

Los Angeles City Council moves to raise minimum wage

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In a 14-1 vote Tuesday, the Los Angeles City Council voted to draft an ordinance to raise the city's minimum wage from \$9 to \$15 an hour by 2020. A final vote on the measure, which could effect as many as 800,000 workers, is expected next month.

Last year Mayor Eric Garcetti proposed an increase to \$13.25 by 2017. The City Council proposal sets a higher wage but is drawn out over five years for larger businesses and six years for businesses with less than 25 workers. For the former, the minimum wage will increase to \$10.50 in 2016, \$12.00 in 2017, \$13.25 in 2018, \$14.25 in 2019, and finally to \$15.00 in 2020.

Such an increase—whose value will be degraded by inflation by time it comes into effect—would result in an annual wage of a little more than \$30,000, assuming, and one cannot, that a worker was guaranteed 40 hours a week. This is barely above the government's own poverty threshold for a family of four.

This is particularly inadequate in a city with some of the highest rents in the nation. A recent UCLA study found that Los Angeles, which has few rent-controlled apartments, is the least affordable rental market in America. For the median rent in the city to be considered "affordable," one needs to make almost \$50 per hour or \$100,000 annually.

The proposed wage hike, however, stems from concerns within certain business circles about the economic viability of paying workers less than subsistence wages. If a worker earning the minimum wage cannot afford transportation, minimum health coverage or other basic necessities, it is unlikely he or she will show up to work regularly and produce profits for their employers.

Pointing to this self-serving motivation, the *New York Times* editorial board criticized the restaurant industry and others who claimed a minimum wage hike

would hurt their businesses. "But experience and research involving actual minimum wage increases indicate otherwise: The added cost of higher wages is offset by savings from lower labor turnover and higher labor productivity."

The *Times* further writes, "Higher wages can also be offset by modestly higher prices, which haven't proved measurably disruptive, in part because minimum wage increases make somewhat higher prices manageable." It notes that the City Council is considering a proposal to allow restaurants to pass on a service charge to their customers to meet the increased labor costs.

Finally, as a proponent of austerity, the *Times* complains about the high cost of subsidizing low-wage workers with government-funded programs, writing, "When employers do not pay living wages, workers are forced to rely on public assistance, in the form of Medicaid, food stamps and other programs."

Major retailers, such as Wal-Mart, have also recently raised wages. This is not because the billionaire owners have suddenly become conscience-struck over the exploitation of low-wage workers. On the contrary, the section of corporate America that still makes a large portion of their profits by selling goods in the North American market, as opposed to financial speculation, is concerned that wages are so depressed that it has undermined consumer demand and thus their profits.

In addition to the Democratic Party, which has latched on to the minimum wage hike campaign to posture as opponents of "social inequality," the main backers of the proposal are the trade unions and their pseudo-left supporters. The trade unions, in fact, have for decades been the major proponents of the slashing of wages and benefits in the name of making American big business more "competitive" and profitable.

The "Fight for \$15" has a whole different meaning

for the trade union apparatus, which has made \$15 an hour or below the norm in the manufacturing industry. In the upcoming negotiations with the Detroit-based automakers, for example, the United Auto Workers is preparing to sanction the creation of a new third tier of low-paid workers, earning \$10 to \$15 an hour—half or even one-third of the wages of traditional workers.

At the same time, restaurant and service industry unions, such as UNITE HERE and the Service Employees International Union (SEIU), have seen the minimum wage campaign as a lever to convince employers to unionize their workplaces and allow the unions to collect membership dues from miserably paid workers.

The measure passed by the Los Angeles City Council last year to raise the base pay for workers in the city's large hotels to \$15.37 an hour included a waiver for those hotels that agreed to recognize UNITE HERE Local 11. "Hotels that have a unionized workforce can be exempted from paying the \$15.37 hourly wage, if workers agree in their contract to relinquish that opportunity," the *Los Angeles Times* reported.

It is not clear whether the newly proposed ordinance contains such a waiver for unionized employers. The proposal, however, is riddled with caveats and exceptions for small businesses, non-profits, working teenagers, and tipped employees. Several of these categories have entirely separate timelines for the implementation of the new minimum wage.

With such complex rules, there is plenty of wiggle room for big businesses to get away with paying their workers less than the minimum. For example there is a history of franchises claiming to be small businesses in order to operate under more relaxed regulation.

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Undocumented workers, who are among the most exploited layers of the working class, often have their status fraudulently reported. It is entirely possible for employers to claim young adults as teenagers and pay them the 85 percent of minimum required under this law, if the employer is not already using their undocumented status to pay them less than that.

Other employers, including the trucking companies at the ports of Los Angeles and Long Beach, have categorized their employees as "independent

contractors," in order to get around federal minimum wage and working hours regulations, and to impose the costs of fuel, maintenance and truck leases on workers.

The working class in Los Angeles, as in the rest of the country, is badly impoverished. About 20 percent of the city lives below the official poverty line, including 25 percent of its children.

By increasing the minimum wage by just a few dollars, the minimum wage will not come close to covering the actual cost of living. However, it will cover just enough to push approximately the 15 percent lowest paid workers out of the income bracket where they currently qualify for social programs such as Medicaid and Supplemental Nutrition Assistance Program (SNAP).

The campaign for a minimum wage hike in Los Angeles, Seattle and other cities has been spearheaded by groups such as Socialist Alternative, whose leading member Kshama Sawant leveraged the "Fight for \$15 campaign" and support from sections of the trade union bureaucracy to win a seat on Seattle's City Council.

From the beginning this campaign has been carefully coordinated with the Democratic Party and the Obama administration—which has advocated its own minimum wage hike to \$10.10—in order to contain opposition to poverty-level wages within the safe channels of this big business party. This effort, coordinated with the SEIU and other unions, which have called out protests of fast-food workers, is aimed at bolstering the election prospects of Democratic Party candidates and concealing its role in channeling 95 percent of all income growth since 2009 into the hands of the richest one percent.

In Seattle, a city with comparably high living expenses, a similar ordinance has been passed. Significantly, the ordinance proposed by Sawant contained an "opt-out" clause that exempted employees from having to pay the full minimum wage if they signed contracts with the SEIU.



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