing income is the single biggest driver of homelessness — ahead of mental illness, drug addiction, and other causes — the study authors say. “I think it’s really important to note how [desperate] poor people are, and how much it is their poverty and the high housing costs that are leading to this crisis,” said Margot Kushel, a physician and leader of the UCSF Benioff Homelessness and Housing Initiative, which conducted the study. California is home to approximately 30% of the entire U.S. homeless population (115,491 people as of 2022 ), and some advocates expressed hope that the new research would “inform a statewide strategy” to combat the problem. Separate research, however, suggests California’s own policies have exacerbated its homelessness epidemic, including a new paper written by University of California economist Seth J. Hill titled “ Minimum Wages and Homelessness ” published last month. Utilizing data from the Department of Housing and Urban Development and other sources, Hill examined 100 cities from 2006-2019 to determine the relationship between wage floors and homelessness. The findings are bleak. “Merging administrative data from HUD to state and local minimum wage laws suggests that minimum wages induce increases in homeless counts,” Hill writes. “When cities raise their minimum wage by 10%, relative homeless counts increase by three to four percent.” Hill’s paper will not be the last word on the relationship between minimum wage laws and homelessness, but it provides yet more evidence of a stubborn reality minimum wage proponents often overlook: Minimum wage laws often harm the very people they are designed to help. For decades, it was an all but universally accepted economic gospel that increases in the minimum wage came with adverse trade-offs. Many economists often pointed out these adverse consequences, including job losses, often fell on workers with the least skills and those who were the least valued. “Among the effects of a minimum wage law, when it is effective, is that many unskilled and inexperienced workers are priced out of a job, when employers do not find them worth what the law specifies,” the economist Thomas Sowell once observed. This is why even left-leaning publications such as the New York Times, until relatively recently, conceded that using minimum wage laws to combat poverty was an “old, honorable — and fundamentally flawed” idea because it would “price working poor people out of the job market.” That minimum wage hikes increase unemployment was once hardly a debatable subject among economists, and even today a scouring of the literature shows that a “clear preponderance” of the scientific research shows a job-killing impact. So in light of this evidence and the more recent UCSF findings, Hill’s conclusion should not surprise us. “To the extent minimum wages cause disemployment of low skill-workers, the lost job can exacerbate existing economic insecurity and lessen ability to pay for housing,” he writes. This finding is not just tragic but ironic. Politicians and wage-justice fundamentalists, who take pride in the idea they are fighting poverty by advocating for higher minimum wage laws, are not just costing countless lower-skilled workers jobs. They are actually pushing many of them into homelessness. Again, this should not be a surprise. Decades ago, the economist Murray Rothbard famously observed the absurdity in the idea that banning jobs was a path to prosperity. “Remember that the minimum wage law provides no jobs,” Rothbard wrote , “it only outlaws them; and outlawed jobs are the inevitable result.” This is not to say wage floors are the sole cause of homelessness, which is a subject as complicated as human beings. Lang Martinez is no doubt correct when he says substance abuse and mental illness play a significant role. But these realities should not overshadow another truth: For many struggling people, a lower-paying job is not “exploitation.” It’s a lifeline.

#### Large wage increases kill jobs – reject aff studies that aren’t specific to $15+ wage increases

Parameshwaran 23 [Shankar Parameshwaran, business journalist, 6-20-2023, "Why Raising the Minimum Wage has Short-term Benefits but Long-term Costs,” Knowledge at Wharton, <https://knowledge.wharton.upenn.edu/article/why-raising-the-minimum-wage-has-short-term-benefits-but-long-term-costs/>]/Kankee

In the long run, the effects of the minimum wage differed depending on the size of its increase. With small to moderate increases in the minimum wage, “the wages of initially low-wage workers immediately increase and over time their employment increases as well,” the paper stated. “As firms progressively adjust their input use towards low-wage workers, these minimum wage increases have even more beneficial effects on these workers in the long run than in the short run.” But with large increases in the minimum wage, “firms have an incentive to substitute away from these workers, if the new minimum raises their wages well above the efficient level,” the paper stated. “Hence, large minimum wage increases have potentially substantial negative effects on the employment, labor income, and welfare of low-wage workers in the long run.” The study looked closely at how firms can respond to changes in input costs such as a higher minimum wage. They could resort to “labor-labor substitution,” or replace workers, among those that have similar education profiles but vary in productivity; or they could do such substitution among workers across different education groups; or they could substitute between labor and capital. The study included the capital component within labor substitutability, assuming that the types of capital investments determine the production processes a firm may use. Firms have limited flexibility in the short run to reorganize production, such as a bank replacing a teller with an ATM machine, but they would have more of those options in the long run, Winberry said. Winberry pictured a setting for firms that pay their workers $8 an hour but now have to pay $15 an hour. “In the short run, firms aren’t going to get rid of all of these $8-an-hour workers right away, but instead pay the $15-an-hour minimum wage and keep them on,” he said. “So in the short run, the $15 minimum wage is actually quite good for these workers because their wage jumps right up, and firms can’t fire them right away because they’re stuck with the production processes that they have in place. Over time, as firms adjust their production processes, the number of workers they employ starts to fall.” The size of the increase in the minimum wage has a lot to do with whether workers are better off in the long run. In the short run, a small increase from, say, $7.25 an hour to $8.50 (a 17% jump) raises the wages of workers in the lowest rungs, and it has a negligible effect on their employment, the paper stated. In the long run, the employment of those workers increases; small wage increases don’t hurt a firm’s profits too much. Undesirable Long-run Effects for Some A large increase in the minimum wage where it more than doubles to say, $15, no doubt benefits low-wage workers in the short run. But that ultimately hurts them in the long run. The paper pointed to “the potential paradox” of a large minimum wage policy: “In the long run without any countervailing force such as inflation, productivity growth, or other corrective policy, [a large minimum wage] hurts precisely the lowest-earning workers whose income it is supposed to support.” The study showed that in the long run, a big jump in the minimum wage to $15 an hour lowers employment rates of approximately 60% of non-college workers who initially earned less. The earning losses are concentrated among a fifth of the workers who earned less than $10 an hour before the wage increase. Specifically, in the long run, a $15 minimum wage reduces the employment of workers without a college degree by about 12%, the study found. Employment gains are concentrated among workers whose initial wage was already close to $15, or those who earned between $11 and $15. Policy Takeaways

#### Reject aff studies – they’re premised on small wage increases, but the aff doubles wages

Strain 21 [Michael R. Strain, resident scholar and the director of economic policy studies at the American Enterprise Institute and Professor of Practice in the McCourt School of Public Policy at Georgetown University, 08-31-2021, “An Argument Against the $15 Minimum Wage,” American Enterprise Institute, https://www.aei.org/wp-content/uploads/2021/09/strain-jpam-pre-publication-version.pdf?x91208]/Kankee

3.2. The importance of nonlinearities Care must be taken in using existing evidence to forecast a 107 percent increase in the federal minimum wage because the employment effects of wage-floor increases could be nonlinear. Nonlinearities could arise because there are costs associated with changing the way goods and services are produced — e.g., capital investments are often required to substitute away from labor, and changes to workforce structure can be costly — that may not make sense to incur in the face of relatively small increases in labor costs from modest minimum wage increases, but that may be worth incurring when the minimum wage is substantially increased. In a series of papers, Clemens and Strain (e.g., 2017, 2020a) study the employment effects of minimum wage increases following the Great Recession using a (pre-committed) research design that allows for nonlinearities. The years following the 2008 global financial crisis and Great Recession saw a pause in state and federal efforts to increase minimum wages. This created an opportunity to study the economic effects of minimum wages using transparent research methods, as the years without any increases form a natural baseline (or “pre period”) which was followed by substantial divergence across states in minimum wage policy. Clemens and Strain (2020a) report that seven states increased their minimum wages by $2.50 or more in the years spanning 2013 to 2018. They classify these as large increases. Sixteen states increased their minimum wages by less than $2.50. Call these smaller increases. They estimate employment effects using standard difference-in-difference and triple-difference estimators using data from both the Current Population Survey and the American Community Survey. Among workers with relatively fewer skills (workers up to age 25 with educational attainment less than a high school diploma), Clemens and Strain find that large minimum wage increases lead to employment reductions of three percentage points. Among younger workers (workers up to age 21), they find employment reductions of around two percentage points. These are sizable employment losses. In addition to evidence of meaningful employment loss, Clemens and Strain also find substantial nonlinearities in the employment effect of minimum wage increases. Smaller increases are associated with near-zero employment losses (a 0.2 percentage point reduction) among lesser-skilled workers. The magnitude of the employment effect of smaller increases for younger workers is roughly half that of larger increases. 3.3. Evidence from Seattle Direct evidence on the effects of a federal $15 per hour minimum wage (phased in over the next five years) is hard to come by for the reason mentioned earlier: the increase would be so large, it would be outside the existing evidence base. A near-exception is Seattle. Jardim et al. (2018a) study the case of Seattle using administrative data from the unemployment insurance program measuring employment, earnings, and hours in Washington state. Seattle’s minimum wage increased from $9.47 to as much as $11 in April 2015, and then to as much as $13 in January 2016. As with Clemens and Strain (2020a), Jardim et al. find a nonlinear employment response, with the first increase having little effect on employment but the second increase having a large effect. Jardim et al. report substantial employment reductions from the increase to $13, with hours reductions in low-wage jobs of six to seven percent. Hourly wages rose by three percent, so total earnings among low-wage workers fell. Jardim et al. (2018b) focus on short-duration longitudinal panels of workers employed prior to the minimum wage increase. They found that workers with above-median experience at baseline saw increases in weekly earnings following increases, while those with below-median experience saw their weekly pay decline. 3.4. Congressional Budget Office estimates Evidence from Seattle is a useful guide to how a gradual increase to $15 might affect other dynamic, high-wage, large cities with high baseline minimum wages. But it likely understates the employment effects for lower-wage cities and states, and for jurisdictions that currently feature lower minimum wages. The nonpartisan Congressional Budget Office attempted to estimate the likely impact of the gradually increasing the federal minimum wage to $15 by 2026 (CBO 2019, 2021).4 To do so, CBO attempted to identify the median employment elasticity in the research literature, and then adjusted it to account for a number of factors, including the size and scope of the proposed increase to $15, whether the minimum wage would be indexed to inflation after reaching $15, and the length of time employers would have to adjust to the new policy. For directly affected adult workers, CBO used an own-wage employment elasticity (which measures how the employment of directly affected workers would respond to changes in their wages) equal to -0.269. The own-wage employment elasticity for teenage workers used by CBO was -0.829. Applying these elasticities, CBO’s mean forecast is that employment in 2026 would be reduced by 1.4 million workers if the federal minimum wage were raised to $15. CBO also finds that if the federal minimum were indexed to median hourly wages after reaching $15 in 2026, that employment in 2028 would be reduced by 1.5 million, and employment in 2031 would be reduced by 1.6 million. 5 3.5. Longer-term effects Typical minimum wage increases have been relatively modest, and because most have not been indexed to a measure of inflation, they have represented a temporary increase in the cost of labor facing employers. The literature has typically studied these increases with a focus on their short-term (often contemporaneous) employment effects. But for an increase as large as 107 percent (and especially such a large increase that would also be indexed to inflation), it is reasonable to be concerned about longer-term, longer-lasting effects. One reason to be concerned is that minimum wage employment effects could be driven in part by the capital-labor ratio at the sector level. If that ratio takes time to adjust — perhaps because adjustment is driven in the main by firm entry and exit — then the long-run effects of minimum wages could be substantially larger than the short-run effects (Aaronson et al., 2018; Sorkin, 2015). More generally, since productivity is the primary (but not exclusive) determinant of wages6 , then the minimum wage can be thought of as a regulation designed to exclude workers below a certain productivity level from formal employment. There are many reasons why the employment rate for adult college graduates over the past three decades has averaged around 75 percent while the rate for adult high-school dropouts has averaged roughly 40 percent. But one of them is likely labor market regulation, including the minimum wage. The evidence on these longer-term effects is less developed and the effects are harder to estimate, but it is reasonable to speculate that they might be larger than short-run effects. If so, then that is another reason to be concerned about a $15 minimum wage. 4. Other Margins of Adjustment Employers must absorb the costs from a minimum wage increase somehow, but neither economic theory nor the empirical literature suggest that employment is the only margin of adjustment.7 Firms likely pass some of their higher labor costs onto customers in the form of higher output prices (Aaronson, 2001; Allegretto and Reich, 2018; Leung, 2018; Renkin, Montialoux and Siegenthaler, 2020). Because low-income households spend a relatively larger share of their budgets on products produced by low-wage employers, minimum wage price pass-through is regressive (MaCurdy, 2015). Total compensation, and not just earnings, could be affected by higher minimum wages, though evidence on this channel of adjustment is sparse.8 Clemens and Strain (2020b) provide an illustrative example of how a minimum wage increase might be absorbed through changes to workplace amenities — specifically, the regularity of workers’ schedules — without reducing employment, but I am not aware of any empirical evidence on this channel of adjustment. 9 A $15 minimum wage would increase labor costs substantially, and many firms would likely take advantage of all these margins of adjustment. Many employers would also likely change the type of worker they hire, attempting to recruit workers with relatively more skills (Horton, 2018; Clemens, Kahn, and Meer, 2021). This would mitigate the disemployment effect of the minimum wage increase in the aggregate, but it would also focus the costs on the leastskilled workers in the labor market. 5. There’s Good News, Too

#### The aff kills small businesses and the economy

Chava et al. 19 [Sudheer Chava, educator at the Scheller College of Business at the Georgia Institute of Technology, Alexander Oettl, educator at the Scheller College of Business at the Georgia Institute of Technology, and Manpreet Singh, educator at the Scheller College of Business at the Georgia Institute of Technology, 12-2019, “DOES A ONE-SIZE-FITS-ALL MINIMUM WAGE CAUSE FINANCIAL STRESS FOR SMALL BUSINESSES?” NBER, https://www.nber.org/system/files/working\_papers/w26523/w26523.pdf]/Kankee

We focus on the financial health of small businesses, as they are a vital component of the U.S. economy, accounting for almost 50% of the non-farm GDP. The opening and closing of small businesses that have fewer than 10 employees account for more than 70% of job gains and losses in 2018 (Bureau of Labor Statistics (BLS)). Wages comprise a significant fraction of the costs faced by many small businesses. An increase in labor costs due to an increase in the minimum wage may not cause financial stress to a firm if it has the flexibility to immediately adjust its capital-to-labor ratio or pass on the increased costs to its customers. Or, alternately, the firm can maintain profit margins by reducing other costs or by increasing productivity. But, a firm’s inability to do so may impact profit margins and financially stress the firm. Although labor market conditions vary substantially with geography (e.g., availability, productivity, the bargaining power of workers) and despite the significant geographic differences in the economic conditions (e.g., local product market competition), 14 states in the U.S. have a minimum wage rate equal to the federal rate.2 In this paper, we study the impact of one-sizefits-all federal minimum wage increases on the financial health of small establishments located in states where the effective minimum wage is equal to the federal rate (the bounded states) relative to those in states where wage rates are higher than the federal rate (the unbounded states). Further, we study how firm-level, industry-level, and local economic conditions that may impact the ability of these businesses to pass on the increased labor costs to consumers, moderate or amplify these wage increases. We use intertemporal variation in whether a state’s minimum wage is bound by the federal minimum wage and the Dun and Bradstreet (D&B) Paydex Credit Score data for approximately 15.2 million establishments for 1989–2013. Paydex Score is a dollar-weighted numerical indicator of how a firm paid its bills based on trade experiences reported to D&B through its 4,000 trade exchange participants in the U.S. It evaluates the likelihood that a business will make payments to suppliers or vendors on time, hence it can affect the availability of credit and interest rates for small businesses (Barrot and Nanda, 2019). We find that a dollar increase in the federal minimum wage corresponds to an almost 1.0-point reduction in an establishment’s Paydex Credit Score in a bounded state compared to a similar establishment in an unbounded state. This 1.0-point reduction implies a delay of 1-2 days beyond the typical payment terms of 30 days. In our sample, the median establishment will delay its payment by five days, on average, beyond the payment terms. Further, we observe large threshold effects wherein an establishment’s 1.0-point decline in credit score from 80 points (i.e., payment within terms) to 79 points (i.e., payment two days beyond terms) that arises from an increase in the federal minimum wage corresponds to an increase in the exit probability by 2.2 percentage points (pp) or a 25% increase from the 8.5% unconditional annual exit probability.3 One potential concern in identifying the effect of federal minimum wage changes is that two of the three increases were enacted during the recession years, i.e., 1990-1991 and 2007- 2009. Broadly, the concern is whether our results can be attributed to the business cycles at the national level or the business cycles in the bounded states rather than the minimum wage increases themselves. However, mitigating this concern, we find that the bounded and unbounded states followed similar business cycles before and after the federal minimum wage increases. Further, the unbounded states seem to be affected more by the downturns in the overall economy. More broadly, if the federal government’s decision to adjust minimum wages is affected by, or correlated with, some other observable and unobservable differences in the economies of bound versus unbound states, we may not be able to identify our effect. We control for the various state, county, and ZIP code-level observable characteristics in the regressions. We also use them in matching methods to identify the right control group. Further we use state×year and county×year fixed effects in various cross-sectional tests to ensure that different unobservable local economic conditions in the bounded versus unbounded states are not driving our results. The aforementioned credit score results are robust to using the nearest neighbor matching method. In our matching method, we use the credit score one year before the minimum wage increase, and we exactly match establishments in the bounded states (the treatment group) with the set of possible control establishments within the same NAICS4 industry group in the unbounded states (the control group). Next, for the exactly matched control sample based on one year before credit score, we compute the Euclidean distance between the treatment and control samples based on establishment-, state-, county- and ZIP code-level observable characteristics. We use (a) establishment-level variables such as sales, employees, employee-tosales ratio and sales growth; (b) state-level variables such as GSP and population (both its level and growth), state political partisanship; (c) county-level variables such as unemployment rate (both its level and growth); and (d) ZIP code–level variables such as aggregate sales growth, personal income, and house prices (both its level and growth). Also, our results are robust if we exactly match on credit scores three years before the minimum wage increases. To our baseline results, we also implement geographic regression discontinuity design. We follow Dube, Lester, and Reich (2010) and control for local economic conditions by analyzing establishments located in contiguous state-border counties. The underlying assumption for this identification strategy is that the adjacent counties at state borders have similar economic conditions in all aspects other than their respective minimum wages. In our estimation, we include county-pair × year fixed effects, and we also control for time-varying establishment- , state-, county-, and ZIP code-level observable characteristics. We find consistent results for establishments in the bordering county of the bounded states: After controlling for timevarying observable characteristics and time-varying county-pair specific unobservables, a one dollar increase in the federal minimum wage decreases a firm’s Paydex Score by 0.53 additional points compared to establishments located in the bordering county of the unbounded state. We also analyze the dynamics of the impact of minimum wage. Before the federal minimum wage increases, we observe parallel trends in the average Paydex Score for establishments in both bounded and unbounded states. Within two years of a federal minimum wage increase, there is a sharp decline in the Paydex Score for establishments in bounded states. Finally, we observe that the difference between the Paydex Score for establishments in the bounded and unbounded states converges over the next three to five years. These results suggest that establishments that managed to survive are stronger on some dimensions or may be able to pass on some of these extra labor costs to customers over a longer period. Further, our results are robust to (a) states switching from bounded to unbounded, (b) time-varying, industry-specific unobservables, and (c) different industry samples. So far, we have established the negative impact of one-size-fits-all federal minimum wage increases on the financial health of the affected small establishments. Affected establishments may not experience any financial stress if they can immediately pass on these increased wage costs entirely to their customers. On the other hand, any constraints faced by small businesses in passing on their wage costs may impact their financial health. In line with some small businesses facing constraints, we find that establishments within the same industry, those located in the more competitive counties, and those located in the low-income ZIP codes find it challenging to pass on their increased labor costs, hence they experience a more significant decrease in their credit score. We also find that small and young establishments, which are more likely to have financial constraints, experience a more significant decrease in their credit scores. Establishments that are labor intensive (i.e., they have high labor costs) and those that have an ex ante lower Paydex Score seem to find it more difficult to absorb minimum wage increases and hence experience a more significant decline in their credit scores4 . Similarly, we find that this negative impact is more pronounced in industries that employ more minimum wage workers (e.g., restaurants, retail), but it is not limited to these industries. One possible explanation may include a spillover effect on other sectors. Barrot and Nanda (2019) find that accelerated payments by the federal government to small business contractors can have a significant positive impact on employment. However, it is difficult to document spillover effects on suppliers or vendors because of limitations on data on the input–output matrix and on the network of a firm’s vendors and suppliers for the very small firms that we analyze. Next, we test the implications of lower credit scores on loans granted. Using data from the Small Business Administration (SBA) for almost one million small business guaranteed loans, we find that for a one dollar increase in the federal minimum wage, the loan amount reduces by 9% more for establishments in bounded states compared to those in unbounded states, where the median loan size is $100,000. We also find that establishments located in bounded states are 12% more likely to default on bank loans compared to those in unbounded states around the federal minimum wage increases. We conduct a county–industry–level entry–exit analysis by calculating the exit and entry rates of businesses within each county for each NAICS5 industry. We find significant increases in the exit rates and significant reductions in the entry rates for counties in the bounded states one year after the federally mandated minimum wage increase. The results are dominated by restaurants, businesses with no Paydex scores and those employing fewer than 10 workers. Our results are consistent with Luca and Luca (2018), who find that a minimum wage increase leads to higher exit rates for restaurants that have a lower rating. Finally, we test whether the financial burden on businesses has any aggregate real implications. We utilize publicly available county–industry–level employment and establishment data from the BLS Quarterly Census of Employment and Wages (QCEW) database. We find that aggregate employment declines significantly more for restaurants (9.5%) and for retail businesses (8.2%) in bounded states. Also, the negative effect is prominent in counties with lower personal income. We find similar results for the aggregate number of establishments. Overall, our results document the unintended effect of a federally imposed uniform rule that increases the minimum wage in areas where businesses may not be able to absorb the increased cost of labor and thereby experience financially stressed or may even default on debt and cut employment. Our study is related to the recent work that examines the effect of minimum wages on the entry and exit of restaurants (Aaronson, French, Sorkin, and To, 2018; Luca and Luca, 2018). Consistent with the above studies, we do find that the increase in minimum wages leads to a higher exit risk for affected small businesses. However, we can characterize the effect based on the firm, the geography and the industry’s ability to absorb higher wage costs or to pass on the costs to consumers. Further, we provide comprehensive evidence on the impact of one-size-fitsall federal minimum wage increases on a large number of industries. We can also provide direct evidence of financial stress, i.e., credit score data, for 15 million small businesses in the U.S. We contribute to the voluminous literature on the effect of minimum wages on employment (Katz and Krueger, 1992; Card and Krueger, 1994; Neumark and Wascher, 2000; Card and Krueger, 2000; Dube, Lester, and Reich, 2010; Giuliano, 2013; Sorkin, 2015; Meer and West, 2015; Cengiz, Dube, Lindner, and Zipperer, 2019).5 Our study is related to Clemens and Wither (2019), who use the cross-sectional variation of bounded versus unbounded states to identify the effect of the federal minimum wage increase during the great recession on the employment and income of low-skilled workers. Our paper is also related to the effect of labor costs in general and the effect of minimum wage policies, in particular on firm outcomes such as firm profitability (Draca, Machin, and Van Reenen, 2011; Mayneris, Poncet, and Zhang, 2018; Harasztosi and Lindner, 2019) and firm investment (Gustafson and Kotter, 2018; Cho, 2016). Our paper adds to the literature that analyzes the interactions between labor costs and firm outcomes.6 Our results also highlight how increases in minimum wages can hurt the financial health of small businesses.

#### Minium wage increases cause non-compliance and underpayment

Clemens 24 [Jeffrey Clemens, associate professor of economics at the University of California at San Diego with a PhD in economics from Harvard University, 05-2024, “Minimum Wage Hikes Bring Tradeoffs beyond Pay and Jobs,” The War on Prices, https://store.cato.org/products/war-on-prices]/Kankee

Similarly, firms can save money by skimping on investments targeted at further reducing workplace risks of injury, on worker training, or on improving the aesthetics of the workplace. Ugly decor, poor mentorship, and marginal safety deteriorations are classic disamenities. Here again, there is a tradeoff. Workers will demand higher wages to work at firms that are known to be undesirable along dimensions such as these. The key point is that if jobs become less pleasant, less safe, or more taxing, workers are made worse off. Whether a minimum wage increase leaves workers better or worse off overall depends on how they value these features of their work environments relative to the wage gains an increase in the minimum wage might deliver. Additionally, there is widespread evidence that increases in minimum wages lead to declines in compliance with the minimum wage itself.16 In one recent paper, economist Michael Strain and I found that increased incidences of underpayment eroded roughly one-sixth of the wage gains that were mandated by minimum wage increases enacted over the past decade by U.S. states. In an analysis of 10 central and eastern European countries, economists Karolina Goraus-Tańska and Piotr Lewandowski provide complementary evidence that underpayment becomes more prevalent when wage floors are high relative to average wages. Economists Uma Rani and others develop a similar finding in an analysis of 11 developing countries. These results, which span labor markets around the world, highlight an underappreciated tradeoff between price controls and respect for the rule of law. Some of the best recent research to consider the effects of minimum wages on amenities has focused on the intensity of work. One way that employers might seek to make up for rising wage costs is to demand more output from their workers, through tighter productivity tracking, reduced break times, or more stringent work targets. Recent economics research by Hyejin Ku and by Decio Coviello, Erika Deserranno, and Nicola Persico has found that low-productivity workers in agricultural and retail sales settings increase their work effort in the wake of minimum wage increases. Furthermore, both papers find large effects in the sense that increases in output offset a large fraction of the wage bill increase firms faced because of the uplift in the minimum wage.17 A key point in this discussion is that a job’s physical and mental toll are among its costs. An increase in those costs will thus tend, like a decline in a job’s fringe benefits, to reduce a worker’s well-being even as the associated increase in wages augments it. Put differently, workers “pay” in part for a higher minimum wage by enduring more intense, or otherwise less pleasant, working conditions.

#### Business circumvent the aff – squo living wages aren’t sufficient because employers cut hours through part time work

Waldman 24 [Adelle Waldman, reporter/novelist and graduate from the Columbia University Graduate School of Journalism, 2-19-2024, "It’s Not Just Wages. Retailers Are Mistreating Workers in a More Insidious Way,” NYT, https://www.nytimes.com/2024/02/19/opinion/part-time-workers-usa.html]/Kankee

Many people choose to work part time for better work-life balance or to attend school or to care for children or other family members. But many don’t. In recent years, part-time work has become the default at many large chain employers, an involuntary status imposed on large numbers of their lowest-level employees. As of December, almost four and a half million American workers reported working part time but said they would prefer full-time jobs. When I started working at the store, I assumed that the reason part-time work was less desirable than full-time work was that by definition, it meant less money and fewer or no benefits. What I didn’t understand was that part-time work today also has a particular predatory logic, shifting economic risk from employers to employees. And because part-time work has become ubiquitous in certain predominantly low-wage sectors of the economy, many workers are unable to find full-time alternatives. They end up trapped in jobs that don’t pay enough to live on and aren’t predictable enough to plan a life around. There are several reasons employers have come to prefer part-time workers. For one thing, they’re cheaper: By employing two or more employees to work shorter hours, an employer can avoid paying for the benefits it would owe if it assigned all the hours to a single employee. But another, newer advantage for employers is flexibility. Technology now enables businesses to track customer flow to the minute and schedule just enough employees to handle the anticipated workload. Because part-time workers aren’t guaranteed a minimum number of hours, employers can cut their hours if they don’t anticipate having enough business to keep them busy. If business picks up unexpectedly, employers have a large reserve of part-time workers desperate for more hours who can be called in on short notice. Part-time work can also be a means of control. Because employers have total discretion over hours, they can use reduced schedules to punish employees who complain or seem likely to unionize — even though workers can’t legally be fired for union-related activity — while more pliant workers are rewarded with better schedules. In 2005 a revealing memo written by M. Susan Chambers, then Walmart’s executive vice president for benefits, who was working with the consulting firm McKinsey, was obtained by The New York Times. In it she articulated plans to hire more part-time workers as a way of cutting costs. At the time, only around 20 percent of Walmart’s employees were part time. The following year, The Times reported that Walmart executives had told Wall Street analysts that they had a specific target: to double the company’s share of part-time workers, to 40 percent. Walmart denied that it had set such a goal, but in the years since, it has exceeded that mark. It’s not just Walmart. Target, TJX Companies, Kohl’s and Starbucks all describe their median employee, based primarily on salary and role, as a part-time worker. Many jobs that were once decent — they didn’t make workers rich, but they were adequate — have quietly morphed into something unsustainable. One of the most surprising aspects of this movement toward part-time work is how few white-collar people, including economists and policy analysts, have seemed to notice or appreciate it. So entrenched is the assumption that full-time work is on offer for most people who want it that even some Bureau of Labor Statistics data calculate annual earnings in various sectors by taking the hourly wage reported by participating employers and multiplying it by 2,080, the number of hours you’d work if you worked 40 hours a week, 52 weeks a year. Never mind that in the real world few workers in certain sectors are given the option of working full time. The shift to part-time workers means that focusing exclusively on hourly pay can be misleading. Walmart, for example, paid frontline hourly employees an average of $17.50 as of last month and recently announced plans to raise that to more than $18 an hour. Given that just a few years ago, progressives were animated by the Fight for $15 movement, these numbers can seem encouraging. The Bloomberg columnist Conor Sen wrote on social media last year that “Walmart’s probably a better employer at this point than most child care providers and a lot of the jobs in higher ed.” The problem is that most Walmart employees don’t make $36,400, the annualized equivalent of $17.50 an hour at 40 hours a week. Last year, the median Walmart worker made 25 percent less than that, $27,326 — equivalent to an average of 30 hours a week. And that’s the median; many Walmart workers worked less than that. Likewise, at Target, where pay starts at $15 an hour, the median employee makes not $31,200, the annualized full-time equivalent, but $25,993. The median employee of TJX (owner of such stores as TJ Maxx, Marshalls and HomeGoods) makes $13,884 a year; the median Kohl’s employee makes $12,819. Those numbers, though low, are nevertheless higher than median pay at Starbucks, a company known for its generous benefits. To be eligible for those benefits, however, an employee must work at least 20 hours a week. At $15 an hour — the rate Starbucks said it was raising barista pay to in 2022 — 20 hours a week would amount to $15,600 a year. But in 2022 the median Starbucks worker made $12,254 a year, which is lower than the federal poverty level for a single person. And this is after the post-Covid labor shortage, when pay for low-wage workers rose faster than it did for people in higher income brackets. Since my stint at the big-box store, where I ended up working for six months, I’ve come to think that every time we talk about hourly wages without talking about hours, we’re giving employers a pass for the subtler and more insidious way they’re mistreating their employees. From the perspective of employers, flexible scheduling remains extremely efficient. But that efficiency means reneging on the bargain on which modern capitalism long rested. Since the passage of the Fair Labor Standards Act during the New Deal era, employers have had to pay most of their workers for 40 hours of work even when business was slow. That was just the cost of doing business, a risk capitalists bore in exchange for the upside potential of profit. Now, however, employers foist that risk onto their lowest-paid workers: Part-time employees, not shareholders, have to pay the price when sale volumes fluctuate. To the extent that the shift to part-time work has been noticed by the larger world, it has often undermined rather than increased sympathy for workers. For decades, middle- and upper-class Americans have been encouraged to believe that American workers are hopelessly unskilled or lazy. (Remember when Elon Musk praised Chinese workers and said American workers try to “avoid going to work at all”?) The rise in part-time work seems on its face to support this belief, as white-collar workers, unfamiliar with the realities of the low-wage work environment, assume that workers are part time by choice. It’s a bit rich. Policies undertaken to increase corporate profits at the expense of workers’ well-being are then held up as evidence of the workers’ poor character. There is poor character at play here. It’s just not that of workers.

#### Past experiments prove local governments and businesses stymie enforcement and circumvent the aff

Chapman and Thompson 18 [Jeff Chapman, Director of Economic Development, State Fiscal Health and Economic Growth at The Pew Charitable Trusts, and Jeff Thompson, principal economist on the Board of Governors of the Federal Reserve System, 2018, “A Living Wage Is a Local Economy’s Lifeblood,” The Right to a Living Wage, http://digamoo.free.fr/uhler2018.pdf]/Kankee

Implementation and enforcement The only way for workers to benefit from living wage laws is if they are covered by laws that are implemented and enforced. If few workers are covered and/or policies are not actually implemented or enforced, there is little reason to think that workers will gain. Regarding implementation and enforcement, there have been problems for living wage ordinances from the very beginning. Even after adopting the first living wage ordinance in Baltimore, it took many months, rallies, public hearings, complaints, and fines before some firms started to obey the law. As Stephanie Luce has documented, major post-passage struggles have been required in several cities before the law was implemented. Based on extensive interviews with city administrators, living wage advocates, and review of newspaper reporting on living wage laws, Luce considers more than half of all living wage ordinances to have been only “narrowly” implemented25 (Luce 2005, 45). As she explains: In some places, implementation seems to simply fall through the cracks: there is no single person in charge and no one who knows much about the ordinance. There are other cities in which the staff is incompetent, ineffective, or personally opposed to the ordinances. There are also cities where the administration is outwardly opposed to the ordinance and works to stall implementation, water down, or repeal the laws. Finally, some city councilors and/or administrators continue to publicly support living wage ordinances but make it easy for employers to receive waivers or exemptions from coverage (Luce 2005, 46). In their study of the Los Angeles living wage ordinance, Sander and Lokey found that enforcement, compliance, and discipline were all problems. Firms did not submit required paperwork, site visits were not performed, and no action was taken against contractors violating the policy. In their 18-month review of the ordinance, Sander and Lokey considered the discipline process to be “toothless,” and one of several implementation problems limiting the effect of the ordinance (Sander and Lokey 1998, 4). Sander and Lokey did indicate, however, that by late 1998 most implementation issues were improving. More recent work by LAANE indicates that, as of 2001-02, virtually all firms surveyed were in compliance with the wage requirements, but there may be problems with compliance with other provisions. Finally, some living wage ordinances, even if they are implemented and enforced, have such narrow coverage that they raise the wages of few workers. This is a general problem with living wage ordinances around the country. Living wage ordinances end up being narrow in scope because some sectors are excluded from coverage (nonprofits, for example). Small contracts are also usually exempted from coverage, with small being defined as anywhere from under $10,000 to under $100,000. Also, small contractors, only partly related to the size of the contract, are sometimes exempted, based on number of employees or firm revenues. Some cities also exempt contractors based on the source of their funding. In the first year of the Los Angeles ordinance, 59% of potentially covered contracts were granted exemptions, many because the contract was funded with federal resources, which the city was allocating or “passing through” (Sander and Lokey 1998, 2). Some ordinances apply only to those employees directly working on the contract, while others set a threshold, applying only to workers putting in more than a certain portion of their work time on the contract. In some ordinances, there are provisions to exempt contractors that are identified as facing extraordinary hardship under the ordinance. The combined effect of all of these exclusions and exemptions—particularly since the total employment of service contractors is small to begin with—means that in many cases very few workers are actually covered by the living wage. In his review of living wage ordinances, Freeman notes “living wage campaigns pay a price for targeting small groups of workers in particular localities. The price is that the ordinances and policies affect only those relatively few workers. Most ordinances and policies cover at most a few hundred workers” (Freeman 2005). These small numbers reflect what Jared Bernstein describes as the “paradox” of the living wage movement—activists succeed in passing ordinances, in part, by agreeing to narrow the focus and lower the cost of the ordinances (Bernstein 2005, 100). Ordinances are narrowed when exemptions are granted for particular types or sizes of contracts, broad classes of industries, and certain types of workers.26 […] Lessons for Policy Makers and Researchers

#### Wage increases cause poverty and decrease economic growth – best studies

Sabia 24 [Joseph J. Sabia, chairman of the Economics Department and director of the Center for Health Economics and Policy Studies at San Diego State University with a PhD in economics from Cornell University, 05-2024, “Minimum Wages Are an Ineffective and Inefficient Anti-Poverty Tool,” The War on Prices, https://store.cato.org/products/war-on-prices]/Kankee

More speculatively, some proponents claim that minimum wage increases redistribute income from those with a lower marginal propensity to consume (MPC) with each additional dollar earned—firm owners—to those with a higher MPC—low-skilled workers. This, they say, generates higher consumer spending, which will stimulate aggregate demand and will reduce poverty by boosting gross domestic product (GDP).12 On the other hand, if low-skilled labor markets are competitive, minimum wage increases could reduce employment and hours worked among low-skilled workers by reducing firms’ demand for their now costlier labor. 13 This might mean layoffs or reduced hiring of low-skilled individuals, particularly for entry-level job opportunities, which could have serious longer-term consequences for income and poverty trajectories. The same is true even in monopsony labor markets if the government sets the minimum wage too high. If employment losses are felt by workers living in poor and near-poor families, their incomes could fall, thereby plunging some low-skilled workers deeper into poverty. Therefore, minimum wage increases might redistribute poverty rather than reduce it. Although poor workers who see a wage boost, with no employment or substantial loss in hours, may be lifted out of poverty, poor or near-poor workers who are laid off, are not hired, or have their hours substantially cut are likely to be plunged into poverty—or deeper poverty. Thus, the net impact of minimum wage increases on poverty rates is uncertain. Additionally, if very few individuals living in poor (or near-poor) families are minimum wage workers, raising the minimum wage is unlikely to affect poverty much at all.14 Furthermore, most economists believe it is unlikely that minimum wage hikes will spur substantial economic growth.15 Standard macroeconomic theories do not suggest that a price or wage control would boost aggregate demand.16 A wage floor across competitive labor markets will typically reduce efficiency and employment, shrinking GDP. In fact, my panel study of U.S. states found that minimum wage increases affected state GDP negatively, especially in industries with relatively higher shares of lowskilled workers, such as retail, wholesale trade, and manufacturing.17 Thus, the growth effects of minimum wage hikes are as likely (if not more so) to increase poverty as they are to reduce it. Measuring Worker and Family Well-Being As Jeffrey Clemens indicates in Chapter 15, minimum wage increases can affect worker well-being and living standards through other mechanisms beside their impacts on earnings or employment.18 For example, increases in the wages of low-skilled workers in some markets are likely to result in higher prices of the products they produce. From a distributional perspective, if minimum wage hikes increase the prices of goods and services that poor individuals are more likely to purchase, then their effects may be significantly more regressive than the direct effects on workers’ earnings alone would suggest.19 Employers may also respond to minimum wage increases by reducing nonwage compensation, including vacation days, sick days, the generosity of health insurance benefits, or non-compensation-related amenities, such as the quality of food or furniture provided in the break room. These would make workers lives’ poorer, even if they do not directly affect measured poverty. This likelihood raises an important debate on how best to measure poverty in the first place, which could influence the estimated effectiveness of minimum wage increases in reducing it. Most studies examining the effects of minimum wage increases on poverty have used the official poverty measure (OPM) to determine economic need. The OPM is based on the family as the resource-sharing unit. It calculates total family income as the sum of market income—labor earnings, rents, pensions, Social Security payments, dividends, and interest —and cash transfers received by each person living in the family. It then compares this with a family size- and age-adjusted federal poverty threshold to determine whether that family is in poverty. 20 Other researchers prefer the Census Bureau’s supplemental poverty measure (SPM), which also includes the value of in-kind benefits, such as the Supplemental Nutritional Assistance Program, and excludes necessary expenditures, such as work-related transportation costs and taxes, in calculating total family resources. To the extent that minimum wage increases affect participation in such means-tested programs, the SPM will capture these effects (though it too has its critics).21 Alternative measures of economic deprivation may also be informative. Some of my own research uses measures of financial deprivation (i.e., being unable to pay rent or other bills on time), health deprivation (i.e., not seeing a doctor when needed), or food insecurity (i.e., being unable to afford meals when hungry) for a broader conception of how the income effects of minimum wage increases influence material hardship.22 In summary, the net impact of minimum wage increases on poverty largely depends on • The effects of minimum wage increases on wages, employment, and work hours among low-skilled individuals in poor and near-poor families; • The distribution of earnings gains and losses for poor and near-poor workers; and • Spillover effects of the minimum wage on output prices, nonwage compensation, means-tested public program receipt, and material hardship. Empirical Evidence of Minimum Wages’Impact on Poverty The wage, employment, and hours effects of minimum wage increases— and the distribution of these impacts—are key to understanding their effects on poverty. There is robust and uncontroversial evidence that minimum wage hikes raise the average hourly wage rates of employed low-skilled individuals, with the strongest effects among the least-experienced, leasteducated, least-skilled workers, and those who earn wages between the old and new minimum wages.23 Although there is more disagreement among economists about the employment and hours effects of U.S. minimum wage increases, the strongest evidence still points to adverse employment effects for low-skilled workers, whom the minimum wage affects most directly. 24 Until very recently, a strong consensus existed in the labor economics literature that minimum wage increases were ineffective at reducing poverty. 25 These results were primarily driven by two factors: (a) the low rate of steady employment and low share of minimum wage earners among those living in poor and near-poor families and (b) the adverse employment and hours effects of minimum wage increases among individuals living in poor and near-poor families.26 In the main, the findings in this literature suggested that minimum wage increases had no statistically significant impact on poverty. Most studies found that a 10 percent increase in the minimum wage was associated with somewhere between a statistically insignificant 2 to 3 percent increase and a 1 to 3 percent decrease in poverty, with overall effects centering on zero. Yet a recent study by University of Massachusetts Amherst economist Arindrajit Dube—cited by the Congressional Budget Office and in congressional testimony—directly challenges this consensus, suggesting a large poverty-reducing effect of minimum wage increases.27 Dube uses historical data from 1983 to 2012 and estimates that a 10 percent increase in the minimum wage reduces longer-run poverty by up to 5 percent among nonelderly individuals, 5 percent among those without a high school degree, and 9 percent among blacks and Hispanics. These effect sizes are very large. Taken at face value, these findings would reverse a long-standing policy conclusion. However, an April 2023 National Bureau of Economic Research study by Richard Burkhauser, Drew McNichols, and me examines Dube’s conclusions on three fronts: (a) the appropriateness of his empirical research design, (b) the robustness of his findings to the post–Great Recession era, and (c) the evidence on the mechanisms through which minimum wage increases could generate such large reductions in poverty. 28 First, Dube’s research design compares “treatment states,” which raised their minimum wages, with geographically close “control states,” which did not raise their minimum wages or raised them by less than treatment states. However, our review of the data suggests that states farther away were often better controls because they had more similar poverty rates and macroeconomic conditions to treatment states in the years leading up to the minimum wage increase (the “pretreatment” period).29 When we allow the data to construct a counterfactual via a “synthetic control” design that pulls from both geographically close states and states located farther away, we find no evidence that minimum wage increases reduced poverty, either during the period Dube studied or over a longer period—from 1983 through 2019. We also show that one of Dube’s approaches of disentangling the poverty effects of the business cycle from the poverty effects of the minimum wage —controlling for the unemployment rate in his regression model—may overstate the benefits of raising the wage floor. That is because this control may “net out” the negative effects of the minimum wage on employment, thereby estimating poverty effects only for the “winners” who did not lose their jobs. Using alternative macroeconomic controls, such as the House Price Index and the higher-skilled unemployment rate, we find that Dube’s central finding again disappears. Second, when evaluating state minimum wage hikes enacted in the wake of the Great Recession—which were more frequent and larger in magnitude than in prior decades—we again find no evidence of minimum wage hikes reducing poverty, even using Dube’s flawed research design. This is still true even if we measure poverty using the SPM rather than the OPM and is consistent with findings from my previous research, which showed that minimum wage hikes fail to reduce food insecurity, financial hardship, and health-related hardship.30 Third, when examining mechanisms that could explain the most likely ways in which minimum wage hikes could reduce poverty, our research showed that (a) less than 10 percent of individuals living in poor families were minimum wage workers, and (b) minimum wage increases reduced employment and hours worked for less experienced, less educated, lowskilled workers. Each fact substantially limits the scope for minimum wage increases to reduce poverty. Thus, despite modern policymakers’ hopes, our research suggests that minimum wage increases continue to be an ineffective policy for delivering income to the working poor. Better Ways to Reduce PovertyThe small share of poor families that include a minimum wage worker and the minimum wage’s adverse employment effects are two important reasons why the minimum wage is an ineffective anti-poverty tool. But even if raising the wage floor did not generate adverse employment effects, recent proposals to substantially raise minimum wages would be a highly inefficient means of delivering income to the working poor. The reason is that the relationship between earning a low wage and living in poverty has become substantially weaker over time. In 1939, following the introduction of the first national minimum wage, nearly 90 percent of low-wage workers (defined as workers earning less than half the average private-sector wage) lived in poor households.31 By 2000, this number had fallen to under 20 percent. This result can be explained by the dramatic increase in second and third earners in households over that period— particularly the rise of female labor force participation—that broke the “single breadwinner” model, as second and third earners began to supplement the primary earner’s contribution to the family’s income. This change weakened the relationship between a single worker’s wage rate and total family or household resources. Using census data, our study projects that fewer than 10 percent of workers who would be affected by a $15 (or $17, for that matter) federal minimum wage live in poor families and about 18 percent live in families with incomes less than 150 percent of the poverty threshold. A far larger percentage (68 percent) live in families with incomes twice or more than the federal poverty line, and about half live in families with incomes three or more times the federal poverty line. Even under the rosy scenario of no adverse employment or hours effects from minimum wage increases, raising the federal wage floor is likely to be a blunt policy tool to combat poverty. Rather than tighten wage controls, policymakers should explore more effective and efficient strategies to reduce poverty. The strongest strategies for achieving this objective on the income side are pro-work policies targeted at individuals living in poor and near-poor families. For example, the Earned Income Tax Credit provides wage subsidies to employed individuals who earn low incomes, which encourages recipients to work and is well targeted to the working poor. 32 Investments in human capital acquisition, such as schooling and job training, have also been shown to be highly effective at substantially increasing worker productivity and longerrun earnings.33 Finally, regulatory reform to unlock cheaper food, housing, and energy—such as liberalizing trade, reforming land use and zoning, and streamlining permitting—could also enhance the poor’s real living standards for any given money income by reducing prices of essential items.34 Advocates who claim minimum wage increases will alleviate poverty are largely delivering only symbolic hope to the working poor. The most credible empirical evidence suggests that government-mandated wage floors are an antiquated, ineffective, and inefficient means of reducing poverty. The unintended consequences of minimum wage hikes risk leaving many of the nation’s most vulnerable worse off.

#### Recent California wage increases prove living wages increase prices and kill jobs

Ohanian 24 [Lee Ohanian, senior fellow (adjunct) at the Hoover Institution and a professor of economics and director of the Ettinger Family Program in Macroeconomic Research at UCLA, 4-24-2024, "California Loses Nearly 10,000 Fast-Food Jobs After $20 Minimum Wage Signed Last Fall", Hoover Institution, https://www.hoover.org/research/california-loses-nearly-10000-fast-food-jobs-after-20-minimum-wage-signed-last-fall]/Kankee

Last September, Gov. Gavin Newsom signed California Assembly Bill 1287 into law, which includes a $20 per hour minimum wage for fast-food workers and a fast-food regulatory council which has the authority to raise the industry’s minimum wage annually. But between last fall and January, California fast-food restaurants cut about 9,500 jobs, representing a 1.3 percent change from September 2023. Total private employment in California declined just 0.2 percent during the same period, which makes it tempting to conclude that many of those lost fast-food jobs resulted from the higher labor costs employers would need to pay. More fast-food job losses are coming as the new minimum wage took effect earlier this month. This includes losses at Pizza Hut and Round Table Pizza which are in the process of firing nearly 1,300 delivery drivers. El Pollo Loco and Jack in the Box announced that they will speed up the use of robotics, including robots that make salsa and cook fried foods. Fast food prices are up since the law took effect on April 1. In less than one month, Wendy’s increased prices by 8 percent, Chipotle’s prices have increased by 7.5 percent, and Starbucks prices are up by 7 percent. McDonald's has announced it will be raising prices, and many other fast-food franchises have announced hiring freezes. California now has the highest-priced fast food in the country, but there is an obvious limit to how much further prices can climb. “I can’t charge $20 for Happy Meals,” noted Scott Rodrick, a Northern California McDonald’s franchisee. It is nothing short of bizarre that California would choose to specify a substantially higher minimum wage for its fast-food industry, which tends to hire workers who are much younger than other industries, which have a minimum wage of about $16 per hour. About 30 percent of fast-food workers are teens, and another 30 percent are between twenty and twenty-four years old. With 60 percent of its workforce twenty-four or younger, the fast-food industry stands in sharp contrast to the other industries, in which only about 13 percent of workers are that young. Young workers have less experience than older workers and are still in the process of building skills, both of which tend to limit the amount of value that young workers can create for an employer. Young workers are also expensive from a human resources standpoint, because they require significant training and because they tend to move in and out of employment frequently, reflecting school schedules. Annual worker turnover in the fast-food industry exceeds 100 percent, which raises employer recruiting and training costs significantly. Fast-food employers have few alternatives to a $20 minimum wage other than cutting their workforces or raising prices, as fast-food profit margins are slim, averaging 5‒8 percent. Labor advocates typically argue for the need of a “living wage” when it comes to the pay of less-skilled workers. But this ignores the fact that many of those workers are part time, and it also ignores the fact that fast-food owners and their investors must receive adequate compensation for their time and capital. Living wages can mean no wages, which is what has happened for over 9,500 California fast-food workers since last September. The genesis of the new law is one of the uglier pieces of legislation to have come out of Sacramento. Minimum wage and “living wage” laws almost always are tied to unions, because they typically provide exemptions for workers covered by a collective bargaining agreement. This one is no exception. For over a decade the Service Employees International Union (SEIU) tried to unionize fast-food workers, but failed, despite spending $100 million in the process.

#### California proves lost jobs and increased food prices arguments

Zilber 6-6 [Ariel Zilber, New York Post journalist educated at Boston University, 6-6-2024, "California fast food restaurants have cut 10,000 jobs thanks to state’s $20 minimum wage: trade group", New York Post, https://nypost.com/2024/06/06/business/california-fast-food-restaurants-have-cut-10000-jobs-since-passing-20-minimum-wage-business-agency/]/Kankee

California fast food restaurants have slashed nearly 10,000 jobs because of the state’s new $20 minimum wage as struggling franchises cut labor costs and raise prices to survive, a major trade group said Thursday. The California Business and Industrial Alliance (CABIA) slammed Democratic Gov. Gavin Newsom for pushing through the law, which went into effect April 1 – and was blamed for forcing one beloved taco chain to shutter 48 locations in the state last week. “California businesses have been under total attack and total assault for years,” CABIA president and founder Tom Manzo told Fox Business. “It’s just another law that puts businesses in further jeopardy.” Several major chains – including McDonald’s, Burger King, and even low-cost favorite In-N-Out Burger – jacked up prices to offset the higher wages. Many had to cut employee hours and some have expedited a move to automation. Manzo said nearly 10,000 jobs have been cut across fast food restaurants since Newsom signed California Assembly Bill 1287 into law last year, adding that officials were living in a “fantasyland” by thinking that drastic wage increases will help workers or businesses. “You can only raise prices so much,” he said. “And you’re seeing it. People are not going to pay $20 for a Big Mac. It’s not going to happen.” CABIA took out a full-page ad in Thursday’s USA Today that included mock “obituaries” of popular fast food brands. Rubio’s California Grill, known for its fish tacos, closed 48 of its nearly 134 locations at the end of May – the first major chain to fall victim to the new law. The San Diego-based company cited the “rising cost of doing business” in the state for the closures. The chain filed for bankruptcy on Wednesday. Another fast food restaurant, Fosters Freeze, recently closed a location near Fresno, saying the franchise owner could no longer afford to pay workers the upgraded salaries. Fast food restaurants – already bearing the brunt of persistently high inflation – raised prices ahead of the new law or shortly after it went into effect. Beverages at Starbucks stores in California were 50 cents more expensive after April 1, while Taco Bell raised menu prices by 3%, according to a recent report from Kalinowski Equity Research. Marcus Walberg, whose family runs four Fatburger franchises in Los Angeles, told Business Insider in January that he was planning to raise menu prices between 8% and 10% in response to the new law. Chick-fil-A prices spiked 10.6% between mid-February and mid-April, according to data from Gordon Haskett. A recent survey conducted by LendingTree found 78% of consumers now consider fast food to be a “luxury” purchase due to how expensive the meals have become. Part of the push for the hike was to give fast-food workers more financial freedom in a state known for its high cost of living. However, critics contend fast food jobs were meant for young people as a stepping stone. “It’s a starter industry,” Manzo said. “You get a job as a kid working in a fast food restaurant and you learn some good work ethic and that takes you into life.”

#### Living wages kills jobs, closes restaurants, and reduces employee hours – California proves

Zilber 8-6 [Ariel Zilber, New York Post journalist educated at Boston University, 8-6-2024, "Nearly all California fast food restaurants hiked prices after state state’s $20 minimum wage: survey", New York Post, https://nypost.com/2024/08/06/business/98-of-california-fast-food-restaurants-hiked-prices-in-response-to-minimum-wage/]/Kankee

A whopping 98% of California fast food restaurants hiked menu prices and nearly 90% slashed employee hours in response to the state’s new $20-an-hour minimum wage law, according to a new survey. The study by the Employment Policies Institute, a fiscally conservative, non-profit think tank, polled 182 fast food restaurant operators throughout the Golden State about the ramifications of the law, which was signed by Democratic Gov. Gavin Newsom and went into effect on April 1. Conducted in June and July, the survey also found that not only had nearly all the restaurants raised their prices but that 93% plan to do so again next year. The study also found that 87% anticipate cutting employee hours within the next 12 months, a small drop from the 89% who said they chopped hours this year. Nearly three in four — 73% — fast food locations reported that they have reduced employee shift pick-up or overtime opportunities, while 70% have either cut staff or consolidated positions. “Even before the $20 wage went into effect, fast food restaurants made it clear they would not be able to survive. Now after just a few months, the policy has been a disaster, killing jobs and shuttering restaurants,” said EPI’s research director Rebekah Paxton. Meanwhile, 67% of respondents said the new law will cost their restaurant at least $100,000 per location, while 26% expected a $200,000 hit to their bottom line at each of site. When asked if the new minimum wage law would make them think twice about expanding in California, 73% said it would make them “significantly less likely” to grow in the state. Nearly three in four — 74% — said there is a greater likelihood that they would shut their restaurants down, the survey found. The push for higher wages led several major chains — including McDonald’s, Burger King, and even low-cost favorite In-N-Out Burger – to raise prices to or cut hours to offset higher labor costs. Others, like beloved Tex-Mex chain Rubio’s California Grill shuttered 48 locations, citing the “rising cost of doing business”

#### California proves increases cause job losses and price inflation

Chapman 7-2 [Michael Chapman, senior editor at the Cato Institute, 7-24-2024, "Vance, Like Biden, Flunks Econ 101: Backs Hiking Federal Minimum Wage", Cato Institute, https://www.cato.org/blog/vance-biden-flunks-econ-101-backs-hiking-federal-minimum-wage]/Kankee

But, as Bourne has written, there is all the difference in the world between genuine productivity-enhancing innovation changing job opportunities and the government making it artificially expensive to employ people to do a job: It’s true that free markets incentivize firms to invest in machinery that substitutes for labor if it boosts profits. This type of capital investment, when genuinely economic, can indeed improve firm productivity and raise wages for the remaining workers. Yet artificially raising the price of labor through a government-mandated wage floor is different. It is a price control, incentivizing otherwise uneconomic investments that firms would spurn. The price control is, in effect, lying about the state of factor availability in the market, pushing businesses away from the optimal capital-labor mix based on the actual relative scarcities of those production factors. Yes, the workers who remain employed might again see higher pay when firms purchase kiosks, though businesses may shift towards hiring higher-skilled labor to work alongside the machines, meaning the particular workers employed may change. What’s more certain is that fewer low-skilled workers would find jobs, and by raising the marginal cost of production, these uneconomic investments would reduce the overall scale of the firm’s operations. Hardly a route to ‘lifting all boats.’ Current day California is a good example of some of these adjustments. In April, California raised its minimum wage for most fast-food workers to $20 per hour. Since then thousands of workers have lost their jobs and menu prices have risen. Round Table Pizza and Pizza Hut, for example, announced they were laying off about 1,300 delivery drivers. McDonald’s, Chipotle, and Jack in the Box said they planned “to raise menu prices to compensate for the required wage increase,” reported NBC 7 San Diego. This price control on wages has eradicated entry-level positions that can give vital experience to young and lower-skilled workers and provide protection against poverty. Driver Michael Ojeda, 29 years old, said, “Pizza Hut was my career for nearly a decade and with little to no notice it was taken away.” Yes, some fast-food workers now get $20 an hour. But what is not seen is that about 9,500 fast-food workers lost their jobs, reported the Hoover Institution. That is a direct consequence of government intervention. If the investment in kiosks Vance celebrates were so economically wise, businesses would have made them already. The fact they have not shows that minimum-wage-induced investments are inefficient. Indeed, as Bourne writes: Suppose the government introduced a minimum sale price of $25,000 for used cars. Many cars worth $10,000 or $5,000 would simply not get sold at all. What might happen, however, is that some used car owners would face incentives to “invest” in upgrading their vehicles so that they justify the new $25,000 price. Would anyone claim such investments were worthy because it resulted in some better cars? Would we celebrate that investment as a route to prosperity? The answer is clearly “no.” Yet that is the reality Vance seeks to deny.

#### Wage increases are unsustainable for businesses

Lincicome 24 [Scott Lincicome, vice president of general economics and Cato's Herbert A. Stiefel Center for Trade Policy Studies with a BA in political science from the University of Virginia, 4-3-2024, "California's New ‘Fast Food’ Wage Law Will Probably End Badly. We Just Don't Know How.", Cato Institute, https://www.cato.org/commentary/californias-new-fast-food-wage-law-will-probably-end-badly-we-just-dont-know-how]/Kankee

Meanwhile, in Other Laboratories … If other places’ recent experience with big minimum wage hikes is any indication, California businesses and workers are in for a bumpy ride. In Seattle, for example, a municipal ordinance raising delivery driver pay from $20 to $26—just a little more than the 25 percent increase mandated by California’s fast food law—pushed delivery app companies to add a $5 “regulatory response” fee to cover the additional costs, while “news stories started popping up of $26 coffees, $32 sandwiches, and $35 Wingstop orders.” Faced with these prices, Seattle consumers stopped using the apps: “Uber Eats experienced a 30-percent decline in order volume in the city, while DoorDash reported 30,000 fewer orders within just the first two weeks of the ordinance taking effect.” This reduction in demand, in turn, meant less work and ultimately lower earnings for area delivery drivers, less revenue for local restaurants that relied on delivery business, and fewer options for elderly and disabled consumers who couldn’t easily pop over to the local store instead of ordering delivery. To top it all off, the Seattle City Council decided to fund enforcement of the new law with—you guessed it!—another delivery fee. I’m sure that will work out just great. If you think that’s bad, well, Minneapolis’ new minimum wage law for rideshare drivers might prove to be even worse. The city council there recently overrode a mayoral veto to require rideshare companies to pay drivers the city’s $16/​hour minimum wage. According to the mayor, however, the mileage-based formula the city council used would guarantee almost double that amount, and in response both Uber and Lyft have announced they’re ceasing to operate in Minneapolis as of May 1, 2024, because the law would make their business unsustainable. (“The rideshare services say that user prices would double if they stayed in the city.”) Now, the mayor and Minnesota’s governor—both Democrats, by the way—are scrambling to revise or override the ordinance before the companies’ deadline. If the companies did leave, that’d mean 10,000 drivers out of work—jobs that, as we’ve discussed, aren’t easily replaced with traditional employment because of their flexibility. Finally, there’s Washington, D.C., which last May began increasing the “tipped minimum wage”—one lower than the standard minimum wage that mainly applies to restaurant workers—to gradually match the district’s standard wage floor (now $17/​hour). Since the mandate was implemented, the New York Times reported last month, the D.C. restaurant scene hasn’t imploded but has seen restaurants hurting financially, truncating business hours, repurposing staff instead of hiring new people, hiring only experienced workers (to avoid training), or raising prices to cover increased labor costs (with D.C. customers cutting back in response). Many workers, moreover, are actually earning less overall, thanks to the aforementioned changes and the “service charge” that many D.C. restaurants started applying to cover the higher minimum wages they’re now paying servers. Here are three telling examples in the Times report: “Noelle Phan, a server at a high-end cocktail bar, said her paycheck has shrunk by about $300 a week. The bar has added a 20 percent service charge, which she believes discourages tipping. It has also started offering contactless ordering through a QR code, so her hours have been reduced.” “Beatriz Pacheco, a busser at a high-end restaurant near the White House, said that since a 20 percent service charge was added last year, her weekly paychecks have fallen by a few hundred dollars. The owner, she said, won’t reveal how the money is spent.” “Nada Elbasha, a bartender at a restaurant without a service charge, said that because those charges are so prevalent, people often don’t tip because they assume a fee has already been added.” If there is a bright side to the whole mess, the Times adds, Washingtonians might finally be awakening to the real-world trade-offs imposed by the wage mandates they support: Washington diners—many of whom voted to raise wages at a time when just about everything is getting more expensive—are likely to be left with a tough choice. “You want workers to make enough to live, obviously, but you also want to go out and have a good time without breaking your bank,” said [one diner]. “It is a sad situation all around.” It’s a sad situation, indeed. Though maybe not for the reason that diner thinks.

#### Wage increases increase prices and harm small businesses

Hase 23 [Carl Hase, educator at Goethe University Frankfurt and JGU Mainz, 10-2023, “Minimum Wage Pass-through to Wholesale and Retail Prices: Evidence from Cannabis Scanner Data,” SSRN, [https://dx.doi.org/10.2139/ssrn.4438977]/Kankee](https://dx.doi.org/10.2139/ssrn.4438977%5d/Kankee)

\*COGS: cost of goods sold

1 Introduction Minimum wage laws are a popular tool for combating poverty and reducing economic inequality.1 Yet, despite their pervasiveness, the question of ’who pays’ for the minimum wage—i.e. firms, workers, or consumers—remains hotly debated. The answer to this question depends in part on how firms react to the labor cost shock induced by the minimum wage.2 If firms reduce employment or non-wage compensation (e.g. vacation days or health benefits) for low-wage workers, then low-wage workers bear the brunt of the policy. If firms absorb the cost shock by reducing profits, then firms bear the cost of adjustment. Finally, firms may pass the labor cost shock on to consumers in the form of higher retail prices, in which case consumers pay for the minimum wage increase. Of these three margins of adjustment, the first has received the lion’s share of attention, and evidence on employment effects is conflicted.3 The second channel has received less attention, but existing findings point to small profit effects (Draca, Machin, & Reenen, 2011; Harasztosi & Lindner, 2019). Instead, recent evidence indicates that the third channel— price adjustment—plays a key role. With the aid of high-frequency price scanner data, a small but growing empirical literature finds that firms pass the cost shock through to retail prices, which suggests that nominal wage increases from minimum wage hikes are partly offset by increases in the prices of goods and services (Leung, 2021; Renkin, Montialoux, & Siegenthaler, 2022). While price scanner data exhibits unparalleled richness, however, it is largely confined to grocery, merchandise, and drug stores.4 As a result, less is known about minimum wage pass-through to prices in other sectors. Yet, retail scanner data carries an additional shortcoming in that it only conveys information on prices at the final point of the supply chain. In principle, minimum wage hikes may affect not only retail outlets, but firms higher up the supply chain as well. If upstream labor costs are passed on to retailers via wholesale prices, then retailers will face not one, but two cost shocks from a minimum wage hike. The first is the higher labor cost of the retailer’s own minimum wage employees—a direct effect. The second is higher wholesale prices—an indirect effect. To the extent that retailers pass both cost shocks on to consumers, retail price adjustment reflects both direct and indirect pass-through. The latter may even eclipse the former since in many retail settings the cost of goods sold (COGS) accounts for over 80% of retailers’ variable costs, and retail prices have been shown to be sensitive to even small changes in COGS (Eichenbaum, Jaimovich, & Rebelo, 2011; Nakamura & Zerom, 2010; Renkin et al., 2022). Crucially, retail scanner data cannot distinguish between these two forms of pass-through because the data only captures point of sale prices. Moreover, as pointed out by Renkin et al. (2022), reduced form regressions using retail scanner data and local variation in minimum wages only reveal the full (i.e. direct and indirect) passthrough to retail prices in the special case that retailers purchase predominantly from local wholesalers. If, instead, wholesale goods are highly tradeable (as with e.g. drugstores and general merchandise stores), then indirect pass-through to retail prices is absorbed by time fixed effects (Renkin et al., 2022).5 In that case, estimates from retail scanner data only pick up direct pass-through effects, and hence, fail to capture the full effect of minimum wage hikes on retail prices. To assess the true impact of minimum wage hikes on real wages, it is therefore crucial to examine both direct and indirect pass-through to retail prices. In this paper, I investigate the impact of minimum wage increases on wholesale and retail prices in the legal recreational cannabis industry. Cannabis is a major consumer market in the U.S. In 2021, sales exceeded $25 billion and cannabis was consumed by 42% of U.S. adults aged 19-30 and 25% of adults aged 35-50 (Barcott, With, Levenson, & Kudialis, 2022; Patrick et al., 2022). I focus on Washington state’s cannabis market because it is an ideal laboratory for studying minimum wage pass-through. Cannabis is one of the largest agricultural industries in the state and a major source of employment. Cannabis production is labor-intensive and wages are low at all points of the supply chain, meaning minimum wage hikes induce a sizeable cost shock for producers and retailers alike. In other markets, the distinction between upstream and downstream firms is often blurred by vertical integration, making it difficult to distinguish between pass-through at different points of the supply chain. In contrast, the cannabis supply chain comprises two distinct types of businesses: producers—who also serve as wholesalers—and retailers.6 Crucially, vertical integration is strictly prohibited, creating clearly defined vertical relationships between producers and retailers. Furthermore, the cannabis industry operates under statewide autarky, meaning producers and retailers are subject to the very same minimum wage hikes. This narrows the set of possible confounders by eliminating the influence of labor and product market shocks in other regions, with the result being an unusually clean set of labor cost shocks along the entire supply chain. Finally, rich scanner data provides a close-up of price dynamics for the universe of products at both the wholesale and retail levels. This enables straightforward estimation of direct and indirect pass-through using a reduced-form approach.7 To estimate minimum wage pass-through elasticities, I construct establishment-level price indexes using monthly scanner-level data on $6 billion of wholesale and retail transactions. I apply a difference-in-differences approach with continuous treatment that exploits geographic variation in minimum wage exposure for 1,192 wholesale and retail cannabis establishments over a set of predetermined minimum wage hikes between 2018 and 2021. Using separate producer and retailer panels, I first estimate direct pass-through elasticities for wholesale and retail prices under the assumption that the minimum wage only induces a labor cost shock. I find that a 10% increase in the minimum wage translates into a 0.77% increase in retail prices, consistent with existing literature (see e.g. Leung (2021)). Importantly, I also find that a 10% increase in the minimum wage corresponds to a 1.66% increase in wholesale prices, which confirms that retailers face a wholesale cost shock in addition to a labor cost shock. I then investigate the relative importance of the labor and wholesale cost shocks to retail price pass-through. I am aided by unusually rich data on prices and quantities for the universe of retailers’ wholesale purchases. This allows me to construct a shift-share instrument quantifying each retailer’s exposure to the wholesale cost shock, which I use to separately identify direct and indirect pass-through to retail prices. Crucially, once the wholesale cost shock is accounted for, pass-through to retail prices more than doubles from 0.77% to 2.04% (from a 10% hike). This increase reflects a dominance of indirect over direct pass-through, with elasticities that are proportional to retailers’ wholesale and labor cost shares. The finding that, at least in the cannabis industry, the majority of retail passthrough stems from changes in retailers’ wholesale costs (i.e. indirect pass-through) rather than labor costs (i.e. direct pass-through) underscores the importance of examining the entire supply chain when investigating the effects of minimum wage hikes on retail prices. Next, I study the role of markup adjustment in pass-through to retail prices. In particular, I show that retailers do not adjust markups to the increase in wholesale prices, indicating a full pass-through of the wholesale cost shock to retail prices. One concern in the cannabis industry is that rules governing production capacity for producers have created an uneven playing field in which small producers operate on slim margins while large establishments enjoy a higher degree of market power (Washington State Liquor and Cannabis Board, 2021). This suggests that large producers may be able to absorb cost shocks along other margins (e.g. by adjusting profits) and thereby exhibit less price pass-through compared to smaller producers. I test this directly and find that passthrough elasticities monotonically decrease with the scale of production—and are zero for the largest producers—consistent with an increased ability of larger firms to adjust to the cost shock along other margins. Finally, I examine other potential margins of adjustment to minimum wage hikes. I find no evidence of employment effects for retailers or producers, and I document no effect on cannabis consumption. The latter finding precludes demand-induced feedback as a mechanism through which minimum wage hikes affect retail cannabis prices.8

#### Case studies prove wage increase boost prices

Zou et al. 23 [Hong Zou, Professor at the School of Economic at the Southwestern University of Finance and Economics, Han Xiao, Associate professor at the School of economics at Nankai university, Ze Song, PhD candidate at the School of Economics at the Southwestern University of Finance and Economics, Qianqian Xiong, PhD candidate at the School of Economics at the Southwestern University of Finance and Economics, 2023, “Minimum Wages, Cost-Price Pass-Through and Real Welfare Effect of Households,” China Finance and Economic Review, https://sci-hub.se/https://link.springer.com/article/10.1007/s10551-015-2562-z]/Kankee

The minimum wage standard is an important system in China to regulate the order of income distribution and ensure the basic needs of workers. The income increase mechanism of minimum wages for low-income groups is conducive to boosting domestic demand. Since its full implementation in 2004, the system has been adjusted every two years or so, strengthening the protection for Chinese workers (Liu and Zhao, 2019). From 2002 to 2019, the average minimum wage at the regional and county level rose from 303 yuan to 1,043 yuan. During this period, the average social wage increased by nearly 7 times, and the minimum wage cut-off mechanism and spillover mechanism played an important role (Xu and Li, 2020), releasing the consumption demand of low-income households (Dautovic et al., 2019). It is an important measure towards common prosperity to give full play to the role of the minimum wage system in income protection and welfare promotion for low-income families. It can not be ignored that the minimum wage standard will also lead to the increase of labor costs in enterprises, which are often distributed between enterprises and families through the flow of economic activities. Due to rising labor costs, companies may be hit by lower profit margins and reduced production scale (Harasztosi and Lindner, 2019). Enterprises with market power may transfer costs by raising product prices or other means, so that the prices of consumer goods, especially those of necessities, rise, and are passed on to consumers through commodity circulation (Xu et al., 2017), resulting in an increase in household living costs and affecting households of all income levels. If the welfare effect of minimum wages is analyzed only from the perspective of income, it will ignore the cost-price pass-through of the circulation, and further overestimate the real welfare effect brought by the increase of the minimum wage standard. Therefore, the government should participate in the process of sharing institutional costs to support policy coordination, which is essential for enhancing the reliability of the domestic circulation and improving the quality of Chinese modernization. The literature concerning the study of the price effect of minimum wages can be divided into two types according to the empirical data and research objects. The first type analyzes the impact of minimum wages on the prices of tradable goods, and concludes that the increase in minimum wages causes the price effect and increases the prices of exports and domestic products based on the enterprise-product data (Gan et al., 2016). The second type mainly examines the impact of minimum wages on the prices of specific industries. Some scholars found that minimum wages significantly increased the prices of food, beverages and goods in convenience stores (Aaronson et al.,2008; Leung, 2021; Renkin et al., 2022). In the research on the consumption effect of minimum wages, existing literature generally hold that minimum wages will increase household consumption, but the reasons for the consumption increase and specific areas are different. Cooper et al. (2020) believed that the increase of minimum wages would increase nominal consumption expenditure in the United States, due to the increase in income and employment rate on the one hand, and the increase in living costs resulting from the rise in relative prices on the other hand. Alonso (2020) found that minimum wages would increase the consumption expenditure of non-durable goods of American households, while Aaronson et al. (2012) found the evidence of the increase in durable goods consumption. Dautovic et al. (2019) found that the minimum wage standard increased the income of low-income families in China, 30% of which was used for medical and education expenses. As for the study on the welfare effect of minimum wages, MaCurdy (2015) found that the impact of minimum wages on family welfare was more reflected in cost sharing by analyzing the input-output model. Enterprises coped with the rise of minimum wages by raising product prices, thereby transferring part of labor costs to consumers. This paper builds a cost-price pass-through theoretical model of minimum wages, extends Lenug (2021)’s theoretical model at the household consumption utility level, measures the consumption utility loss caused by the cost-price pass-through of minimum wages, and describes the pass-through process of minimum wages→enterprise costs→consumer goods prices→household net welfare. This paper mainly uses the data of urban household survey, national supermarket retail prices of consumer goods, Chinese Industrial Enterprise Database (CIED) and minimum wages at the regional and county level and so on to study the spatio-temporal adjustment difference of minimum wages. According to the empirical study, first, the increase in minimum wages significantly increased the total household living costs and the living costs of various consumer goods, and reduced the real consumption utility of households. The minimum wages rose by 10%, the total living costs rose by 2.47% to 6.76%, and the economic living costs rose by about 122–334 yuan per quarter. Second, the increase of minimum wages significantly increased the labor costs of enterprises. The price transfer of enterprises was the main reason for the loss of household consumption utility, and food and shoes, clothing & textiles were the main transfer objects of minimum wage costs. Furthermore, the increase in minimum wages mainly boosted the net welfare gains of low-income households. With a 10% increase in minimum wages, the bottom 20% of households will get an average of 658 yuan per quarter, and the middle 60% of households will get an average of 469–556 yuan per quarter, thus reducing the social inequality by about 3.73%. However, the increase in minimum wages needs to be kept within a reasonable range. An excessive adjustment may lead to higher living costs for low-income households. When the adjustment is in the range of 5%–10%, the marginal improvement of social inequality will be the best. Lastly, in order to cope with the loss of household welfare caused by the adjustment of minimum wages, the government may enhance the urban minimum subsistence allowances and provide consumption subsidies in a targeted manner to hedge the impact of living costs faced by low-income households. The main contributions of this paper are as follows. First, different from studies at the production and sales levels (Gan et al., 2016; Leung, 2021; Renkin et al., 2022), this paper focuses on the impact of the minimum wage cost-price pass-through from the perspective of households, builds a theoretical model of cost-price pass-through and extends it to the level of household net welfare, and describes the consumption utility loss caused by the minimum wage cost-price pass-through through market clearing, hence complementing the studies on the effect of the minimum wage system on household consumption. Second, different from the study of Dautovic et al. (2019) on the impact of minimum wages on absolute household consumption expenditure, this paper establishes the index of living costs based on consumption structure and price factors to measure the change of household living costs under the given consumption utility, so as to avoid overestimating the consumption welfare utility of minimum wages. This paper also finds that through the cost-price pass-through mechanism, minimum wages not only affect low-income households and low-skilled workers concerned by previous literature, but also affect families of all income levels through the external transfer of enterprise costs, and enrich the existing research on the minimum wage price effect. Third, different from the study of MaCurdy (2015) on the sharing of minimum wage costs by households, this paper analyzes the impact of minimum wages on the net welfare of urban households from two aspects of income compensation and additional consumption expenditure, measures the changes of net welfare in absolute and relative terms, and accurately identifies the groups that bear the minimum wage costs, thus offering empirical evidence for further improving the minimum wage guarantee system and scientifically designing the labor cost sharing mechanism, and providing precise policy guidance for promoting the Chinese modernization of common prosperity for all and expanding domestic demand.

#### Wage increases boost unemployment – most recent studies

Broccolina and Tan 24 [Ethan Broccolina, Economics Research Fellow Loyola University Maryland with a BA in economics from Universidad de Alcalá, Kerry Tan, Loyola University Maryland professor of economics with a Ph.D. from Ohio State University, 07-19-2024, “The Effect of Maryland’s 2022 Minimum Wage Increase on Employment in the Fast-Food Industry,” Eastern Economic Journal, https://www.researchsquare.com/article/rs-4601059/v1]/Kankee

1 Introduction According to conventional economic theory, a rise in a state’s minimum wage should result in an increase in the unemployment level, all other factors remaining constant, due to the increased costs of production when such laws go into effect. However, Card & Krueger (1994) provides a seminal study on the effect of the 1992 New Jersey minimum wage increase and found that there is no statistically significant effect of raising minimum wages on employment in the fast-food industry, which provides an ideal market to analyze due to the tendency of these restaurants to employ a large number of minimum wage workers. Card and Krueger (1994) survey a number of fast-food chain restaurants in New Jersey and Pennsylvania to collect information on the percentage of part-time and full-time employees each restaurant employed, the number of hours they worked, the prices of meals, and the wages paid before and after the minimum wage law went into effect. In a follow-up paper, Card and Krueger (2000) respond to critiques by Berman (1995) and Neumark and Wascher (2000) by appending their original survey data with the ES-202 program, which is published by the Bureau of Labor Statistics and provides quarterly employment statistics by county and industry.1 In order to revisit the topic, we empirically analyze the fast-food industry in Maryland and Pennsylvania before and after the minimum wage increase in Maryland on January 1, 2022, thirty years after the New Jersey law in Card & Krueger (1994). On this date, Maryland’s minimum wage increased from $11.75 per hour to $12.50 per hour, whereas Pennsylvania’s minimum wage had not changed since it was set at $7.25 per hour in 2010.2 Given that its minimum wage has remained constant, Pennsylvania serves as an appropriate control group to determine the potential correlation between the 2022 Maryland wage law and employment in the fast-food industry. Using a difference-in-differences approach, we study the effect of the increase in Maryland’s minimum wage in 2022 on the employment level in the fast-food restaurant industry. When we estimate our regression specification using the ordinary least squares (OLS) method, the results suggest that the minimum wage hike had no effect on employment in the fast-food industry. However, we find that the minimum wage law had a negative and statistically significant impact on employment when we implement a more rigorous fixed effects regression model. We conclude that the higher minimum wage in Maryland caused unemployment among fast-food workers to increase relative to the employment trend in Pennsylvania. 2 Empirical Analysis

#### The aff increase usage of non-compete clauses

Bourne 24 [Ryan Bourne, R. Evan Scharf Chair for the Public Understanding of Economics at Cato, 5-2-2024, "Non-competes and Minimum Wage Laws,” Substack, [https://ryanbourne.substack.com/p/non-competes-and-minimum-wage-laws]/Kankee](https://ryanbourne.substack.com/p/non-competes-and-minimum-wage-laws%5d/Kankee)

\*note: non-competes are currently banned by the FTC. Use this card if non-compete policy changes

This argument, I suggest, still dismisses real trade-offs. Consider the interaction between non-compete agreements and state or local minimum wage laws. Suppose a government raises its minimum wage, which makes it more costly for a business to pay a new worker. For the first few weeks of a job, the worker is presumably not up to speed. The firm may pay a lower basic wage rate overall to reflect that a new employee incurs costs of training and the risk that, after this training is complete, they might just decide to leave. Yet in the presence of a higher minimum wage, the initial loss crystallized will be higher and it will take more effort to make the worker profitable, making the risk of the employee jumping ship once they get trained up much more worrisome. One business response to this may be to insist on a non-compete agreement. This at least reduces the risk that the company, having provided the training for the job, will see the employee leave for another franchise or firm during the period after which the worker becomes profitable to employ. Sounds far fetched, right? Well, not really. In one interesting paper, economists Michael Lipsitz and Matthew Johnson provide a theoretical model which concludes: “firms that would otherwise not use NCAs [non-competes] are induced to use one in the presence of frictions to adjusting wages downward.”\* So far, so theoretical. But they also provide novel empirical support for this hypothesis. Using a new survey of salon owners, Lipsitz and Johnson find that minimum wage increases bolster non-compete use in the sector and that “minimum wage increases have a negative effect on employment only where NCAs [non-competes] are unenforceable.” Non-competes for salaried salon workers, in other words, look very much like a way for companies to manage the extra risks and costs of hiring in a world of a higher wage floor. Take away companies’ ability to use non-competes, and increasing minimum wage rates are likely to lead to more job losses. Now, this is one industry, so the results are suggestive, rather than definitive. Yet it’s important to remember that a lot of non-compete agreements in sectors like the fast-food industry are really non-poaching agreements that prevent other franchises \*within\* the same company from taking workers from each other. And as Jeffrey Clemens documents in an excellent chapter in our new Cato book, The War on Prices, high minimum wage rates regularly induce firms to adjust a range of benefits, scheduling, and other terms of employment, in order to mitigate the risks and costs of higher hourly pay. Just as the proliferation of zero-hours (on-call) contracts in the UK is linked to increasing minimum wage rates, there are thus both theoretical and empirical reasons to think an increasing use of non-competes in the U.S. partly reflects aggressive state and local minimum wage increases. If this safety valve for companies is removed, there is a bigger risk that minimum wage hikes will lead to job losses.

### Contention 2: Health Insurance

#### Employers decrease full time work and hours

Yonezawa et al. 22 [Koichi Yonezawa, research associate in the Food Industry Management Program, Miguel I. Gómez, Robert G. Tobin Professor of Food Marketing, and Edward W. McLaughlin, Robert G. Tobin Emeritus Professor of Marketing in the Charles H. Dyson School of Applied Economics and Management in the SC Johnson College of Business at Cornell University, 2022, “Impacts of Minimum Wage Increases in the U.S. Retail Sector: Full-Time versus Part-Time Employment,” Journal of Agricultural and Resource Economics, https://jareonline.org/articles/impacts-of-minimum-wage-increases-in-the-u-s-retail-sector-full-time-versus-part-time-employment/#:~:text=Despite%20its%20relevance%2C%20it%20is,to%20declining%20part%2Dtime%20employment.]/Kankee

Retailers spend substantial resources on personnel. For example, grocers’ labor costs account for about 14% of their total revenue, larger than any other component of total costs other than the cost of goods sold (Progressive Grocer, 2017). This indicates that adjustment of wage rates upwards caused by minimum wage hikes are likely to have a profound effect on retail businesses. To address such cost increases, retailers may respond by adjusting the type of employment they hire (FT vs. PT employment), hours of their work, or both. Further, because PT workers increase the total labor availability with lower total compensation costs relative to the same complement of FT workers only, retailers may respond by substituting FT workers for less expensive PT workers. This may affect the composition of the retail labor force or ratio of the PT to FT workers. This paper provides empirical evidence on how state and federal minimum wage hikes influence (i) wages, (ii) employment, and (iii) hours of work for PT and FT retail workers. We use state-level monthly data from the Current Population Survey (CPS) of the U.S. Census Bureau for the period April 2008–March 2018 to evaluate impacts of state and federal minimum wage increases on retail employment, hours of work, and wage rates for FT and PT retail workers. We find a positive and statistically significant relationship between state and federal minimum wages and wage rates for PT workers but only a modest impact on wage rates for FT workers. Further, our results indicate that despite of the rising wage for PT workers, retailers tend to reduce the number of FT workers instead of PT workers, while shortening hours of FT work. Taken together, our results suggest that FT workers are disproportionally hurt by state and federal minimum wage increases in the retail sector. Our study contributes to the literature on the economics of FT and PT retail employment. Research on this topic is scarce and the evidence has remained inconclusive. Gramlich, Flanagan, and Wachter (1976) and Ressler, Watson, and Mixon (1996) use aggregated data across all industries and find that minimum wage increases lead to a rise in PT employment. On the other hand, McKee and West (1984) and Hsing (2000) report a negative relationship between minimum wages and ratios of PT to FT workers. Nevertheless, none of them focus on the retail trade sector, in which PT work is an important labor resource. Moreover, they did not investigate minimum wage effects on hours of work for FT and PT employees separately. Although others have investigated the impacts of minimum wage increases in the retail trade sector (Kim and Taylor, 1995; Addison, Blackburn, and Cotti, 2009; Sabia, 2009; Giuliano, 2013), they do not compare differential effects between FT and PT workers. Our study fills these gaps by investigating how state and federal minimum wage hikes impact wage rates, employment, and hours of work for FT and PT retail workers differentially. Our findings have practical implications for both policy makers and retailers. For policy makers, legislations to increase the minimum wage are counterproductive because FT work—generally a major source of household income—is more impacted. For retailers, reductions in FT employment mean loss of human capital (Hirsch, 2005). Compared with PT workers, FT workers are generally more productive, as they have better leadership, communication and sales management skills, and so receive higher hourly wages (Baffoe-Bonnie, 2004; Hirsch, 2005).1 Therefore, fewer FT workers result in lower levels of human capital accumulation. In the short run, retailers can reduce costs by cutting back relatively expensive FT employees. In the long run, however, retailers will lack FT employees, who are often better equipped to serve customers in innovative ways. Further, in food retailing, ensuring food safety practices as well as handling and promoting consumption of healthier option (e.g., fresh produce) often requires highly trained FT workers. Therefore, minimum wage increases may affect the ability of food retailers to ensure food safety and can impact the consumption of healthier food options. Literature Review

#### Part time work kills health benefits with less hours that circumvent ACA requirements

Hennessy 13 [Mike Hennessy, national account manager at MJH Associates, 08-16-2013, "The ACA Is a Bad Deal for Low-Wage Workers", MedicalEconomics, https://www.medicaleconomics.com/view/the-aca-is-a-bad-deal-for-low-wage-workers-]/Kankee

Even before the Obama administration announced it was postponing enforcement of the employer mandate portion of the ACA until 2015, it was clear that the health care reform law was going to hurt low-income workers. By defining full-time work as 30 or more hours per week, and requiring companies with more than 50 full-time employees to provide adequate, affordable health coverage to those workers (again, beginning in 2015), the ACA incentivizes businesses to cut the hours of employees who currently work between 30-40 hours per week to less than 30 to avoid having to provide them with health insurance (or pay a hefty fine of $2,000 per full-time employee after the first 30). In addition to reducing hours, some companies will likely eliminate some positions altogether in an attempt to get below the 50-employee threshold, increasing the work burden on remaining employees. Some companies are already taking action. Forbes reported in July that, as firms have been cutting hours for existing employees, “new hiring has been severely altered as well. In 2013, so far, we’ve added 4 new part-time workers for every full-time worker entering the labor force, whereas last year the ratio was nearly 6 full-time workers for every part-time worker. In June, we lost 240,000 full-time jobs even as we gained 360,000 part-time jobs.”

#### Wage hikes kills access to benefits and reduces hours worked, decreasing net pay

Yu et al. 21 [Qiuping Yu, assistant professor of Operations Management and Business Analytics at the Georgia Tech Scheller College of Business., Shawn Mankad, assistant professor of Operations, Technology, and Information Management at Cornell’s SC Johnson College of Business, and Masha Shunko, Associate Professor of Operations Management at Foster with a PhD from Carnegie Mellon University, 6-10-2021, "Research: When a Higher Minimum Wage Leads to Lower Compensation,” Harvard Business Reviewhttps://hbr.org/2021/06/research-when-a-higher-minimum-wage-leads-to-lower-compensation]/Kankee

Part of what makes it so tricky to quantify the impact of minimum wage policies is that they can influence firms’ behavior in a variety of complex, interrelated ways. In addition to changing employment rates, studies suggest that firms may strategically respond to minimum wage increases by changing their approaches in other areas, such as worker schedules. This can have significant implications for employee welfare, but scheduling data is often harder to obtain than employment numbers. Minimum wage increases are also often accompanied by a host of other external factors and policies, making it difficult to identify test environments that enable a true apples-to-apples comparison of before and after minimum wage increases. To address these challenges, we conducted a study in which we leveraged a highly granular dataset of worker scheduling data from a national fashion retailer in the U.S. to compare scheduling differences in states with different minimum wage histories. Specifically, we looked at worker schedule and wage data from 2015 to 2018 for more than 5,000 employees at 45 stores in California — where the minimum wage was $9 in 2015, and has increased every year since then — and at 17 stores in Texas, where the minimum wage was $7.25 for the duration of our study. We then controlled for statewide economic and employment differences between California and Texas in order to isolate just the impact of increasing the minimum wage. Based on this analysis, we found that increasing the minimum wage had no statistically significant impact on the total number of labor hours employed at a given store. In other words, stores hired workers to work for the same overall number of hours regardless of whether minimum wage increased. However, our data suggests that the way in which those hours were allocated among workers did change. For every $1 increase in the minimum wage, we found that the total number of workers scheduled to work each week increased by 27.7%, while the average number of hours each worker worked per week decrease by 20.8%. For an average store in California, these changes translated into four extra workers per week and five fewer hours per worker per week — which meant that the total wage compensation of an average minimum wage worker in a California store actually fell by 13.6%. This decrease in the average number of hours worked not only reduced total wages, but also impacted eligibility for benefits. We found that for every $1 increase in minimum wage, the percentage of workers working more than 20 hours per week (making them eligible for retirement benefits) decreased by 23.0%, while the percentage of workers with more than 30 hours per week (making them eligible for health care benefits) decreased by 14.9%. This suggests that as minimum wage increases, firms may strategically adjust their scheduling practices to reduce the number of workers eligible for benefits: Our estimates suggest that the average store in our California data set recouped approximately 27.5% of the increase in its wage costs through savings associated with reducing benefits. In addition to the direct reduction in wage compensation and associated reduction in eligibility for benefits, we also found that increasing minimum wage led to less consistent work schedules, both in terms of the number of hours employees worked from one week to the next, and in terms of the timing of those shifts. A $1 increase in the minimum wage corresponded to a 33.0% increase in fluctuations in the number of hours worked per week, a 9.5% increase in fluctuations in the number of hours worked per day, and 9.8% increase in fluctuations of shift start times. Furthermore, this negative impact on scheduling consistency was generally more severe for workers who had held their jobs for less time, suggesting that newer employees were particularly impacted by these shifts. Research has shown that a lack of schedule consistency can make it significantly harder for hourly workers to coordinate job activities with their personal lives, balance multiple jobs, and ensure long-term financial stability. Between these three factors, our data suggests that the combination of reduced hours, eligibility for benefits, and schedule consistency that resulted from a $1 increase in the minimum wage added up to average net losses of at least $1,590 per year per employee — equivalent to 11.6% of workers’ total wage compensation (and this is assuming that workers were able to use their reduced hours to work a second job — an assumption which may not hold true for many employees). Of course, recognizing these issues is merely the first step. The next question we must consider is why firms act in the ways that they do, and how we might craft policies that are more likely to actually achieve their goal of supporting workers. The first factor to be aware of is that today, federal regulations mandate that firms provide retirement benefits to workers who work more than 1,000 hours per year (around 20 hours per week), and provide health insurance to anyone working at least 30 hours per week. This means that firms are naturally incentivized to hire more part-time workers who each work fewer hours, in order to reduce the number of employees eligible for these costly benefits. In addition, employing a greater number of part-time workers gives companies more buffer, enabling them to respond to unexpected shifts in demand, absent employees, and turnover (all of which are particularly common in retail and service roles).

#### Wage hikes kill ESI

Meiselbach and Abraham 23 [Mark K. Meiselbach, educator at the Department of Health Policy and Management at the Johns Hopkins Bloomberg School of Public Health, and Jean M. Abraham, educator at the Division of Health Policy and Management at the University of Minnesota School of Public Health, 2023, “Do minimum wage laws affect employer-sponsored insurance provision?” Journal of Health Economics, https://markkmeiselbach.com/files/jhe\_mw.pdf]/Kankee

Introduction Since the 1950s, employers have played an instrumental role in private health insurance provision for employees and their dependents in the United States (Blumenthal, 2006). Today an estimated 178 million people are covered through an employer source (Keisler-Starkey and Bunch, 2022). Several factors have led to the proliferation and stability of employer-sponsored insurance (ESI) over time, including administrative economies of scale, favorable tax treatment of premiums, and a risk pooling mechanism that is predominantly for a purpose other than the purchase of insurance. Moreover, access to ESI is highly valued by individuals when they make employment choices, in part because it is a fringe benefit that confers near-term financial benefits for most employees relative to other forms of non-wage compensation (Employee Benefit Research Institute and Greenwald Research, 2022).1 Several factors contribute to how employers determine wage and non-wage components of compensation, including local labor market conditions, workers’ preferences, and the legal environment in which firms operate. An important labor policy affecting the compensation decisions of employers includes federal2 and state minimum wage laws. Such laws provide important financial protection for lower-wage workers and their dependents. However, minimum wage laws also have the potential to create labor market distortions. In 2022, 30 states and the District of Columbia had minimum wage levels in excess of the federal level of $7.25 per hour; 15 states had minimum wage levels equivalent to the federal level, and five states had no established minimum wage law and are therefore subject to the federal law (U.S. Department of Labor, 2022a). In this study, we use the Medical Expenditure Panel Survey – Insurance/Employer Component (MEPS-IC) to investigate how changes in state and federal minimum wage laws between 2002 and 2020 have influenced employer health benefits provision (Agency for Healthcare Research and Quality, 2022). Using these data, we implement a difference-in-differences analysis that examines the relationship between within-state changes in ESI provision and within-state changes in state minimum wage laws over time. We examine the effect of minimum wages on both the extensive margin of whether employers offer any health insurance, as well as characteristics of ESI that employers may adjust on the intensive margin, including employee eligibility, premium contributions, or plan characteristics. We hypothesize that an increase in minimum wages may result in a decrease in ESI offers, but also potentially adjustments that reduce benefit generosity (e.g., higher employee premium contribution shares, higher deductibles) as employers look to offset increased labor costs. We find that a $1 increase in state minimum wage levels is associated with a 0.92 percentage point (p.p.) decrease in the percentage of employers offering health insurance, robust to all regression specifications. Further, we show that this relationship is largely driven by small employers, with fewer than 50 employees and employers with more low-wage employees. Conditional on offering insurance, we also find that minimum wage laws are associated with a small increase in average deductibles. We do not find consistent evidence, however, that employers who offer health insurance adjust eligibility criteria or the employee contribution share of the total premium. Consistent with observed decreases in employer offers of health insurance, we find evidence from supplemental analyses of workers from the American Community Survey (ACS) of a decrease in ESI enrollment following minimum wage increases. However, we document no changes in the overall rate of uninsurance, with suggestive evidence that this discrepancy is explained by an increase in Medicaid enrollment. Our study contributes to the empirical literature in three important ways. First, we examine the relationship between minimum wage laws and ESI provision from the perspective of the employer, which is ultimately responsible for ESI provision. In doing so, we consider how employers’ responses to minimum wage law changes may differ by employer size or its distribution of employees’ wages. This approach is distinct from prior studies which have used individual workers as the unit of observation to examine how ESI outcomes are affected by minimum wage laws (Clemens et al., 2018; Dworsky et al., 2022; Marks, 2011; Royalty, 2000; Simon and Kaestner, 2004). Second, once employers decide to offer health insurance as a form of non-wage compensation, they must make several additional decisions related to workers’ eligibility and benefit design (e.g., plan type, cost-sharing provisions, share of total premium paid by employee). Leveraging the rich MEPS-IC data, we examine whether employers that offer ESI adjust on these additional dimensions in response to changes in minimum wage policies over time. Our findings help paint a substantially more complete picture of employer responses to minimum wage increases. Third, our long panel covers nearly two decades and includes years before and after implementation of the Affordable Care Act’s major coverage provisions. Major policy effects on the ESI market resulting from the Affordable Care Act include the employer shared responsibility requirement for larger employers (fully enacted in 2016) and a comprehensive set of insurance market reforms for small employers implemented in 2014 (e.g., modified community rating, essential health benefits, and plan standardization). Prior work on this topic uses data as recent as 2016 – our approach allows for the inclusion of four additional years in the post-ACA period and we explore how the effect of minimum wage increases on ESI has changed in this post-ACA period. Background and related literature

#### Lack of insurance harms health and personal financial outcomes

Tolbert et al. 23 [Jennifer Tolbert, deputy director of the Program on Medicaid and the Uninsured and the director of State Health Reform at KFF with a Master of Public Health and Master of Social Work from the University of Michigan, Patrick Drake, Senior Data Analyst for the Program On Medicaid & Uninsured at KFF, and Anthony Damico, consultant/data analyst with a Bachelor’s degree in Mathematics from Oberlin College and a Masters in Health Policy from Johns Hopkins University, 12-18-2023, "Key Facts about the Uninsured Population", KFF, https://www.kff.org/uninsured/issue-brief/key-facts-about-the-uninsured-population/]/Kankee

How does not having coverage affect health care access? Health insurance makes a difference in whether and when people get necessary medical care, where they get their care, and ultimately, how healthy they are. While the COVID-19 pandemic affected health care utilization broadly, uninsured adults are far more likely than those with insurance to postpone health care or forgo it altogether because of concerns over costs. The consequences can be severe, particularly when preventable conditions or chronic diseases go undetected. Key Details: Studies repeatedly demonstrate that uninsured individuals are less likely than those with insurance to receive preventive care and services for major health conditions and chronic diseases.9, 10, 11, 12 Although overall utilization of health care services declined during the pandemic, uninsured adults were more likely to report cost barriers than barriers due to COVID-19 as the reason for delaying or forgoing care in 2021. In 2022, nearly half (47.4%) of nonelderly uninsured adults reported not seeing a doctor or health care professional in the past 12 months compared to 16.6% with private insurance and 14.0% with public coverage. Part of the reason for not accessing care among uninsured individuals is that many (43.1%) do not have a regular place to go when they are sick or need medical advice (Figure 9). But cost also plays a role. Over one in five (22.0%) nonelderly adults without coverage said that they went without needed care in the past year because of cost compared to 4.7% of adults with private coverage and 7.4% of adults with public coverage. A KFF survey that asks about cost barriers for individuals and their family members reports higher percentages of both uninsured and insured people delaying or forgoing needed due to cost. Many uninsured people do not obtain the treatments their health care providers recommend for them because of the cost of care. In 2022, uninsured nonelderly adults were over twice as likely as adults with private coverage to say that they delayed filling or did not get a needed prescription drug due to cost (12.3% vs. 5.4%). And while insured and uninsured people who are injured or newly diagnosed with a chronic condition receive similar plans for follow-up care, people without health coverage are less likely than those with coverage to obtain all the recommended services.13, 14 Uninsured children were more likely than those with private insurance to go without needed care due to cost in 2022 (8.6% versus less than 1%). Furthermore, nearly one-quarter (24.5%) of uninsured children had not seen a doctor in the past year compared to 4.3% and 5.7% for children with public and private coverage, respectively (Figure 9). Because people without health coverage are less likely than those with insurance to have regular outpatient care, they are more likely to be hospitalized for avoidable health problems and to experience declines in their overall health. When they are hospitalized, uninsured people receive fewer diagnostic and therapeutic services and also have higher mortality rates than those with insurance.15, 16, 17, 18, 19 Research demonstrates that gaining health insurance improves access to health care considerably and diminishes the adverse effects of having been uninsured. A review of research on the effects of the ACA Medicaid expansion finds that expansion led to positive effects on access to care, utilization of services, the affordability of care, and financial security among the low-income population. Medicaid expansion is associated with increased early-stage diagnosis rates for cancer, lower rates of cardiovascular mortality, and increased odds of tobacco cessation.20, 21,22 Public hospitals, community clinics and health centers, and local providers that serve underserved communities provide a crucial health care safety net for uninsured people. However, safety net providers have limited resources and service capacity, and not all uninsured people have geographic access to a safety net provider.23, 24, 25 High uninsured rates contribute to rural hospital closures and greater financial challenges for rural hospitals, leaving individuals living in rural areas at an even greater disadvantage to accessing care.26, 27 Research indicates that Medicaid expansion is associated with reductions in uncompensated care costs and improved financial performance for rural hospitals and other providers. What are the financial implications of being uninsured? Uninsured individuals often face unaffordable medical bills when they do seek care. These bills can quickly translate into medical debt since most people who are uninsured have low or moderate incomes and have little, if any, savings. Key Details: Those without insurance for an entire calendar year pay for almost 40% of their care out-of-pocket.28 In addition, hospitals frequently charge uninsured patients higher rates than those paid by private health insurers and public programs.29, 30, 31, 32 Uninsured nonelderly adults are much more likely than their insured counterparts to lack confidence in their ability to afford usual medical costs. Over eight in ten (85%) of uninsured nonelderly adults say they have difficulty affording health care costs, compared to 47% of adults with insurance (Figure 10). Unaffordable medical bills can lead to medical debt, particularly for uninsured adults. More than six in ten (62%) uninsured adults report having health care debt compared to over four in ten (44%) insured adults (Figure 10). Uninsured adults are more likely to face negative consequences due to health care debt, such as using up savings, having difficulty paying other living expenses, or borrowing money.33 34 35 Beyond the significant financial consequences of having debt, two-thirds of uninsured adults with health care debt say they have had to make difficult sacrifices, such as eating less, changing their housing situation, or increasing work hours to pay down their debt. While federal and state laws require certain hospitals to provide some level of charity care, not all eligible patients benefit from these programs. Consequently, charity care costs represent a small share of operating expenses at many hospitals. Research suggests that gaining health coverage improves the affordability of care and financial security among the low-income population. Multiple studies of the ACA found declines in trouble paying medical bills and reductions in medical debt in expansion states relative to non-expansion states. More recent research found that Medicaid expansion decreased catastrophic health expenditures and was associated with greater increases in income among low-income individuals. Conclusion

#### Uninsurance is a major health hazard and causes thousands of deaths

Chalabi 17 [Mona Chalabi, data editor at Guardian US, 6-24-2017, "Will losing health insurance mean more US deaths? Experts say yes,” Guardian, https://www.theguardian.com/us-news/2017/jun/24/us-healthcare-republican-bill-no-coverage-death]/Kankee

More deaths Various studies have looked at whether uninsured people have a higher risk of death. The most cited was published by the American Journal of Public Health in 2009 and found that nearly 45,000 Americans die each year as a direct result of being uninsured. Dr Andrew Wilper and a team at Harvard Medical School used two main datasets: they took a nationwide US survey of more than 30,000 people conducted by the Centers for Disease Control and Prevention (CDC) and checked it against the National Death Index, another national database collected by the CDC. The two sets of numbers allowed the researchers to examine something called hazard ratios, which are a way to measure risk. For example, if a clinical trial finds that drug users are three times more likely experience a certain side effect, that drug has a hazard ratio of three. In America, deep inequality can affect the usefulness of data like this. Lots of things can increase an American’s chances of being sick – being a person of color or being poor to name just two – and if those factors overlap with a lack of health insurance, it can be difficult to determine what exactly is affecting an individual’s risk of death. In the Harvard study, the researchers had 9,000 people in their dataset – enough that they were able to ensure they were really measuring the impact of a lack of health insurance. The researchers found that a lack of health insurance had a mortality hazard ratio of 1.40. In other words, they concluded that Americans without health insurance were 40% more likely to die than those with it, even after taking into account the individual’s “gender, age, race/ethnicity, poverty income ratio, education, unemployment, smoking, regular alcohol use, self-rated health, physician-rated health and body mass index”. The researchers calculated that in 2005, lack of health insurance resulted in 44,789 deaths of Americans age 18 to 64. Criticism

### Contention 3: Capitalism Kritik

#### Efforts to equalize gender through labor markets reinforces capitalism and gender roles

Roberts 14 [Adrienne Roberts, Senior Lecturer in the Department of Politics at the University of Manchester, 1-28-2014, "The Political Economy of “Transnational Business Feminism”,” Taylor & Francis, <https://www.tandfonline.com/doi/abs/10.1080/14616742.2013.849968>]/Kankee

Gendered Labor Markets and the Global Feminization of Labor The starting point of the feminist historical materialist approach outlined here lies in Marx’s critique of capitalism as an historically specific form of social organization that is based on the exploitation of a class of workers by a dominant class. Whereas liberal political economy offers an ahistorical and depoliticized account of capitalism that assumes the formal separation of the political and the economic spheres, Marx sought to elucidate the artificial nature of this separation (Marx [1867] 1976). Rather than viewing the market as a formally separate economic sphere where abstract individuals meet on equal terms to exchange commodities, including the commodity of labor-power, it is argued that capitalism transferred many of the powers that were formerly understood to be political powers (such as the power to appropriate the goods and services of the lower classes) to the economic sphere and concealed their operation. Thus, under capitalism, many forms of exploitation and oppression occur through the structural relations of the market itself, though more directly coercive forms of power continue to operate alongside this structural economic power (LeBaron and Roberts 2010, 2012). From a feminist historical materialist perspective, the integration of women from various countries and socio-economic backgrounds into labor markets does not necessarily translate into their empowerment. For instance, it is rather paradoxical that insofar as gender inequalities have been eroded in labor markets, this has largely happened because diverse forms of insecurity were driving greater numbers of women to enter the labor force at precisely the same time as labor markets were themselves becoming increasingly precarious. The growing precariousness of labor markets was conditioned by macroeconomic changes associated with neoliberalism, including: the growth of international trade in goods and services as a portion of national incomes and foreign or MNC investment as a share of total investment; the liberalization and concentration of trade and investment in those countries with the lowest labor costs; growing competition among firms to reduce the cost of labor (i.e. wages) rather than to improve levels of productivity; structural adjustment and other neoliberal economic policies that have liberalized labor markets and led to the erosion of labor legislation; the undermining of unions and the erosion of employment security; the erosion of the legitimacy of welfare systems and the privatization of social security (Standing 1999). Guy Standing (1999) referred to this convergence of men and women at the lower rungs of the labor market as “the feminization of labour.” The key point is that insofar as entry into the paid labor force may improve gender equality, for many workers, pay and working conditions have become increasingly poor and rendered the social reproduction of themselves, their families and their communities more and more difficult. International Labour Organisation (ILO 2010) findings indeed confirm the on-going global feminization of labor. Between 1980 and 2008, women’s labor force participation rate rose from 50.2 to 51.7 percent, at the same time as that of men fell from 82.0 to 77.7 percent. Labor markets continue to be segregated along gender lines, with women concentrated in sectors characterized by low pay, long hours and informal work arrangements. They are also overrepresented among part-time workers, although the rate of men employed in part-time arrangements is also increasing in many countries (ILO 2010, 5). The Feminization of Policy While there are a large number of women, particularly in the least developed countries, who remain outside of the formal labor force due to social and economic barriers to entry, these women continue to be heavily engaged in household work that is classified as “non-economic activity” (ILO 2010, 4). As feminist historical materialists have argued for decades, the roots of gender inequality are not found in women’s exclusion from production per se, but rather in the material and ideological separation of production from social reproduction, in the sexual division of labor that this separation helps to solidify and in the devaluation of the work of social reproduction that is primarily done by women.13 The on-going devaluation of gendered reproductive work is evidenced by the fact that the associated with TBF have argued for the need to empower women in their roles as producers and consumers at the same time as state support for social reproduction has been scaled back and/or attached to work requirements and conditionalities that are highly gendered, often as the result of fiscal constraints posed by economic crises. In Latin America, for instance, many countries introduced workfare programs in the wake of the financial and economic crises in the 1980s and 1990s. These programs compelled those needing social assistance to work at wages that were below the market average, typically about half of the mean wage rate (United Nations 2010, 43). In more recent years, many of these programs have been replaced by cash transfer programs that are used to support particular development objectives, including greater levels of school attendance by children and improved use of health services, especially by women and children. As critics have pointed out, such targeted, individualized forms of social provisioning stigmatize the programs, reproduce and deepen divisions among the population and impose new responsibilities and forms of discipline on women who must participate in health workshops, attend regular health checks and ensure their children’s attendance at school (Molyneux 2006; United Nations 2010). Conditional cash transfers and other programs that increase the burden placed on poor women and girls by increasing their responsibilities to their families ultimately amount to what Ananya Roy has called the “feminisation of policy.” This term is meant to refer to the “ways in which development operates through women-oriented policies that in turn serve to maintain traditional gender roles of social reproduction and create a third shift of voluntary, unpaid labour for women” (Roy 2010, 70; see also Chant 2006). As recent studies have shown, women in poor households are facing an “ever-expanding portfolio of maternal obligations” at the same time as they are entering into the labor force in greater and greater numbers (Chant and Brickell 2010, cited in Roy 2010). Thus, whereas TBF presents a depoliticized and ahistorical narrative, which assumes that putting earnings in women’s hands is “the intelligent thing to do,” critical feminists have pointed to the complexities of linking gender to poverty alleviation and caution that instrumentalist accounts of gender inequality that centralize the individual agency of poor women as the main drivers of development may help to further individualize the costs of social reproduction and the naturalization of women’s roles therein. Macroeconomics A third problem with TBF is that it helps to reproduce many of the same neoliberal macroeconomic conditions that have created a highly unequal global economic system that has rendered social reproduction increasingly insecure. For instance, in the 2012 WDR, the World Bank advances an argument for gender equality through market participation (albeit with some state-based social provisioning), while remaining almost entirely silent regarding the neoliberal macroeconomic policies that have rendered labor markets increasingly precarious and constrained the ability of governments to finance public and redistributive forms of social provisioning (Razavi 2011; Roberts and Soederberg 2012). Rather, the WDR promotes gender equality at the macroeconomic level through policies designed to remove constraints to market participation, such as greater trade openness and the diffusion of new information and technology (World Bank 2012, 254). Consistent with its broader mandate, the European Bank for Reconstruction and Development’s (EBRD) Gender Action Plan claims to go “beyond economic arguments” to address “issues related to transition to a market-oriented economy.” The EBRD argues that not only is economic empowerment beneficial to women, men, children and society as a whole, but gender equality actually “leads to market expansion through the creation of products and services that appeal to women consumers [and] the strengthening of market-based institutions and policies designed to improve labour conditions, favour social inclusion and reduce discriminatory practices” (EBRD 2009, 11). It is further argued that gender equality will promote better corporate governance by reducing corruption (2009, 11). Here, gender equality becomes both the cause and the consequence of the greater liberalization of economies while also being framed as a substitute for the public regulation of corporations. There is also little to no discussion within the TBF literature about the possible contradiction between the claims made by Goldman Sachs and others that gender equality should be promoted “as a macroeconomic policy” and the commitment to a neoliberal macroeconomic policy based on deregulated financial markets and free trade (Goldman Sachs 2009). Such discourses and the policies that they underpin help to legitimize corporate-led neoliberal capitalism by emphasizing the ability of the market and the private sector to improve social outcomes independent of government regulation. Within this framework an apolitical gender equality agenda emerges that is separate from critical feminist analyses of the ways in which capital and corporations are deepening their power and influence over the lives and livelihoods of men and women globally.14 The following section further develops a critical feminist analysis of TBF by focusing more specifically on the assemblage of social forces that has converged around Nike’s “Girl Effect” campaign, which has helped to further entrench instrumentalist understandings of gender equality and a corporate-led development paradigm. THE “GIRL EFFECT” AS AN EXAMPLE OF TRANSNATIONAL BUSINESS FEMINISM

#### The alternative is critical feminist scholarship rejecting capitalism as an emancipatory mechanism for women

Roberts 14 [Adrienne Roberts, Senior Lecturer in the Department of Politics at the University of Manchester, 1-28-2014, "The Political Economy of “Transnational Business Feminism”,” Taylor & Francis, <https://www.tandfonline.com/doi/abs/10.1080/14616742.2013.849968>]/Kankee

CONCLUSION This article has drawn attention to a wide range of corporations, institutions, states and academics that have converged on what appears to be an emerging politico-economic project of transnational business feminism. Rather than seeking to paint a coherent picture of a well-defined, clearly articulated and executed politico-economic project, it has sought to highlight some of the various assemblages that have emerged in recent years around a particular market-oriented approach to gender inequality. While the renewed attention given to gender inequality has the potential to be transformative, the ways in which this has been articulated, namely through the business case for gender equality and the fusing of public and private interests, fails to address many of the core concerns raised by decades of critical feminist scholarship. Rather, the wedding of gender equality and corporate profitability fails to challenge the broader neoliberal macroeconomic frameworks that have created and sustained gender-based inequality while perpetuating essentialized understandings of women and girls and naturalizing the role of corporations creating knowledges about women and gender as well as what constitutes development and poverty-alleviation. The result has been simplified and instrumentalist solutions to complex social problems that are rooted in overlapping structural inequalities, including those between men and women, amongst social classes and between countries. Given the deepening influence of this project, there is a need for a renewed commitment to critical anti-capitalist and anti-imperialist feminist scholarship that disturbs this attempt to reduce gender equality to a simple, measurable and profitable goal that can be achieved while failing to challenge corporate power and neoliberal capitalism.

#### The business case for gender equality is reliant on capitalistic measures of value instead of true gender equality fueled by feminist reform

Roberts 14 [Adrienne Roberts, Senior Lecturer in the Department of Politics at the University of Manchester, 1-28-2014, "The Political Economy of “Transnational Business Feminism”,” Taylor & Francis, <https://www.tandfonline.com/doi/abs/10.1080/14616742.2013.849968>]/Kankee

As a second example, the business case is also well captured in the Women’s Empowerment Principles (WEPs). The WEPs were developed in 2009 by the United Nations Development Fund for Women (now part of UN Women) in collaboration with the UN Global Compact (a voluntary corporate monitoring initiative), as a means of guiding businesses on “how to empower women in the workplace, marketplace and community.” Sub-titled “Equality Means Business,” the principles are not just for businesses, but are intended to “inform other stakeholders, including governments, in their engagement with business.”5 The principles are: (1) establish high-level corporate leadership for gender equality; (2) treat all women and men fairly at work – respect and support human rights non-discrimination; (3) ensure the health, safety and well-being of all women and men workers; (4) promote education, training and professional development for women; (5) implement enterprise development, supply chain and marketing practices that empower women; (6) promote equality through community initiatives and advocacy; and (7) measure and publicly report on progress to achieve gender equality. While these principles may indeed be important for improving the lives of women, they also help to normalize and naturalize the broader fusing of gender equality to participation in the capitalist market economy. At the same time, they are helping to legitimize the growing importance of corporations in promoting “sustainable development” through gender equality. That is, the WEPs fuse gender equality to corporate-led “sustainable development” by “elaborating the gender dimension of good corporate citizenship, the UN Global Compact and business’ role in sustainable development.”6 The WEPs use an instrumentalist reasoning in framing women’s empowerment as good for both business and national economies, but also, perhaps more problematically, in emphasizing the monetary costs of gender oppression and inequality. It is argued, for instance, that “the cost of intimate partner violence in the United States alone exceeds US$5.8 billion per year” in health care expenses and productivity losses. In Canada violence against women costs around $1.17 billion per year and in the UK the indirect costs of domestic violence amount to around £23 billion per year or £440 per person. In Asia the gender equality gap in employment costs $47 billion annually (UN Global Compact and UN Women 2011, 10). In framing the problematic in this way, the business case helps to perpetuate a market-based view of gender inequality that is rooted in capitalist conceptions of value and which attempts to quantify complex historical and thoroughly power-ridden relations. The point is not that there is a need to oppose all forms of quantification per se, but rather to emphasize the socio-political implications of adopting the market-oriented view of gender that has been developed, in large part, by businesses that have profitability as a bottom line. Indeed, both the WDR and the WEPs draw on research by private sector banks and accounting firms that has sought to devise ways of assessing the “gender dividends” to be gained from investing in women (e.g. UN Global Compact and UN Women 2011, 10; World Bank 2012, 342). They also draw on research by the World Economic Forum (WEF), which is a private business-led international organization that has been an important force in fusing gender equality to improved national economic performance. In its Global Gender Gap Reports, the WEF claims to have found a “strong correlation between a country’s gender gap and its national competitiveness.”7 As Juanita Elias (2013) documents, the strong commitment to the business case has had the effect of linking aggregate measures of gender equality to measurable levels of economic competitiveness, thereby creating an incentive to prioritize benchmarking and indexing. The risk in the approach taken by the WEF and others is that as gender equality is equated with “value for money,” “value for money” will be equated with numbers and indexes while the value of broader-based and less easily quantifiable social transformation will be marginalized (Eyben 2011). The Role of Business

#### Focus on feminist equalization in labor valorizes waged work and markets, capitulating neoliberalism

Fraser 13 [Nancy Fraser, Henry and Louise A. Loeb Professor of Philosophy and Politics at the New School for Social Research, 2013, “FORTUNES OF FEMINISM,” Verso, https://edisciplinas.usp.br/pluginfile.php/4064118/mod\_resource/content/0/Nancy%20Fraser%20Fortunes%20of%20Feminism%20From%20Womens%20Liberation%20to%20Identity%20Politics%20to%20Anti-Capitalism.pdf]/Kankee

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Boltanski and Chiapellos argument is original and profound. Yet, because it is gender-blind, it fails to grasp the full character of the spirit of neoliberal capitalism. To be sure, that spirit includes (what I would call) a masculinist rom of the free, unencumbered, self fashioning individual, which they aptly describe. But neoliberal capitalism has as much to do with Walmart, maquiladoras, and microcredit as with Silicon Valley and Google. And its indispensable workers are disproportionately women, not only young single women, but also married women and women with children; not only racialized women , but women of virtually all nationalities and ethnicities. As such women have poured into labor markets around the globe, the effect has been to undercut once and for all state-organized capitalism ’s ideal of the family wage. In disorganized neoliberal capitalism, that ideal has been replaced by the newer, more modern norm of the two-earner family. Nevermind that the reality that underlies the new ideal is depressed wage levels, decreased job security, declining living standards, a steep rise in the number of hours worked for wages per household, exacerbation of the double shift— n ow often a triple or quadruple shift— and a rise in female-headed households. Disorganized capitalism turns a sow ’s ear into a silk purse by elaborating a new romance of female advancement and gender justice. Disturbing as it may sound, I am suggesting that second-wave feminism has unwittingly provided a key ingredient of the new spirit of neoliberalism. Our critique of the family wage now supplies a good part of the romance that invests flexible capitalism with a higher meaning and a moral point. Endowing their daily struggles with an ethical meaning, the feminist romance attracts women at both ends of the social spectrum: at one end, the female cadres of the professional middle classes, determined to crack the glass ceiling; at the other end, the female temps, part-timers, low -wage service workers, domestics, sex workers, migrants, EPZ workers, and micro-credit borrowers, seeking not only income and material security, but also dignity, self betterment, and liberation from traditional authority. At both ends, the dream of womens emancipation is harnessed to the engine of capitalist accumulation. Thus, second-wave feminism’s critique of the family wage has enjoyed a perverse afterlife. Once the centerpiece o f a radical critique of androcentrism, it serves today to intensify capitalisms valorization of waged labor. 3) Feminist anti-etatism resignified: Neoliberalism has also resignified the anti-etatism of the previous period, making it grist for schemes aimed at reducing state action tout court. In the new climate, it seemed but a short step from second-wave feminism ’s critique of welfare-state paternalism to Margaret Thatcher’s critique of the nanny state. That was certainly the experience in the United States, where feminists watched helplessly as Bill Clinton triangulated their nuanced critique o f a sexist and stigmatizing system of poor relief into a plan to “ end welfare as we know it,” which abolished the federal entitlement to income support.10 In the postcolonies, meanwhile, the critique of the developmental state’s androcentrism morphed into enthusiasm for NGOs, which emerged everywhere to fill the space vacated by shrinking states. Certainly, the best of these organizations provided urgently needed material aid to populations bereft of public services. Yet the effect was often to depoliticize the grassroots and to skew the agendas of local groups in directions favored by First-World funders. By its very stopgap nature, moreover, N G O action did little to challenge the receding tide of public provision or to build political support for responsive state action."

#### Market-driven feminism destroys solidarity movements and falsely promises slave labor as the cure for gender inequalities, preferring the individual worker’s aspirations instead of the collective

Fraser 13 [Nancy Fraser, Henry and Louise A. Loeb Professor of Philosophy and Politics at the New School for Social Research, 2013, “FORTUNES OF FEMINISM,” Verso, https://edisciplinas.usp.br/pluginfile.php/4064118/mod\_resource/content/0/Nancy%20Fraser%20Fortunes%20of%20Feminism%20From%20Womens%20Liberation%20to%20Identity%20Politics%20to%20Anti-Capitalism.pdf]/Kankee

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6. FEMINIST AMBIVALENCES Recall that second-wave feminism targeted the gender-hierarchical character of social protections in the postwar welfare state. In the U S, this meant exposing the gender subtext of a system divided into stigmatized poor relief for women and children, on the one hand, and respectable social insurance for those constructed as “ workers,” on the other. In Europe, it meant disclosing a related androcentric hierarchy in the division between m others’ pensions and social entitlements tied to waged work. In both cases, feminists discerned traces of an older schema, inherited from before the War, known as “the family wage.” That schema envisioned the ideal-typical citizen as a breadwinner and a family man, w hose w age was the principal, if not the sole, economic support of his family, and whose wife ’s wages, if any, were supplemental. Deeply gendered, this “family wage” ideal supplied a central portion of the ethical substance on which postwar welfare states drew to re-embed markets. Normalizing women’s dependency, the resulting system of social protection compromised women’s chances to participate fully, on a par with men, in social life. Institutionalizing androcentric understandings of family and work, it naturalized gender hierarchy and removed it from political contestation. Equally important, by valorizing waged work, Embedded Liberalism ’s mode of protection obscured the social importance of unwaged carework.12 Such was the feminist critique of Embedded Liberalism. Politically and intellectually powerful, this critique was nonetheless ambivalent, capable of leading in either of two directions. Taken one way, the feminist critique of the family wage would aim to secure women’s full access to employment and to employment-linked entitlements on a par with men. In that case, it would tend to valorize wage labor and the androcentric ideal of individual independence, effectively devaluing unwaged carework, interdependence, and solidarity.13 Targeting the traditional gender ethos that was still serving to embed markets, a feminism of this sort could end up furthering their disembedding. Intentional or not, the effect could be to align the struggle against gender hierarchy with marketization. In principle, however, the feminist critique of oppressive protection could develop in another way. Differently articulated, the feminist struggle for emancipation could align with the other pole of the triple movement, the pole of social protection. In this second scenario, the thrust of feminist critique would be to reject androcentric valuations, especially the overvaluation of waged labor and the undervaluation of unwaged carework. Casting carework as a matter of public importance, the movements thrust would be to re-envision social arrangements in a way that enabled everyone— male or female— to perform both sets of activities, without the strains that beset all such efforts today. Rejecting, too, the gender-coded opposition between dependence and independence, a pro-protectionist feminism would serve to break the spurious link between social hierarchy and the dependency that is a universal feature of the human condition.'4 Valorizing solidarity and interdependence, the critique would work not to dissolve, but to transform social protections. As a matter of fact, second-wave feminism encompassed both orientations. For the most part, so-called liberal and radical feminists gravitated in the direction of marketization, while socialist-feminists and feminists of color were more likely to align with forces for social protection. In the first case, the alignment was not always intended. Not all liberal and radical feminists consciously aimed to replace the family wage with the two-earner family. But by failing to situate their struggle for emancipation in the context of the triple movement, they could end up unwittingly abetting the forces seeking to disembed and deregulate markets. In the other case, by contrast, the alignment was relatively conscious. Feminists whose concerns dovetailed with protectionist forces tended to have an intuitive grasp of the logic of the triple movement. They were often aware that their struggle for emancipation intersected with another struggle, between protection and deregulation. Positioning themselves in a three-sided game, they sought to avoid abetting the forces of marketization, even while vigorously opposing oppressive protections. Arguably, feminist ambivalence has been resolved in recent years in favor of marketization. Insufficiency attuned to the rise of free-market fundamentalism, mainstream feminists have ended up supplying the rationale for a new mode of capital accumulation, heavily dependent on women’s wage labor. As women have streamed into labor markets across the globe, the ideal of the family wage is losing ground to the newer, more modern norm of the two-earner family. Certainly, the reality that underlies the new ideal is catastrophic for many: depressed wage levels, decreased job security, declining living standards, a steep rise in the number of hours worked for wages per household, and exacerbation of the double shift— now often a triple or quadruple shift. But neoliberalism cloaks its depredations beneath an enchanting, charismatic veil: invoking the feminist critique of the family wage, it promises liberation through waged labor in the service of capital. Clearly, feminist ideas suffuse the experience of the female cadres of the professional middle classes, determined to crack the glass ceiling. Equally, however, they lend a higher meaning and moral point to the daily struggles of millions of female temps, part-timers, low -wage service workers, domestics, sex workers, migrants, EPZ workers, and micro-credit borrowers, who seek not only income and security, but also dignity, self-betterment, and liberation from traditional authority. In both cases, the dream of women’s emancipation is harnessed to the engine of capital accumulation. Thus, feminisms critique of the family wage has assumed a marketizing valence. Once capable of aligning with social protection, it serves increasingly today to intensify neoliberalisms valorization of waged labor.'5 7. FOR A NEW ALLIANCE OF EMANCIPATION WITH SOCIAL PROTECTION

#### Labor law is fundamentally built on worker exploitation and the continuance of neoliberal capitalism – reforms fail to end employer’s domination of wage slaves and whitewashes the master-slave relationship

Punta 19 [Riccardo Del Punta, Professor of Labour Law at the University of Florence, 03-2019, “Is the Capability Theory an Adequate Normative Theory for Labour Law?” The Capability Approach to Labor Law, https://academic.oup.com/book/35162/chapter-abstract/299399432?redirectedFrom=fulltext]/Kankee

IV. Exploitation, Domination, Subordination At first glance, the fact of bringing the capabilities, that is, the spirit of liberty, into the world of labour could seem a typical ‘mission: impossible’. In order to figure it out, we just need to look at the well-known characteristics of this dimension of social life. Over the centuries labour has been considered—exactly the opposite of liberty—as belonging to the realm of necessity, from the perspective of the human relationship with nature, and to that of authority, with regard to the master’s power over slaves and their more modern descendants (servants, employees, etc). Karl Marx, himself, who is quoted by Nussbaum as an important source of the idea of human development,20 wanted on one hand to free labourers through the revolutionary overthrow of the capitalist system, while on the other aspired to free men and women from labour in the future communist society. There is an ambivalence, there, between freedom in and from labour that has been stigmatized by Hannah Arendt.21 In any case, Marx clearly did not see any possibility of emancipation in the condition of wage labour within a capitalist system that he considered inescapably grounded in the workers’ exploitation. Therefore, although free in a classical liberal or economic sense, the person who, by signing the employment contract, agreed to be bound by contractual duties towards the employer, was only really as free, according to Marx, as any ‘modern slave’ could be.22 The Marxian critique of the employment contract as a bourgeois mystification has had a great influence on labour law, providing a powerful basis for its differentiation from contract-based private law. However, in Marx’s perspective, labour law (although in its very early stages at that time) was part of the capitalist plot. That is, it was not the solution but, rather, a further worsening of the contradiction inherent in the relations of production. But even admitting that this was an ideological assumption, in the early era of industrialization, the harsh reality of a relationship in which one party was affected by a structural weakness with respect to the other—as Marx and Engels themselves had vividly described23—was undeniable. With regard to this ‘original state’ of the employment relationship, to speak of inequality of the bargaining power (as the labour law narrative was to do in the following century), was indeed a euphemism. According to Philippe Pettit’s classical account, which defines domination as exposure to someone else’s arbitrary power, 24 the employee’s condition could hardly be defined as other than total domination by the employer. 25 However, even though this state culminated in the condition of subordination and dependency deriving from the employment contract,26 it had already taken place on the labour market27 owing to the incomparably higher value, for the worker, of what was at stake in the negotiation.28 Therefore, an empirical continuity existed, and still exists, between the worker’s external and internal dependency. 29 That said, even though in the early industrial period, the substance of the workers’ condition was not so different from that described by Marx or Engels, it is well known that the social-democratic and reformist strands of the socialist movement began to look at it from a more pragmatic perspective, which activated a process of change despite being fiercely opposed. It is the same as saying that while structural exploitation could not be modified by definition, except with a revolution, the employer’s domination was an empirical fact that could be potentially reduced, although not eliminated, by human will and political action. In the gap between these two concepts a path opened up that entailed a totally different political perspective and a change of direction of the historical course. It was just at this point that labour law began to develop its long-term corrective action, which brought on stage a third and more institutionalized concept, that of subordination. Subordination was understood as twofaceted: on the one hand, as the epitome of the fact that labour law’s action was internal to the capitalistic model of production and had not gone so far as to affect the structural features of the employee’s condition; on the other, as a field open to legal as well as social regulation, within which that action could progressively reduce the level of submission inherent in the employment relationship and eventually make space for the employee’s freedom within the relationship at the cost of partially sacrificing the employer’s economic freedom. V. Labour Law Aimed at Reducing the Employer’s Domination Over the Employee

#### Wage increases are a hollow hope – compulsory wage slave labor inherently degrades and dehumanizes workers as chattel. Only rupturing the reliance on capitalistic work dignifies workers

Marx 44 [Karl Marx, author qualifications need not be explained, 1844, "Marx 1844: Wages of Labour", Marxists Archive, https://www.marxists.org/archive/marx/works/1844/manuscripts/wages.htm]/Kankee

(c) In an increasingly prosperous society only the richest of the rich can continue to live on money interest. Everyone else has to carry on a business with his capital, or venture it in trade. As a result, the competition between the capitalists becomes more intense. The concentration of capital increases, the big capitalists ruin the small, and a section of the erstwhile capitalists sinks into the working class, which as a result of this supply again suffers to some extent a depression of wages and passes into a still greater dependence on the few big capitalists. The number of capitalists having been diminished, their competition with respect to the workers scarcely exists any longer; and the number of workers having been increased, their competition among themselves has become all the more intense, unnatural, and violent. Consequently, a section of the working class falls into beggary or starvation just as necessarily as a section of the middle capitalists falls into the working class. Hence even in the condition of society most favorable to the worker, the inevitable result for the worker is overwork and premature death, decline to a mere machine, a bond servant of capital, which piles up dangerously over and against him, more competition, and starvation or beggary for a section of the workers. The raising of wages excites in the worker the capitalist’s mania to get rich, which he, however, can only satisfy by the sacrifice of his mind and body. The raising of wages presupposes and entails the accumulation of capital, and thus sets the product of labour against the worker as something ever more alien to him. Similarly, the division of labour renders him ever more one-sided and dependent, bringing with it the competition not only of men but also of machines. Since the worker has sunk to the level of a machine, he can be confronted by the machine as a competitor. Finally, as the amassing of capital increases the amount of industry and therefore the number of workers, it causes the same amount of industry to manufacture a larger amount of products, which leads to over-production and thus either ends by throwing a large section of workers out of work or by reducing their wages to the most miserable minimum. Such are the consequences of a state of society most favourable to the worker – namely, of a state of growing, advancing wealth. (3) “In a country which had acquired that full complement of riches both the wages of labour and the profits of stock would probably be very low [...] the competition for employment would necessarily be so great as to reduce the wages of labour to what was barely sufficient to keep up the number of labourers, and, the country being already fully peopled, that number could never be augmented.” [Adam Smith, Wealth of Nations, Vol. I, p. 84.]The surplus would have to die. Thus in a declining state of society – increasing misery of the worker; in an advancing state – misery with complications; and in a fully developed state of society – static misery. Since, however, according to Smith, a society is not happy, of which the greater part suffers – yet even the wealthiest state of society leads to this suffering of the majority – and since the economic system [7] (and in general a society based on private interest) leads to this wealthiest condition, it follows that the goal of the economic system is the unhappiness of society. Concerning the relationship between worker and capitalist we should add that the capitalist is more than compensated for rising wages by the reduction in the amount of labour time, and that rising wages and rising interest on capital operate on the price of commodities like simple and compound interest respectively. Let us put ourselves now wholly at the standpoint of the political economist, and follow him in comparing the theoretical and practical claims of the workers. He tells us that originally and in theory the whole product of labour belongs to the worker. But at the same time he tells us that in actual fact what the worker gets is the smallest and utterly indispensable part of the product – as much, only, as is necessary for his existence, not as a human being, but as a worker, and for the propagation, not of humanity, but of the slave class of workers. The political economist tells us that everything is bought with labour and that capital is nothing but accumulated labour; but at the same time he tells us that the worker, far from being able to buy everything, must sell himself and his humanity. Whilst the rent of the idle landowner usually amounts to a third of the product of the soil, and the profit of the busy capitalist to as much as twice the interest on money, the “something more” which the worker himself earns at the best of times amounts to so little that of four children of his, two must starve and die. Whilst according to the political economists it is solely through labour that man enhances the value of the products of nature, whilst labour is man’s active possession, according to this same political economy the landowner and the capitalist, who qua landowner and capitalist are merely privileged and idle gods, are everywhere superior to the worker and lay down the law to him. Whilst according to the political economists labour is the sole unchanging price of things, there is nothing more fortuitous than the price of labour, nothing exposed to greater fluctuations. Whilst the division of labour raises the productive power of labour and increases the wealth and refinement of society, it impoverishes the worker and reduces him to a machine. Whilst labour brings about the accumulation of capital and with this the increasing prosperity of society, it renders the worker ever more dependent on the capitalist, leads him into competition of a new intensity, and drives him into the headlong rush of overproduction, with its subsequent corresponding slump. Whilst the interest of the worker, according to the political economists, never stands opposed to the interest of society, society always and necessarily stands opposed to the interest of the worker. According to the political economists, the interest of the worker is never opposed to that of society: (1) because the rising wages are more than compensated by the reduction in the amount of labour time, together with the other consequences set forth above; and (2) because in relation to society the whole gross product is the net product, and only in relation to the private individual has the net product any significance. But that labour itself, not merely in present conditions but insofar as its purpose in general is the mere increase of wealth – that labour itself, I say, is harmful and pernicious – follows from the political economist’s line of argument, without his being aware of it. In theory, rent of land and profit on capital are deductions suffered by wages. In actual fact, however, wages are a deduction which land and capital allow to go to the worker, a concession from the product of labour to the workers, to labour. When society is in a state of decline, the worker suffers most severely. The specific severity of his burden he owes to his position as a worker, but the burden as such to the position of society. But when society is in a state of progress, the ruin and impoverishment of the worker is the product of his labour and of the wealth produced by him. The misery results, therefore, from the essence of present-day labour itself. Society in a state of maximum wealth – an ideal, but one which is approximately attained, and which at least is the aim of political economy as of civil society – means for the workers static misery. It goes without saying that the proletarian, i.e., the man who, being without capital and rent, lives purely by labour, and by a one-sided, abstract labour, is considered by political economy only as a worker. Political economy can therefore advance the proposition that the proletarian, the same as any horse, must get as much as will enable him to work. It does not consider him when he is not working, as a human being; but leaves such consideration to criminal law, to doctors, to religion, to the statistical tables, to politics and to the poor-house overseer. Let us now rise above the level of political economy and try to answer two questions on the basis of the above exposition, which has been presented almost in the words of the political economists: (1) What in the evolution of mankind is the meaning of this reduction of the greater part of mankind to abstract labour? (2) What are the mistakes committed by the piecemeal reformers, who either want to raise wages and in this way to improve the situation of the working class, or regard equality of wages (as Proudhon does) as the goal of social revolution? In political economy labour occurs only in the form of activity as a source of livelihood. ||VIII, 1|“It can be asserted that those occupations which presuppose specific talents or longer training have become on the whole more lucrative; whilst the proportionate reward for mechanically monotonous activity in which one person can be trained as easily and quickly as another has fallen with growing competition, and was inevitably bound to fall. And it is just this sort of work which in the present state of the organization of labour is still by far the commonest. If therefore a worker in the first category now earns seven times as much as he did, say, fifty years ago, whilst the earnings of another in the second category have remained unchanged, then of course both are earning on the average four times as much. But if the first category comprises only a thousand workers in a particular country, and the second a million, then 999,000 are no better off than fifty years ago – and they are worse off if at the same time the prices of the necessaries of life have risen. With such superficial calculation of averages people try to deceive themselves about the most numerous class of the population. Moreover, the size of the wage is only one factor in the estimation of the worker’s income, because it is essential for the measurement of the latter to take into account the certainty of its duration – which is obviously out of the question in the anarchy of so-called free competition, with its ever-recurring fluctuations and periods of stagnation. Finally, the hours of work customary formerly and now have to be considered. And for the English cotton-workers these have been increased, as a result of the entrepreneurs’ mania for profit. ||IX, 1| to between twelve and sixteen hours a day during the past twenty-five years or so – that is to say, precisely during the period of the introduction of labour-saving machines; and this increase in one country and in one branch of industry inevitably asserted itself elsewhere to a greater or lesser degree, for the right of the unlimited exploitation of the poor by the rich is still universally recognized.” (Wilhelm Schulz, Die Bewegung der Production.) “But even if it were as true as it is false that the average income of every class of society has increased, the income-differences and relative income-distances may nevertheless have become greater and the contrasts between wealth and poverty accordingly stand out more sharply. For just because total production rises – and in the same measure as it rises – needs, desires and claims also multiply and thus relative poverty can increase whilst absolute poverty diminishes. The Samoyed living on fish oil and rancid fish is not poor because in his secluded society all have the same needs. But in a state that is forging ahead, which in the course of a decade, say, increased by a third its total production in proportion to the population, the worker who is getting as much at the end of ten years as at the beginning has not remained as well off, but has become poorer by a third.” (op. cit., pp. 65-66) But political economy knows the worker only as a working animal – as a beast reduced to the strictest bodily needs. “To develop in greater spiritual freedom, a people must break their bondage to their bodily needs – they must cease to be the slaves of the body. They must, above all, have time at their disposal for spiritual creative activity and spiritual enjoyment. The developments in the labour organism gain this time. Indeed, with new motive forces and improved machinery, a single worker in the cotton mills now often performs the work formerly requiring a hundred, or even 250 to 350 workers. Similar results can be observed in all branches of production, because external natural forces are being compelled to participate to an ever-greater degree in human labour. If the satisfaction of a given amount of material needs formerly required a certain expenditure of time and human effort which has later been reduced by half, then without any loss of material comfort the scope for spiritual activity and enjoyment has been simultaneously extended by as much.... But again the way in which the booty, that we win from old Cronus [Greek God associated with time.] himself in his most private domain, is shared out is still decided by the dice-throw of blind, unjust Chance. In France it has been calculated that at the present stage in the development of production an average working period of five hours a day by every person capable of work could suffice for the satisfaction of all the material interests of society.... Notwithstanding the time saved by the perfecting of machinery. the duration of the slave-labour performed by a large population in the factories has only increased.” (Schulz, op. cit., pp. 67, 68.) “The transition from compound manual labour rests on a break-down of the latter into its simple operations. At first, however, only some of the uniformly-recurring operations will devolve on machines, while some will devolve on men. From the nature of things, and from confirmatory experience, it is clear that unendingly monotonous activity of this kind is as harmful to the mind as to the body; thus this combination of machinery with mere division of labour among a greater number of hands must inevitably show all the disadvantages of the latter. These disadvantages appear, among other things, in the greater mortality of factory workers.... Consideration has not been given ... to this big distinction as to how far men work through machines or how far as machines.” (op. cit., p. 69.) “In the future life of the peoples, however, the inanimate forces of nature working in machines will be our slaves and serfs.” (op. cit., p. 74.)

### Contention 4: Unions Process CP

#### Campaigns for a living wage are key to worker mobilization

Horton and Wills 18 [Amy Horton, Lecturer in Economic Geography at the Department of Geography, University College London, and Jane Wills, Professor at the Centre for Geography, Environment and Society at the University of Exeter, 01-26-2018, “Impacts of the living wage on in-work poverty,” Handbook on In-Work Poverty, https://www.elgaronline.com/edcollchap/edcoll/9781784715625/9781784715625.00020.xml]/Kankee

The simplicity and resonance of the living wage concept has mobilized broad alliances of labour, faith and community organizations (Nissen, 2000). Broad-based alliances for the living wage have facilitated gains for workers where traditional union tactics have been undermined by factors such as high labour turnover and the loss of a meaningful bargaining partner through subcontracting. Groups of unconventional allies have been able to use their profile to gain media attention and apply pressure to the ‘ultimate employers’ of subcontracted workers, for example, a university or bank whose buildings were cleaned by people paid less than the living wage (Holgate and Wills, 2007; Wills, 2008b). In some cases, campaigners have highlighted the apparent clash between the core purposes of the main employer and the wage rates and conditions being offered to the subcontracted workers on site. As an example, during 2004, the campaign at the Homerton Hospital in east London exposed the fact that domestic cleaning staff were not given paid sick leave and tended to come into work when unwell. This increased the risk of disease spreading to already sick patients in the hospital, undermining the core goals of the hospital trust (Wills, 2008b). The participation of faith groups in particular has lent many campaigns moral urgency that has contributed to their success (Wills et al., 2009; Snarr, 2011b). Some campaigns have also created alliances between different groups of workers, bridging divides in skill, class and ethnicity that can often undermine unity at work (Brenner and Luce, 2005). The living wage movement has helped to raise public awareness of low wages and in-work poverty, and reframed the issues as questions of justice that are relevant to wider society (Reynolds, 2001; Brenner and Luce, 2005; Wills, 2008a). By pointing out how low wages force workers to seek long hours, and so reduce the time they can spend with their families or engage in community activities, campaigners have presented the living wage as positive for the social fabric. For instance, the vice-chair in the early days of the London living wage campaign, Deborah Littman, described how: People from faith, community and labour organisations came together to ask what was happening to their families . . . they had less time to spend with their families, churches and community centres were empty, and people were struggling to make ends meet. Low pay was identified as the cause for all these different problems. (Church Urban Fund and Church Action on Poverty, 2011) This discourse could be seen as reflecting a multidimensional understanding of poverty that takes into account non-economic factors such as citizenship, social exclusion and emotions such as shame. The living wage has often provided a useful concept for generating sympathy among the wider public towards low-paid workers, helping to challenge their marginalization (Pastor, 2001; Brenner and Luce, 2005). In the UK, calls for the living wage have attracted broad support from the general public, the major political parties and trade unions (Eaton, 2013; Reed, 2013). Although many campaigns have been narrowly focused on the living wage and not necessarily addressed wider causes of in-work poverty (Reynolds, 2001; Luce, 2011), the movement as a whole has catalysed a shift in political discourse around low pay (Reynolds, 2001; Levin-Waldman, 2005; Wills, 2009). It has achieved significant policy impacts, evident in the UK government’s announcement in 2015 of a National Living Wage; the accreditation of all local councils in Scotland as living wage employers and a significant proportion of those in England (GMB, 2013); and planned increases in the minimum wage in approximately half of all US states (Economic Policy Institute, 2015). Strategic and broad-based action by living wage advocates appears to be crucial in maximizing the impact of living wage campaigns. For example, in Los Angeles, the living wage ordinance was one piece in a series of pieces of labour rights legislation, which was backed by more than 100 organizations with significant mobilization of workers and the public. It helped to produce a new faith-based support network for workers, Clergy and Laity United for Economic Justice, and a social movement organization to conduct research and organizing, the Los Angeles Alliance for a New Economy (Pastor, 2001). In some cases, living wage campaigns have facilitated the unionization of low-paid workers, representing small-scale reversals of a key cause of growing pay disparities. Provisions protecting the right to organize have been included in living wage ordinances in places including Santa Cruz, Los Angeles and Berkeley, California (Luce, 2005, p.425). Some living wage mobilizations have served to build workers’ confidence and willingness to be active in unions (Luce, 2004; Sokol et al., 2006; Wills, 2008a), as well as challenging negative perceptions of unions as defenders of special interests (Luce, 2004). For example, living wage campaigns have been accompanied by successful unionization efforts in Chicago, Illinois; Berkeley and San Jose, California; and Tucson, Arizona (Luce, 2004). A number of campaigns have also provided an experimentation ground for organizing workers in geographically dispersed and often temporary jobs. For example, in Baltimore, workers were able to join the Solidarity Sponsoring Committee, where membership was not linked to a particular workplace, and this organization went on to play an active role in enforcing the living wage (Walsh, 2000; Fine, 2006). Although only a minority of campaigns have been worker-led or accompanied by large-scale unionization, these examples indicate that the living wage can serve as a platform for organizing workers and their allies around a wider set of demands. 13.9 POLITICAL RISKS

#### Failure to involve unions kills enforcement and causes employer abuse – if we kick the CP, circumvention is still independent offense against the aff

Horton and Wills 18 [Amy Horton, Lecturer in Economic Geography at the Department of Geography, University College London, and Jane Wills, Professor at the Centre for Geography, Environment and Society at the University of Exeter, 01-26-2018, “Impacts of the living wage on in-work poverty,” Handbook on In-Work Poverty, https://www.elgaronline.com/edcollchap/edcoll/9781784715625/9781784715625.00020.xml]/Kankee

13.9 POLITICAL RISKS However, it is important to recognize that the concept of the living wage also carries political risks that could ultimately reinforce in-work poverty. In many cases, the living wage has been applied in a ‘top-down’ manner without the involvement of organized workers (Reynolds, 2001). Although this can still help to raise pay for marginalized workers who have struggled to unionize or assert their claims, adoption of the living wage in this way may be geared towards benefiting the employer’s reputation while doing little to shift the balance of power. Where the living wage is implemented without organizing labour, enforcement of its payment may be weak (Fairris and Reich, 2005). Such an approach also risks leaving workers with little capacity to resist employer efforts to recoup costs by intensifying work or cutting other costs such as hours and benefits (Linneker and Wills, 2016). In global supply chains, there is a risk of employers capturing higher payments made by downstream firms that are intended to fund higher wages. Indeed, where few other living wage jobs are available, employees may become further dependent on their employer. Furthermore, applying a general, technical wage calculation does not help to build workers’ capacity to negotiate wage rates that respond to particular local or workforce conditions. As occurred with the minimum wage, the living wage may become a wage ceiling rather than floor; in the UK, as many as 7 per cent of workers are expected to earn the National Living Wage by 2020, according to official forecasts (D’Arcy and Kelly, 2015). Historically, some trade unions have therefore opposed the living wage, and some current institutions aiming to raise wages, such as the Ethical Trading Initiative (Bennett and Lister, 2010), also prefer an approach based on collective bargaining. The living wage is often presented as enabling workers and their families to live independently of state support, although some living wage calculations, such as those in the UK, do assume full take-up of benefit entitlements (Bennett, 2013). This may be an attractive prospect, given the vulnerability of such payments to changes of government policy and their exclusion of many low earners who are non-citizens. However, it also suggests that responsibility for avoiding poverty lies with individual earners and their employers via the wage relation, rather than the state or other collective actors. This risks undermining political support for social security and services that can respond to particular household needs – for example, those including children or people with disabilities – in ways that wages cannot, and it therefore tends to leave a significant residue of in-work poverty (Bennett and Lister, 2010). Similarly, rather than calling on employers to reallocate resources to higher pay, demands could focus on more targeted support, such as better pay for parental leave (Bennett and Lister, 2010). The absence of such provision is likely to have particularly severe impacts for women, given the unequal distribution of low pay and caring responsibilities (Bennett, 2013). Indeed, the shift towards a National Living Wage in the UK is being accompanied by cuts to tax credits for low-income workers and families with children, which overall will leave many households worse off (D’Arcy and Kelly, 2015). Employers are also being compensated by reduced corporation tax rates and social security contributions, as part of a project to reduce the redistributive role of the state. Furthermore, unless integrated carefully with tax and benefit systems, high rates of effective marginal tax or sharp benefit withdrawal thresholds may also limit the positive impact of higher wages for low earners. 13.10 WHERE NEXT FOR THE LIVING WAGE?

#### Unions demands increase wages

Plass 16 [Stephen Plass, Professor, St. Thomas University School of Law, 2016, “Wage Compression as a Democratic Ideal,” CORNELL JOURNAL OF LAW AND PUBLIC POLICY, https://scholarship.law.cornell.edu/cgi/viewcontent.cgi?article=1436&context=cjlpp

Comprehensive data show that the United States is the most inegalitarian society with respect to the distribution of income from labor.239 Today wage disparity in the United States is so extreme it has reverted to 1910–1920 levels240 and rivals the extreme disparities seen in Europe over 100 years ago.241 Now, the top 10% of earners claim 35% of the nation’s total labor income while the bottom 50% gets only 25%.242 Top managers represent 60% to 70% of the top 0.1% of the income ranks243 and their phenomenal growth in pay has been approved by their Boards of Directors and stockholders.244 Should current pay practices continue, the share held by the bottom 50% could drop to less than 18% by 2030.245 By contrast, in the most egalitarian countries, the top 10% of earners claim only 20% of total labor income.246 Worker protest highlighting wage disparities has demonstrated its potential to improve wages. Unorganized workers have been protesting low pay by pointing to pay disparities, calling for a starting wage of $15 per hour.247 Walmart has responded by announcing that it will raise employees’ wages, which the company said would cost $1.5 billion and a drop in profits.248 Outside of the collective bargaining process, Walmart has spent $1 billion in raises in 2015 and will spend more on salary increases through 2016.249 McDonald’s workers fighting for a $15 hourly wage have also garnered some success by targeting shareholders. Repeated protests likely influenced McDonald’s decision to raise wages by $1 at ten percent of company stores, despite overall declining sales and profits.250 Senior managers’ pay continues to grow in spite of regulatory attempts to curb it.251 Workers can emphasize the unfairness of large salaries unhinged from performance because productive performance has not produced wage gains at the lower end of the pay scale.252 Although CEOs in particular have been lionized by some as star athletes whose great talents are in limited supply, thereby driving their prices sky high,253 there is evidence that these positions are not receiving market compensation rates.254 The astronomical payouts that some CEOs receive at retirement also provide a basis for complaints because of the payouts’ redistributive potential.255 While critics have specifically targeted CEO pay because of its extreme disparity to the earnings of average workers,256 the broader problem is with large compensation packages for top executives or senior managers. As a group, these employees take home an outsized share of their companies’ output, and there is no evidence that top executives or senior managers are in short supply or that their skills are primarily responsible for their companies’ success.257 In fact, the 2008 recession revealed many instances where performance was poor and destructive to both the company and the economy, yet rewards to top managers remained high.258 Payouts to Bear Stearns and Lehman Brothers executives prior to their firms’ collapse provide a rich example of astronomical pay for poor performance.259 In addition, the desire for high pay is so arbitrary that failed senior managers at several banks could cite talent as a justification for pocketing $32.6 billion in bonuses while accepting $175 billion in bailout funds.260 D. Combining Workers’ Protest Gains with Union Representation Workers, with the support of unions, can hammer away at the pay disparity issue to coerce their companies into restructuring pay practices. Pay increases gained through protest can be consolidated through union affiliation. With increased membership rolls, unions will have more bargaining power to cement the gains secured through protest.261 With union representation, continuing protests that target lavish pay schemes can force corporate boards to be responsive to workers while simultaneously reducing the risk of compromised performance metrics and selfserving evaluations of performance to justify high pay.262 More attention to this issue will assure shareholders that compensation metrics align with positive company performance.263 It may also force senior managers to look for non-wage cost-cutting strategies such as restructuring liberal return policies in the retail sales market that cost companies billions of dollars every year.264 Beyond securing and locking in wage increases, unions need a bargaining strategy to share in business success. The rationale for high managerial pay is its link to performance and corporate success.265 This rationale should be equally applicable to low-wage workers. When companies encounter business downturns, average workers are expected and required to make concessions that will ensure the company’s survival and success.266 Reciprocally, employers should be willing to share business success with all workers. During contract negotiations, unions can propose a yearly bonus pay provision tied to company performance, or a profit-sharing plan that provides employer contributions to a savings account. Such a one-time payment has the advantage of not placing an economic burden on the company during periods of austerity.267 This strategy provides a viable option to compress wages in a competitive economic climate. Although profit sharing is not a new idea, it has taken on renewed importance in an economy characterized by large wage disparities. One presidential candidate is proposing tax credits for employers that share their profits with average workers,268 and some businesses have expressed their preference for profit sharing over fixed wage increases.269 Worker advocates note that even President George Washington supported profit sharing and point to its economic benefits for businesses, workers and the economy.270 At the same time, some well-known companies have demonstrated that sharing a portion of their profits with workers does not destroy their competitive advantage.271 Southwest Airlines’ record-breaking 2014 payout of $355 million, which translated into a 9.6% bonus per eligible employee, provides a good example of a more egalitarian pay structure.272

#### Reviving unions revives the economy

Hindrey 20 [Leo Hindrey Jr., columnist for Fortune, 10-19-2020, "Commentary: Why stronger labor unions would speed up America's post-COVID recovery," https://fortune.com/2020/10/19/labor-unions-covid-19-economic-recovery/]/Kankee

Recessions always inflict the most pain on Americans in the middle and lower end of the income distribution range, destroying jobs, eroding wages and wiping out savings for those working in industries such as construction, manufacturing, hospitality and retail. But the crushing economic impacts of the COVID-19 pandemic have reached levels unseen in the last four decades, and the long-term scarring will be severe without intervention from Congress – not just in the form of emergency relief, but also with targeted policy solutions. One solution lawmakers should prioritize is a historic workers’ rights proposal, given that defanged labor protections are a large part of the reason the downturn has been so devastating to those who can least afford it. We need to bring back fairness to an economy that is increasingly plagued by a fundamental imbalance of power between workers and employers. And at a time when our nation is engaged in a vital conversation about economic justice, we need to make union membership a civil right. When the pandemic struck, only about one in ten workers were unionized, a steep decline from the nearly one-third of workers who were members of a union in 1964, myself among them. As a result, millions of Americans—many of them essential workers—were left without a voice at the table when employers were deciding their fate. They had no ability to minimize layoffs or to define what paid sick leave would look like during the pandemic. The consequences of this are hard to overstate. At the peak of the pandemic, jobs in low-wage occupations—many of which have chronically low rates of union membership, such as food services—disappeared at roughly eight times the rate at which high-wage jobs did. This inequity has especially ravaged communities of color. It’s long past time to reverse the trend in declining union membership. The Protecting the Right to Organize Act (PRO Act), which passed the House in February just weeks before the coronavirus began to spread in the US, would authorize financial penalties for employers that violate workers’ rights, strengthen the ability of workers to join together in boycotts and strikes, and facilitate collective bargaining agreements, along with a number of other sweeping reforms. In so doing, the PRO Act would modernize federal labor laws. Republicans in the Senate said in February that they would not take up the legislation, and some in the business community have claimed that it is “completely stacked against employers.” But after eight months of economic devastation to workers, Senate leadership owes it to the American people to give the bill a fair hearing. When enabled, unions have proven remarkably effective in helping workers during the pandemic. The International Brotherhood of Teamsters, for example, reached an agreement with UPS guaranteeing paid leave for any worker who is diagnosed with COVID-19 or who is required to be quarantined due to their illness or that of a family member. Stronger union membership must be a pillar of our nation’s recovery plan. When unions are strong, America is strong: Unions boost wages of both union and non-union workers, they create a more balanced economy, and they improve the health and safety of the workplace. By contrast, when unions are weak, inequality skyrockets. In order to protect America’s most vulnerable workers, it’s time for lawmakers to update our nation’s outdated labor laws. And we especially need to make union membership a civil right which is just as codified and protected as all other civil rights.

#### Reviving unions is critical to restoring global democracy

Nussbaum 19 [Karen Nussbaum, former Director of the United States Women's Bureau at the Department of Labor with a BA from Goddard College, 2019, “Unions and Democracy,” Labor Studies Journal, https://sci-hub.se/https://doi.org/10.1177/0160449X19890523]/Kankee

Nottage was commissioned to write a play about an American revolution. She chose de-industrialization. Trump had not yet been elected when the play was written, but “Trumpism” is the coda in real life. I’ve seen this story repeated in communities across the country. Many have become inured to the decline of unions but were unprepared for the rise of authoritarianism around the globe. “You can’t have a strong middle class without unions, and you can’t have democracy without a strong middle class.” That succinct analysis didn’t come from a labor leader but from Tim Collins, CEO of the private equity firm Ripplewood. Collins is not representative of business leaders, but he is right. The link between unions and the middle class is well-made. But how important are unions to democracy? Very. Workers Do with Less So Big Business Gets More The reality depicted in “Sweat” started years ago, around the time I got my start in the labor movement. I got a job as a clerk-typist in 1970 and organized my coworkers— women office workers in Boston and then nationally in 9to5, a national association and our sister organization, District 925, SEIU. We built 9to5 on the wave of women’s liberation, a term our members would have rejected. But we were confronted by corporate opposition, characterized by an abrupt shift in strategy to maximize profits in an increasingly competitive world. American employers chose to cut workers’ pay. To do that, companies had to break workers’ collective power. Business Week laid it out in stark terms in a 1974 editorial: “It will be a bitter pill for many American to swallow the idea of doing with less so that big business can have more.” Bennett Harrison and Barry Bluestone (1988) called this new strategy and the corporate restructuring and the polarization of America it created “The Great U-Turn.” Rather than compete with Germany, Japan, and Scandinavia on product quality, worker productivity, and skill level, corporations slashed wages and benefits, and outsourced jobs. I remember discovering that law offices were outsourcing the typing of legal briefs to Asia, and coming to terms with the fact that it was cheaper to have non-English-speaking workers type what to them would be nonsense characters than to employ American workers who were likely not making much more than minimum wage. Union busting firms sprang up to go after organized industries. In the 1980s and 1990s, unions suffered hallmark defeats throughout the economy: PATCO in transportation,1 Phelps-Dodge in mining,2 Hormel in food processing,3 and Caterpillar in manufacturing,4 to name a few. Union busters even went after 9to5. One seminar which focused on beating back clerical worker organizing had a slide show warning “Don’t be fooled into thinking you need to look out for the likes of Jimmy Hoffa . . . Here’s who you should be worried about” with a picture of me.5 Americans did with less so that banks and big business could have more. The wealth from productivity gains, which had been distributed relatively evenly after World War II and built the middle class, now skewed dramatically to the top. According to Joseph Stiglitz, Some 90 percent [of American citizens] have seen their incomes stagnate or decline in the past 30 years. This is not surprising, given that the United States has the highest level of inequality among the advanced countries and one of the lowest levels of opportunity. The Economic Policy Institute (2018) reports that income inequality is continuing at such a dramatic pace that federal data can’t keep up with it. From Collective Power to Self-Reliance Public consciousness changed as well. In the 1970s, when I asked working women, “who do you turn to if you have a problem on the job?” they imagined calling their Congressperson or the Equal Employment Opportunity Commission, National Organization of Women, or 9to5. Over the years, their view of their options narrowed: “I’d complain to a co-worker”; “I’d call my mother”; “I’d pray to God.” After some years, the most typical answer was, “No one. I rely on myself.” Shaun Barclay, international secretary-treasurer of the United Food and Commercial Workers (UFCW), remembers being part of a strong community in his poor neighborhood. The community’s cohesion was reinforced by his job as a union clerk at an organized grocery store at the age of 16. But over the years he has seen the erosion of communal values in popular culture. “When I was young, the most popular magazine was Life. It was replaced by People—not as comprehensive as Life but still pretty broad. Us came along, narrower than People, to be replaced finally by Self.” Working America, the community affiliate of the AFL-CIO, sees the effects of declining unions as they go door to door in working-class communities. With twelve million conversations over the last sixteen years, they found fewer people who had a family member in a union. Without the anchor of a labor union, Working America canvassers found that working people were vulnerable to right-wing social wedge issues, and since 2016 more explicitly racist appeals. Unions, a Cornerstone of Civic Life Unions provide trusted information to members about issues and elections and boost voter civic participation. Union members are 12 points more likely to vote than nonunion workers (Freeman 2003). The passage of Right to Work laws reduced turnout by 2 percent in presidential elections (Feigenbaum, Hertel-Fernandez, and Williamson 2018). And democracy declines with union density. In states with low union density (Bureau of Labor Statistics, U.S. Department of Labor 2018), new voter suppression laws (Brennan Center for Justice n.d.) were passed in ten states,6 compared to two states with high union density.7 How does the union have this impact? By engaging it’s members on politics. Consider one historical example. One million women belonged to the United Auto Workers (UAW) Union Women’s Auxiliary in the 1950s. The Auxiliary’s membership was far more than the union’s. It was the biggest political action organization in the country. The women had an ambitious agenda. They lobbied for free nurseries for working mothers, maternity leave, equal pay, and an end to job discrimination against African Americans. And, according to the UAW, the women led discussions around the dinner table with their children about the role of work and unions. Union influence on members was tested when Barack Obama ran for president in 2008. Elected labor leaders struggled with how to communicate to white members who didn’t want to vote for a black man. Rich Trumka, then secretary-treasurer of the AFL-CIO, led by example in a speech to the United Steelworkers that fall. He described meeting a woman in his home town of Nemocolin, Pennsylvania. They talked about the election. “I just don’t trust Obama,” she said. When Trumka pressed her on why, she admitted, “because he’s black.” Trumka then said, Look around. Nemacolin’s a dying town. There’re no jobs here. Kids are moving away because there’s no future here. And here’s a man, Barack Obama, who’s going to fight for people like us and you won’t vote for him because of the color of his skin. He went on to tell his steelworker audience, Brothers and sisters, we can’t tap dance around the fact that there are a lot of folks out there just like that woman. A lot of them are good union people; they just can’t get past this idea that there’s something wrong with voting for a black man. Well, those of us who know better can’t afford to look the other way. Labor leaders around the country leaned into this complicated, racially charged discussion with members. A massive member outreach campaign reached one-third of union members at the workplace, and 83 percent received mail from their unions about the election. Sixty-seven percent of union members voted for Obama that year.8 The Culinary Workers Union 226, UNITE HERE in Las Vegas is a stunning example of member political mobilization today. They represent 60,000 workers who come from 178 countries and speak more than forty languages. Despite these challenges, they have good paying, stable jobs in hotels and casinos. They are engaged and militant, and run the most impressive political outreach program in the country by building community among their members. Their members can get two months of time off to work on elections, and they have been turning the state a political “blue.” Organizers for Working America connect with working people on economic issues and find common ground outside of a workplace context through door-todoor canvassing. Canvasser Mike Logan worked on the 2017 Virginia governor’s race near Lynchburg, a very conservative part of the state. “Who are you voting for?” Mike asked a middle-aged white male voter. “The Republican.” “What’s your biggest issue?” Mike continued. “Confederate statues.” “Well, check out this petition for expanding Medicaid,” Mike pressed on. “Oh yeah, my daughter’s on Medicaid,” the voter responded, signing the petition, talking to Mike about the election, and being open to now voting for the Democrat. Those conversations resulted in moving the vote by 8 points in a part of the state that voted more than 20 points for Trump the year before.9 The Rise of Authoritarianism The democratic civic space provided by unions and the subsequent decline of unions as a countervailing force to corporate power, contributes to the appalling trends of the last fifty years: Gilded Age levels of inequality, devastated communities, and heightened civic polarization by race, religion, and ethnic origin. These conditions have led to a wave of autocratic governments around the globe. Alarm is growing. How Democracies Die (Levitsky and Ziblatt 2019) is a New York Times bestseller; The People Vs. Democracy (Mounk 2019) warns, “this may be our last chance to save democracy.” When people lose high-paying, unionized jobs they do not just lose their footing in the middle class; rather they also stand to lose a whole set of social connections that structure their lives and give them meaning. Cas Mudde (2019) in The Far Right Today describes the evolution of right-wing ideologies since World War II. “In the fourth wave, which roughly started in the 21st century, radical right parties have become mainstreamed and, increasingly normalized, not just in Europe, but across the world.” Unions, Bridging Divides I talked to union leaders in Minnesota about how they deal with the rise of anti-democratic ideologies and how they bridge divides among their members in a state that voted both for Ilhan Omar in Minneapolis and Donald Trump in the southern and northern parts of the state. “We need more organizations where people take minutes!” insisted Bethany Winkels,10 political director of the Minnesota AFL-CIO: There’s a lack of opportunity for people to experience democracy—debate issues, argue about how to spend dues money, vote, take minutes—the tools of transparency and accountability. People need to experience power on issues. They need structures and systems. Unions are a place where people can get that, and can change their minds. Political strategist Michael Podhorzer says, “there is a growing consensus that unions are an agent keeping authoritarianism at bay.”11 He cites the daily work of union activists who handle grievances, bargain contracts, and organize new workers. In each instance, to be successful you have to include everyone. And success is tangible, in better wages and benefits, fair working conditions, and solidarity. He notes that studies show that union members are more likely to have racially progressive views than nonunion working people. “Can you have a liberal progressive America without unions? (Plumer 2012)” asks historian Nelson Lichtenstein? “History says no. For 200 years the existence of the union movement has been wedded to the rise of democracy. We saw this here, in South Korea, in Spain, in Africa.” And the decline of unions is wedded to the rise of the authoritarianism. A major shift by working-class voters in Brazil elected right-winger Jair Bolsonaro in October 2018. Brazilian sociologist Ruy Braga (2019) argues that “Bolsonaro’s election marked the decline of trade unions as the primary site of working-class organization; and the rise of Evangelical churches in their place” with collective identities being shaped by the church rather than by unions. Braga points to a painful symbol of this shift in influence in the working class—the sale of the labor federation, CUT, headquarters in Sao Paulo to the World Church of the Power of God. On the positive side is Tunisia, the birthplace of the Arab Spring in 2011. The union federation backed the uprising, 150,000 workers went on strike, and President Ben Ali fled the country. The Nobel Committee recognized the role of unions in promoting democracy when it granted the 2015 Peace Prize to the Tunisian General Labor Union as one of four civic society partners (the Tunisian National Dialogue Quartet), which created a constitutional form of government. Solutions: Policy + Organizing We can strengthen unions and rebuild this crucial element of civic society through public policy. The key bill for broadening the rights of workers to organize in Congress is the Protect the Right to Organize (PRO) Act. It eliminates right to work provisions, expands the coverage of eligible workers, prohibits the use of permanent replacement workers during strikes, repeals the restriction on secondary activity, provides for first contract arbitration, addresses misclassification of workers and the overuse of independent contractors, and imposes much tougher penalties for employer violations. There are other bills focused on expanding bargaining rights to all public sector workers. But good legislation will need much more than rhetorical from politicians. Lynn Rhinehart, labor lawyer and former general counsel of the AFL-CIO, argues that as part of strengthening protections for workers engaged in collective action, giving workers the power to act in solidarity with each other beyond the borders of their own workplaces is key: Workers should have the right to require multiple employers to sit down and bargain with them at the same time. And the law needs to allow for strikes, picketing, and other solidarity actions by workers outside their own workplace, including up and down the supply chain.12 Rhinehart is cautious about embracing a tripartite wage board-type system to set wages for an industry. “I worry that a focus on government wage boards might undermine efforts to build strong, democratic, member-based worker organizations because of the distance this government process puts between workers and the decisions affecting their working lives.”13 Worker mobilization is key to getting new laws passed and enforced. Union organizing, including in new forms, is growing. The wave of teachers’ strikes continues throughout the country. Gig drivers are finding ways to bargain, with the help of unions including the Teamsters, National Taxi Workers Alliance, and the Machinists union. And developers in the video game industry are reacting to profit maximization at their expense, calling for unionization. These gamers are getting support from the International Association of Theater Stage Employees, which represents illustrators and others in the entertainment industry, the Writers Guild East, and a new association called Game Workers Unite. These are encouraging efforts, but still not at the scale we need to turn around historic low union density. In the meantime, we need to build intermediate forms of organization that bridge divides within the working class and promote collective power. A number of organizations are connecting with workers through membership: Working America, which reaches more than half a million working people face-to-face every year, two-thirds of whom sign up as members; Fight for $15 with organizing in 300 cities around the world; and local advocacy organizations such as Casa de Maryland, organizing immigrant workers since 1985. Building organizations that confront citizen polarization isn’t easy. Josh Lewis,14 a long-time Working America lead organizer, talked about how ugly it can get and why he perseveres. “There was a lot of hate at the doors,” Josh summed up his experience as a black organizer in white working-class communities in 2018: It was especially bad for black women. Our biggest challenge was to keep people on the job. It wasn’t enough for me to do one-on-ones with black staff. We went to Sartre in the tool box. I said, “We’re in this fight because it’s the right thing to do. We may not win. But we are fighting fascism, staring down the beast.” We expect the hostility to be worse in 2020, when the worst racists will feel backed into a corner and come out even more. But I’m not going to let them get me down. The fire in my belly is too strong. There is a crisis in democracy. We should heed Bethany Winkels’ call for democratic structures, and Josh Lewis’ challenge to have the passion and discipline that is needed. We need unions, not because they boost turnout and change a voter’s choice, but because they create the muscle memory of democratic control. Without that, democracy is lost.

### Contention 5: Racism

#### Minimum wage laws are a form of racial subjugation, otherizing blacks as unemployable and killing black employment

Hutchison 11 [Harry G. Hutchison, Associate Professor of Law at the University of Detroit Mercy School of Law with a M.A. from Wayne State University, 2011, WAGING WAR ON “UNEMPLOYABLES”? RACE, LOW-WAGE WORK, AND MINIMUM WAGES: THE NEW EVIDENCE,” GMU, https://www.law.gmu.edu/assets/files/publications/working\_papers/1128WagingWar.pdf]/Kankee

D. The Immediate Consequences of Minimum Wage Law Prior to the adoption of the FLSA, Congress enacted the NIRA, the flagship program of the New Deal, in 1933. The NIRA facilitated the creation of the National Recovery Administration (NRA), which enabled industry and labor to write codes under which they could be regulated.169 Eschewing proposals to amend the law to prevent discrimination,170 the final version of the law illustrated Congress’s capacity to wreak mayhem on the lives that social science had classified as “undesirable.”171 Creating a corporatist process that benefited large economic entities by destroying their smaller and less politically-influential competition,172 the NIRA and its progeny produced a massive public policy disaster.173 While labor unions thrived, this policy imposed costs on the overall economy that disproportionately disfavored members of marginalized groups.174 Taking advantage of the monopoly power granted to them by the NIRA and its minimum wage provisions, and conceiving of labor organizations as “white jobs trust,”175 labor unions displaced black workers.176 Coherent with the tenets of Public Choice Theory, exclusion is frequently defended in the name of progress yet actually incentivized by the naked self-interest of powerful groups.177 And, this ongoing process reified social stratification. As part of this course of action, the NIRA codified wage differentials in such a way that even when a black employee performed more important tasks than a white employee, he would frequently have a lower job classification and hence a lower wage than his white counterpart.178 Building on this exclusionary edifice, racist labor unions in both the South and North supported the establishment of a caste system that reserved unskilled, lowpaying jobs for African Americans and skilled high-wage jobs for whites.179 “The ideology that supported this system held that African Americans were mentally inferior and therefore incapable of performing these jobs.”180 “‘White labor constructed an ideology of white supremacy to secure and to justify their power and status in their places of work and in the community’ and [m]any rank-and-life union members adopted this ideology and came to believe that they were the white workingman’s vanguard against incursions by the darker races.”181 Inspired by this commanding imperative, and consistent with the fact that the architects of the New Deal knew that labor innovation “would create disproportionate unemployment among African Americans,”182 the minimum wage provisions of the NIRA eliminated the jobs of half a million blacks in less than a two year period.183 Building on this particularly pungent record, the enactment of the FLSA produced results that mirrored a similarly disastrous policy in apartheid-era South Africa.184 “The Labor Department determined that the FLSA caused between 30,000 and 50,000 workers, mostly Southern blacks, to lose their jobs within two weeks.”185 This result confirmed the inescapable linkage between minimum wages and the eugenic virtues of removing from employment those who are a burden on society.186 As leading progressive economist and future American Economics Association president A. B. Wolfe predicted eugenic objectives could be achieved by eliminating inefficient entrepreneurs through minimum wage regulation, resulting in the elimination of “ineffective” workers.187 In combination with other New Deal programs, minimum wage regulation conduced to a persistent decline in the African American employment rate, which is coherent with the deduction that democratic governments give the greatest benefits to those who are the best organized and the least disenfranchised—categories that include few blacks.188 Although minimum wage regimes exhibit prima facie neutrality,189 it is not difficult to show that labor cartels, sheltered by progressive labor ideology and minimum wage law, enforced a philosophy that decisively conceives of blacks and other minorities as inferior outsiders.190 It would therefore require legerdemain of epic proportions for the instantiation of this ideology to produce actual economic and social gains for vulnerable populations. Since evidence of heroic legerdemain cannot be found, it is quite easy to show that minimum wage regimes fulfilled the aspirations of early progressive innovators by controlling and disenfranchising the “undeserving” as part of an evolutionary move that ultimately reclassified them as “unemployable.” Hence, progressive architecture has justly earned a place of honor in America’s pantheon of racial subjugation despite the fact that the progressive establishment generally refused to defend its commitment to exclusionary labor regimes on explicitly racial terms.191 Now it is time to discover whether the new body of minimum wage research and the scholarship of Deakin and Wilkinson serve to destabilize this remarkable record of subordination that is unavoidably derived from Progressivism’s doctrinal assumptions and history of minimum wage advocacy in the United States. II. CLAIMS AND CONTENTIONS

#### Minimum wage laws are abused to intentionally price blacks out of the labor market

Hutchison 97 [Harry Hutchison, Associate Professor of Law at the University of Detroit Mercy School of Law with a M.A. from Wayne State University, 1997, “Toward a Critical Race Reformist Conception of Minimum Wage Regimes: Exploding the Power of Myth, Fantasy, and Hierarchy,” Hein Online, https://heinonline.org/HOL/P?h=hein.journals/hjl34&i=99]/Kankee

A major goal of CRT scholarship is "to elucidate the ways in which those in power have socially constructed the very concept of race over time; that is, the extent to which white power has transformed certain differences in color, culture, behavior and outlook into hierarchies of privilege and subordination." 222 The historical record of American labor unions, coupled with their minimum wage advocacy as informed by a wrenching yet similar record in South Africa, vindicates and re-emphasizes Derrick Bell's observation that racial discrimination facilitates the exploitation of African Americans, denies them access to benefits and opportunities that would otherwise be available, and blames all the manifestations of exclusion bred by despair on the asserted inferiority of the victims. 223 Far from being a countermajoritarian force for inclusive social change, labor union minimum wage advocacy both in the United States and South Africa is inseparable from a history that has enforced a majoritarianism that decisively conceives of African Americans and other minorities as inferior outsiders.224 This commitment to a hierarchical labor market strays dramatically from the Critical Legal Studies dream of workplace equality.225 Indeed, it exposes as myth the claim that unions and workers are a force for egalitarianism. Minimum wages and other exclusionary devices, linked to a commitment to subordination and white supremacy, call for searching scrutiny of the effect, 226 intent, and neutrality of such laws.227 As the South African experience illustrates, one of the most effective vehicles for excluding non-whites is a statute or industry-wide agreement that imposes a minimum wage. Market interference in the form of minimum wages may be promoted where it is perceived that employers may employ outsiders, such as South African blacks or African Americans, instead of whites.228 Minimum wages, then, are the assertedly neutral analog to intentional discrimination that marginalizes non-whites. The exclusionary capacity of minimum wage regimes can equal or surpass the efficacy of a direct race-based job reservation system. 229 To the extent that minimum wage supporters (union and non-union) have tacitly internalized exclusionary preferences, their participation fortifies the institutionalization of subordination. The avowed "belief' that minimum wage statutes are moral and progressive, notwithstanding the fact that wage rate regulation has a disparate effect on African Americans, is not credible. Legal sanction 230 is required to preclude the perpetuation of morally indefensible exclusionary regimes. From the perspective of reformists, minimum wage advocacy by unions, union members, and their supporters is consistent with the conclusion that these groups had knowledge of the disparate impact of minimum wages on African Americans. As discussed above, northern legislators seemed well aware of the preclusive value of minimum wages and other devices in protecting northern workers at the expense of southern and largely African American workers. 231 Declarations of ignorance about the effects of minimum wages on non-whites strain credulity. American minimum wage proponents and defenders are the heirs of South African labor policy. As such, they know or should know the effects of wage regulations. Proponents of minimum wage regimes must take responsibility for the propriety of what is done, and should not hide behind assertions that they are neither aware of the corrosive effects of minimum wages, nor the empirical verification of these effects by economists. In light of the historical, empirical, and culturally informed evidence, a Critical Race reformist explication of minimum wages demonstrates that "[legislation that regulates wages is an effective tool in a racist's arsenal,"232 even when it lacks admitted racist intent. Such wage "regulation is effective because it enjoys the benefit of at least four powerful forces: (1) It evokes voluntary cooperation with the racist goals; (2) it gives the appearance of being racially neutral; (3) it is relatively cheap to enforce; and (4) it sometimes enjoys the political support of the people whom it is intended to victimize, as well as their benefactors. 233 Wage regulation, properly deconstructed, constitutes a form of institutionalized racism. V. CONCLUSION Given the history of the American labor movement, the burden of proof on the issue of whether minimum wage laws can withstand a historically grounded, empirically validated, culturally informed Critical Race reformist investigation should remain on minimum wage defenders. This burden is not met by the contention that recent evidence supports the efficacy of minimum wages as an anti-poverty device nor by the claim that minimum wages are a beneficial program for African Americans. On the contrary, compelling evidence coupled with reasonable inferences indicate that minimum wage regimes represent a continuation of the American labor union movement's tradition of discriminatory treatment. Wage regulation and efforts to enact still higher minimums in effect protect the unionized sector of the economy and vindicate majoritarianism. Moreover, because union wage levels exceed wages of similarly skilled non-union workers, 2 4 monopoly wages earned by the unionized sector increase unem ployment,235 and the labor market itself receives the largest share of the economic rents that the American economy generates .236 It is thus impossible to conclude that legislative proposals raising the minimum wage rate are in the interest of African Americans. This is true even if African American workers constitute a disproportionate share of the unionized workforce, as African Americans constitute an even more disproportionate share of the unemployed. Minimum wage regimes, properly conceived,237 are exclusionary institutions that are connected to, and illustrative of, a tradition of subordination, dominance, and hierarchy.

#### Studies prove wage laws harm minority employment

Lau 21 [Matthew Lau, adjunct scholar at the Fraser Institute with a Bachelor of Commerce degree with a specialization in finance and economics from the University of Toronto, 2-5-2021, "Matthew Lau: Minimum wage laws don’t help minorities", financialpost, https://financialpost.com/opinion/matthew-lau-minimum-wage-laws-dont-help-minorities]/Kankee

Joe Biden and the Democrats are pushing to increase the U.S. federal minimum wage to $15. Some supporters of the policy have suggested that Black and other visible-minority workers would benefit most, since they are disproportionately in low-wage positions. But as February is Black History Month, they may want to look back on the 90-year history of minimum wages in the United States. The fact is that Black and other minority workers have suffered most severely from the jobs destroyed by minimum wage laws and are at highest risk of unemployment if minimum wages are raised again. The United States’ first federal minimum wage law was the Davis-Bacon Act of 1931. The stated intention of many congressmen and union leaders who supported it was to prevent Black workers from competing with unionized white workers for construction jobs by offering to work at lower wages. They were not alone: around the same time in apartheid South Africa, unions supported minimum wages to deliberately price Black workers out of jobs, and in Canada, minimum wages were instituted to do the same to Asian immigrants. “The Davis-Bacon Act, still on the books today,” observed the late Walter Williams in 2013, “virtually eliminated blacks from federally financed construction projects when it was passed.” Over time, the stated intentions of the minimum wage improved, but the harmful effects did not. The minimum wage in the U.S. was sharply increased from $0.40 to $0.75 in 1950, and then again to $1.00 in 1956, with devastating unemployment effects concentrated on the Black population. Before 1956, the unemployment rate for white and Black teenage boys was about the same, at under 11 per cent. But within two years of the 1956 minimum wage increase, unemployment had risen to 14 per cent for the white cohort but more than doubled to 24 per cent for their Black counterparts, a disparity that has not improved in the intervening decades. Economists have repeatedly noted the continuing harmful effects of minimum wage laws on the most disadvantaged workers, who are disproportionately from minority backgrounds. When in 1996 Congress was debating a minimum wage hike, the Wall Street Journal surveyed a handful of prominent economists on the issue. One of them, William Poole, lamented that minimum wage advocates were willing to sacrifice the jobs of some people to raise the wages of others. “I do not understand this callous position,” he said. “Those who will lose their jobs are the weakest and most vulnerable members of the labour force.” In the same survey, Martin Feldstein and Robert Barro both identified minority youth as the group of workers who would be most seriously harmed by the unemployment effects of minimum wage increases. Elsewhere, Milton and Rose Friedman wrote that the “high rate of unemployment among teenagers, and especially black teenagers, is both a scandal and a serious source of social unrest.” This, they said, was “largely a result of minimum wage laws.” In Canada, too, racial minorities and immigrants are at disproportionately higher risk of being priced out of the labour market when minimum wages rise. A study published in 2017 in the journal Contemporary Economic Policy concluded, based on 185 provincial minimum wage increases over a period of three decades, that increasing the minimum wage by 10 per cent was linked to a two per cent decrease in employment for immigrants aged 25 to 54 years old. Many minimum wage advocates say that some studies show no effects, or even positive effects, of minimum wages on employment. But the downward-sloping demand curve, which is at the core of economics, holds that as the price of something increases, people will buy less of it. We cannot say on the basis of “some studies” that the demand curve does not apply to labour, especially since those studies are in the minority. Last month, a National Bureau of Economic Research working paper, written by economists David Neumark and Peter Shirley, reviewed American studies since the early 1990s and concluded that “there is a clear preponderance of negative estimates (of minimum wages on employment) in the literature.” The results were consistent with an earlier review, done by Neumark and William Wascher, which included 102 studies around the world and similarly found “relatively consistent” indications of negative employment effects. There is simply no escaping basic economic facts. A minimum wage rate makes it harder for the most disadvantaged members of the labour force, who are disproportionately from minority backgrounds, to get jobs. If those celebrating Black History Month want to redress the historical effects of government policy on Black workers, they could start by advocating abolition of minimum wage laws.

#### Minimum wage laws harms black employment – market fundamentals

Lingenfelter et al. 17 [Jonathan Lingenfelter, educator at the Economics Department at George Mason University, Jose Dominguez, educator at the Joseph A. Butt, S.J. College of Business at Loyola University New Orleans, Bryce Mayon, educator at the Joseph A. Butt, S.J. College of Business at Loyola University New Orleans, Walter E. Block, educator at the Joseph A. Butt, S.J. College of Business, Loyola University New Orleans, 2017, “CLOSING THE GAP: WHY MINIMUM WAGE LAWS DISPROPORTIONATELY HARM AFRICAN-AMERICANS,” Economics, Management, and Financial Markets, https://addletonacademicpublishers.com/contents-emfm/743-volume-12-1-2017/2737-closing-the-gap-why-minimum-wage-laws-disproportionately-harm-african-americans]/Kankee

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3. Theoretical Considerations Perhaps the failure to close the gap between black and white unemployment is caused by some flaw in the free enterprise system itself. In order to evaluate this claim, one needs recourse to a theory of how employment is determined in the market. Labor services are bought and sold in the same manner as other goods. While it is true that each employer would like to pay as little as possible in order to hire the services of labor, each worker would also like to be paid as much as possible in exchange for his services. The market price will settle somewhere in the range of the marginal buyer’s willingness to pay for labor and the marginal seller’s willingness to sell it. If there are numerous suppliers and demanders, then at least at equilibrium, the wage should settle at the level of marginal revenue productivity of the employees.° In this regard labor is no different than other commodities; it tends toward a market-clearing price, and this tendency is threatened by government intervention which abrogates the process. Just as setting the minimum price on the sale of a good or service above market clearing will create a surplus of the good or service — with some producers making goods that go unsold, and some consumers who were willing to buy at the old price now unwilling to do so at the new price — so does setting the price above market clearing create a surplus of labor in the labor market. Much of the confusion on this topic stems from the failure to apply the economic tools of analysis to labor. It is customary to refer to goods as having a price, and labor as receiving a wage, but a wage is nothing but the price of labor. Just as consumers recoil at the thought of a minimum price that they must pay for goods and services, so employers respond to a minimum price for labor by demanding a lower quantity of labor. This surplus of labor — unemployment — is a consequence of interference with the market, rather than the market process itself. This insight shows the error in blaming the free market for unemployment, and also points to the genuine cause: minimum wage laws. We have seen that minimum wages set above the market clearing price result in unemployment, but labor is not homogenous. A minimum wage law that results in a surplus of labor in one industry may not do so in another. A minimum wage law of $15 per hour would very quickly disemploy low-skilled workers, but would not result in hospitals firing surgeons. Minimum wage laws, therefore, cluster unemployment at the levels near and below the wage that is now outlawed. Instead of hiring someone with a lower productivity, the business owner can instead only hire a certain amount of people with higher productivities (Dorn). In this way, the minimum wage is effectively pricing out the low productivity workers for that is precisely what a minimum wage law does — it makes it illegal for an employer to pay an employee below a certain level. The popular rhetoric in support of minimum wage laws is that they act as a floor which pulls up workers’ remuneration. A more appropriate metaphor is that they are a hurdle over which a worker must jump in order to obtain a job. Responding to this idea, Block (2008a: 160) notes: The minimum wage does nothing of the kind. It does not at all establish anything, let alone a “wage floor.’ Rather, it states that it shall be illegal for an employer to pay, and employee to receive ...any amount less than that stipulated by law. But there is no requirement, none at all, that a job, any job, be offered at this wage. A ‘wage floor,’ moreover, implies that when the minimum wage level rises, it pulls wages up with it. If we must use mechanical analogies to economic phenomena, a far better one would be that of the barrier over which one has to jump in order to land a job; and, the higher is this hurdle, the fewer those who can catapult over it. 4. Well-meaning? The unemployment attending minimum wage laws is no surprise to some of its advocates. Instead, these effects are often the main reason that certain groups advocate-these policies at all! Sowell (2013) notes: “Minimum wage laws can even affect the level of racial discrimination. In an earlier era, when racial discrimination was both legally and socially accepted, minimum wage laws were often used openly to price minorities out of the job market.” Sowell goes on to cite the intentional discrimination against minorities as a cause for the enactment of minimum wage laws: In 1925, a minimum wage law was passed in the Canadian province of British Columbia, with the intent and effect of pricing Japanese immigrants out of jobs in the lumbering industry. A well regarded Harvard professor of that era referred approvingly to Australia’s minimum wage law as a means to ‘protect the white Australian’s standard of living from the invidious competition of the colored races, particularly of the Chinese’ who were willing to work for less. In South Africa during the era of apartheid, white labor unions urged that a minimum wage law be applied to all races, to keep black workers from taking jobs away from white unionized workers by working for less than the union pay scale. Some supporters of the first federal minimum wage law in the United States — the Davis-Bacon Act of 1931 — used exactly the same rationale, citing the fact that Southern construction companies, using non-union black workers, were able to come north and under-bid construction companies using unionized white labor. It turns out that discrimination was a factor in the ratio of black to white unemployment, but not for the reasons commonly given. Despite the prevalence of discriminatory attitudes in 1930s America, this racism did not prevent whites from hiring blacks. Why would this be? The tendency in the labor market is for an employee to be paid according to the discounted value of his contribution. If blacks were willing to perform the same work for less pay, empirical reality demonstrates that whites quickly overcame discriminatory attitudes thanks to the opportunity to increase profits.° In this sense the market acted to overcome racial preferences against a minority group. Unions are one of the main forces behind the minimum wage law. As explained in Block’s (2008b), skilled and unskilled workers are actually in competition with each other for employment. Therefore, unions were invented to price unskilled workers out of the market.’ The best way to do so out of the market is to lobby for a law to be passed, such as the minimum wage, which sets the minimum wage higher than unskilled workers’ productivity levels. Congress decided to pass the minimum wage law, to a great degree, because of the financial power that unions have over the market. Under crony capitalism, those who wish to boost their own wage rates at the expense of minorities could lobby for laws that would legally bar the latter from competing with them. Racism did play a historical role in creating high unemployment for blacks, but it was not on the side of employers who refused to hire them; instead it was on behalf of groups that lobbied for minimum wage laws in the first place. 5. What Policy Implications Does This Analysis Hold?® What can be changed to undo the damage already caused? The simplest step is to eliminate minimum wage legislation entirely. The greater incidence of unemployment among blacks is a consequence of the lack of employee freedom imposed through these laws. Even on the assumption that the African American community attained, on average, lower marginal productivity, there would still be no reason in a free market setting for them to be disproportionately unemployed. It is simply not true that “it pays” an employer to hire higher-skilled workers instead of lower-skilled workers.’ This is not the case because the employer is the one who has to pay for the increase in skill level. Minimum wage laws, then, take away from low-skilled workers the advantage they have against high-skilled workers — their willingness to accept lower pay. Another implication is that the key to raising wage rates is not legislation; rather, it is to increase worker productivity. One way to increase worker productivity is to whittle away the draconian system of compulsory education. Caplan (2011) provides a trenchant critique: It is only a slight exaggeration to compare academia to opera. Both are great for the small minority with the intellect and inclination to appreciate them. The rest of the population has little use for either —and there’s no good reason to force it down their throats. In fact, there are good reasons no/ to do so. Imagine forcing everyone in Yankee stadium to attend the Metropolitan Opera instead. For every Yankee fan who discovered the magic of opera, a hundred or more would be horribly bored and resentful. In their boredom and resentment, they’d complain and fidget, marring the experience for the genuine opera fans. The same principle is at work in classrooms all over the world. Educators pressure or compel students to study high culture they’re never going to use in real life, then wonder why it’s so hard to teach them anything. Meanwhile, the students who actually want to learn are bored by the slow pace and endure their disgruntled peers’ emotional abuse. What a waste. Rather than compelling children to attend school, governments should recognize that it is foolish to force education on those who do not want it. The present system taxes people who may not have kids to provide unwilling children with an education. It would be far more valuable for all parties involved if more teens sought vocational training or apprenticeships. Those who opted out of school would have worked and earned, and learned from on the job training; the taxpayers would appreciate the reduction in the tax burden; everyone would benefit as a consumer from the increased numbers in the labor force."” Another way to increase worker productivity, especially among blacks, is to end the drug war. Blacks are disproportionately represented in prison, and most people in prison are serving sentences for non-violent offences. There is a strong analogy between compulsory education and prison terms for nonviolent offenders. Both groups currently represent a burden to the taxpayer. Both groups learn few, if any, valuable skills. This is especially true in the case of prisons. A man who goes to prison because of drug possession represents no threat to society. Indeed, he contributes positively, almost heroically (Block, 2008b: 30): Since it is not the sale or use of heroin itself that is responsible for the plight of the addict or for the crimes he commits, but rather the high price of heroin caused by its prohibition, it must follow that any action which results in a drop in the price of the drug alleviates the problem. If the problem is caused by the high cost of the drug, then lowering the cost must be considered as a solution. But it is the heroin pusher who is instrumental in lowering the price of the drug and the forces of “law and order” who are responsible for raising these prices by interfering with the activities of the pusher. Therefore, it is the much revile drug dealer, not the widely beloved narcotics agent (‘narc’), who must be considered the heroic figure. But by throwing in his lot with dangerous inmates, the government teaches him to think and act like a hardened criminal. The effect of the prison environment is unambiguously negative. A prison sentence for a non-violent offender does not simply deny society of the value of his contributions; it does not simply increase the tax burden; it actively increases the likelihood that the man will in fact commit a dangerous crime in the future. A third method of increasing worker productivity and wages concomitantly is to decrease corporate taxes. This paper has demonstrated that legislative attempts to increase worker prosperity are ineffective. This is because workers are paid according to their discounted marginal productivity. To increase wages without increasing worker productivity requires the disemployment of workers below that level of productivity. Worker productivity is a consequence of numerous factors: worker discipline, motivation, training, and on the job experience. Yet each of these factors pales in comparison to capital invested per laborer. The reason modern workers are more productive than those of previous generations is not their work ethic. It may be partially explained by increases in intelligence,'' but the increase in intelligence has not kept pace with increases in worker productivity. No, a much better explanation is that workers today use far more capital than workers of the past. A single cell phone contains more computing power than the computers used by NASA to launch the first shuttle into space. Even blue-collar jobs benefit from increases in capital invested per worker. A constructionist today may operate a crane that contains air conditioning and a cup holder. His working conditions are preferable to the historical method of digging with a shovel, yet this crane operator is simultaneously far more productive. Executives’ decisions to invest in capital are not benevolent.'\* They do not aim to increase the wages of their employees. Yet this investment inevitably results in precisely that. A simple way to free up resources for capital investment would be to reduce corporate taxes. These corporate taxes limit firms’ ability to further invest, and this limitation suppresses wages below the level they would attain without the tax burden." 6. Conclusion Hypotheses that attempt to account for the height of black unemployment fail when they do not properly identify the true culprit: minimum wage laws. These laws do not, as their advocates claim, help the poor; instead the poor are inevitably most hurt by them. This knowledge is a feature, not a bug."\* The history of minimum wage laws is a history of racist policies. The key to increasing wages is to increase worker productivity. This can be achieved largely by pulling back existing legislation. Allow children to enter the labor field rather than compelling them to sit in classrooms against their will. Release non-violent offenders from prison, so that they can once again contribute to society. Lower corporate taxes so that workers will benefit from the increase in capital invested. In short, remove still-existing laws, like the minimum wage, that have been among those oppressing minority groups in America.