

Washington, DC legislature passes “living wage” bill

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Earlier this month, Washington, D.C.’s city legislature approved a bill by a margin of eight to five that will require all “big box” retailers raking in over \$1 billion in yearly revenue with floor space of over 75,000 square feet to pay all employees a minimal wage of at least \$12.50 an hour. This would mark an increase from the current level of \$8.25.

The Living Wage Accountability Act (LWAA), a product of intense lobbying by local activist networks, is largely a symbolic measure that will do little to lift the fortunes of workers. A full-time employee making the new wage would earn just a few thousand dollars more than the poverty line for a family of four.

Washington, D.C.’s Democratic mayor, Vincent Gray, is under intense pressure to veto the legislation.

Upon passage of the bill, representatives of Wal-Mart voiced the company’s intentions to dramatically curtail its operations in the city by abandoning its current plans to build three more stores in DC area. Wal-Mart’s objections give the lie to retail giant’s previous claims that it would be willing to grant all new hires at any of its future locations starting wages of at least \$13 per hour.

Wal-Mart’s resistance has been quickly followed by that of other major national retailers, including Home Depot, AutoZone, Macy’s, Lowe’s, Target and Walgreen’s. These corporations presented Mayor Gray with an open letter declaring the bill to be “misguided” and warned that should the LWAA be implemented, “any future plans for retail expansion in the city must be revisited.”

Gray has responded by expressing support for the objections of big business, stating he that he “serious concerns over the lost jobs and retail opportunities for District residents that the bill will cause.” Echoing the Mayor, Deputy Mayor for Economic Development

Victor Hoskins told the *Washington Post* that the bill would have a “chilling impact” on the District’s retail growth. Significantly, the *Post*’s editorial board attacked the bill on several occasions, singling out the DC Council for its “hubris” in passing such a measure.

The bill will likely suffer the fate of similar such measures that have been attempted in the past. In 2006, then-Democratic mayor of Chicago Richard Daley vetoed a similar motion that would have raised the starting wage level at large retailers to \$10 after the bill garnered resistance from Wal-Mart and others.

In 2012, Wal-Mart boasted profits of nearly \$120 billion. Wal-Mart CEO Michael Duke makes upwards of \$16,000 an hour, only slight less than the current annual minimum wage in Washington, D.C.

A 2011 joint study conducted by the University of California, Berkeley and the City University of New York found that “big-box” retail employers like Wal-Mart could easily pass 100 percent of the costs of increasing wages onto their customers. Their volume of sales is such that there would only be a nominal increase in retail prices.

The objections of Wal-Mart and other large retailers are rooted in deep hostility to the idea that working people have a right to any increase in their salary whatsoever, no matter how miserly.

Most importantly, the “living wage” proposed by the new legislation, should it even be passed, is totally inadequate. A report recently released by the Economic Policy Institute (EPI) found Washington, D.C. to be one of the most expensive cities to reside in nationwide. According to the report, two working parents must each make at least \$21.40 an hour to support two children in the city, or roughly \$88,000 yearly. In contrast, the proposed “living wage” bill would amount to barely \$26,000 yearly for a full-time

worker.

In passing the bill, local legislators are posturing as progressives concerned about ordinary working people, even as they know that the new “living wage” they have approved will leave thousands in poverty and protect the profits of big business. According to a 2011 article published in the *Washington Post*, the city’s council members are the second highest paid big-city legislators in the country, earning well upwards of \$100,000 a year for positions that are technically considered part-time.

The levels of social inequality within the nation’s capital are some of the highest in the developed world, with nearly one in three children living in official poverty. At the same time, the richest 20 percent of the city’s population make nearly 29 times the lowest fifth. Likewise, those who make up the top 5 percent of the city’s income-earning population bring in nearly \$500,000 in yearly income alone.



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