

New York joins other cities and states in lifting minimum wage

Fred Mazelis
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New York governor Mario Cuomo held a press conference on July 22 to announce with some fanfare that the New York State Wage Board had recommended a raise in the minimum wage for many fast-food workers to \$15 an hour. The state's commissioner of labor is soon expected to approve the recommendation.

The New York action, in which the governor bypassed the state legislature, follows similar steps in some major cities, principally on the US West Coast. Most of these measures, although circumscribed in significant ways, nevertheless represent the largest minimum wage increases in years. In New York, the minimum will rise from the current \$8.75 to \$15.00 in several steps. In Seattle, it goes up from about \$9.00 previously, in San Francisco from about \$10.75 and in Los Angeles from \$9.00 an hour.

The New York decision applies only to fast-food workers, however, and only for employers who own 30 or more restaurants nationwide. In Seattle, San Francisco and Los Angeles, the increases are broader-based, but there are other limits. Seattle's increase mandates a \$15 minimum by 2017, but it applies only to businesses with more than 500 US employees. For smaller employers, the increase to \$15 need not be implemented until 2021.

The impetus behind the proposed wage increases for the working poor is both economic and political. Sections of the ruling class and its political representatives are increasingly concerned, not by the suffering of millions of unemployed and low-wage workers, but rather by the fact that the impoverishment of broad sections of the working class has reached such extreme levels that it is a major drag on the economy. The lag in consumer spending partly reflects the fact that workers have no money for anything but the barest

necessities, and often not even for those.

There is also the growing and understandable fear on the part of the ruling elite of a social explosion. There is palpable outrage among workers at conditions that throw some of them into the ranks of the homeless even though they hold jobs. Almost all of the working poor are forced to rely on food stamps and other meager social benefits, and many must work two or more jobs in order to barely survive.

While the increases in the minimum wage are an attempt to appease the anger of millions of workers, and while those low-paid workers who receive them are understandably desperate for any improvement, it is also clear that even a \$15-an-hour wage falls far short of providing a decent standard of living.

One study reported that, if the minimum wage had been indexed to inflation since 1968, it would currently stand at \$26 an hour. The most vulnerable sections of workers, their ranks increased by millions whose jobs have been eliminated by globalization and technology, have seen their living standards cut by more than half in the past quarter-century. Fifty years after the war on poverty, the conditions for millions of low-wage workers are worse than in the 1960s.

Another measure of the inadequacy of the latest increases was shown in a recent survey on the Zillow real estate website. This demonstrated that, even with two earners in a family earning \$15 an hour, these families' incomes would not allow them to find affordable apartments—that is, costing no more than 30 percent of their total income—at the median rent in 16 of the 35 largest metropolitan areas in the US. For a single renter, the number of cities and metro areas that would include affordable median rents is zero. All of these households must either spend 40 or 50 percent or more of their income, or else try to find cheaper and in most

cases barely habitable apartments.

There are other huge loopholes in the minimum wage hikes. In New York City, for instance, about 50,000 fast-food workers are expected to see their wages increase. There are another 1.25 million workers, however—25 times as many—who will not be covered.

Even for the fast-food workers, the increase is no windfall. By the time it goes into effect three years from now, inflation will have further eaten away its value. Workers in the rest of New York State would wait a full six years to earn \$15 an hour. Furthermore, the proposal would index the minimum wage to the rate of inflation in the future. This provision, sounding enlightened on the surface, will surely become an argument against future increases in the minimum, leaving these workers still mired in poverty or near poverty.

In the cities on the West Coast that have enacted broader minimum wage floors, the issue of enforcement is another big complication. One study, from 2009, reported that one quarter of low-wage workers in the three biggest metropolitan areas of the US—New York, Los Angeles and Chicago—were paid less than even the existing minimum of \$7, \$8 or \$9 an hour. In Los Angeles, there are a handful of investigators to cover this widespread wage theft. On the federal level, the Labor Department has barely 1,000 investigators to monitor more than 7 million private employers.

Big business is split on the issue of raising the minimum. There are those on Wall Street, in their media mouthpieces like *Fortune* and *Forbes* magazines, and among some Democratic and most Republican Party politicians, who claim that job losses will result as employers seek to compensate for higher wage costs by hiring fewer workers. Above all, they fear that even the smallest concession to even a fraction of the low-paid may encourage a rebellion among broad layers of the working class.

The main aim of the “Fight for \$15” campaign is to revive illusions in the Democratic Party politicians that have been shattered in recent decades. This is the goal of presidential aspirant Bernie Sanders, who held a news conference outside the Capitol in Washington, D.C., last week to call for a national \$15-an-hour minimum wage. The unions, in particular, have pushed this effort in order to bolster their claim that reforms can be won by pressuring the Democrats. To this same

end, New York’s Governor Cuomo, whose right-wing record is so blatant that he saw a challenger win one third of the primary vote against him in the 2014 election cycle, now postures as an opponent of inequality.



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