California Democrats, unions announce deal on $15 minimum wage

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30 March 2016

On Monday, California Governor Jerry Brown praised a tentative agreement reached two days earlier between state legislators and trade union leaders that, if finalized by the state assembly, would gradually increase California's minimum wage to $15 by 2022.

The deal, which has many loopholes and conditions, is aimed at containing deep opposition to poverty-level wages. Its basic political purpose is to bolster support for the Democratic Party in the run-up to November's elections. Under the Obama administration, the Democrats have spearheaded the attack on wages and benefits for higher paid workers as part of an overall transfer of wealth to the financial elite.

The agreement in California would raise the state-wide minimum wage from its current level of $10 an hour to $10.50 in 2017, $11 in 2018, and one dollar more per year through 2022. Businesses with fewer than 25 employees would have an additional year to comply.

Stressing the conditional character of the proposed measure, Brown said on Monday, "This plan raises the minimum wage in a careful and responsible way and provides some flexibility if economic and budgetary conditions change." The governor can suspend any wage increase in the event of a recession, an increase in the state budget deficit or higher official unemployment.

In other words, the measure would be subordinated to "the vagaries of the capitalist economy," as Brown put it. This includes no guarantee that workers currently making minimum wage will not be fired by the companies they work for.

If adopted, the deal would likely be followed by the suspension of two ballot initiatives sponsored by different sections of the union apparatus, particularly the Service Employees International Union (SEIU), for the November elections. These measures would have increased the minimum wage to $15 an hour by 2021 or 2022. By removing the issue from the ballot, legislators can ensure that the details can be carefully crafted behind closed doors in consultation with businesses.

Poverty-level wages are pervasive throughout California and nationally, and the current minimum wage is grossly inadequate to meet basic necessities.

According to Rainmaker Insights, average monthly housing costs in San Francisco are $3,770, and in Los Angeles $2,094. That is, average housing costs in these two cities are the equivalent of a full-time job paying $21.75 and $12.08 an hour, respectively, before taxes.

California's cost of living is 151 percent of the national average, making it the fifth most expensive state. More than 40 percent of the state's population lives either in poverty (earning less than about $24,000 per year for a family of four) or near poverty, according to Census data released in 2013. Children are worse off: nearly 50 percent were poor or near poor in 2013.

Under these conditions, the trade unions—closely allied with the Democratic Party and supported by various organizations that operate in its orbit—have advanced campaigns like "Fight for $15" and "Raise the Wage" to keep opposition within a framework acceptable to the ruling class.

In the presidential elections, Democratic Party candidate Bernie Sanders has backed a $15 nationwide minimum wage, while Clinton has supported raising the national rate to $12 an hour. Sanders' role in particular has been to appeal to sections of youth and poorer workers in an effort to bolster the Democratic Party, after more than seven years of the Obama administration presiding over continuing austerity for the working class.

The Obama administration and the Democrats, no less than the Republicans, have supported the overall assault on wages for the working class as a whole. Tellingly, in California the median wage earner saw a decline of 6.2 percent in their annual income between 2006 and 2011, triple the national average. This included the years of Obama's so-called economic recovery.

Nationally, the White House sounded the signal for a nationwide attack on wages through the restructuring of the auto industry in 2009, crafting a deal that halved wages for new hires and relieved companies of their health care obligations to retirees. This has been combined with the provisions of the Affordable Care Act, which have encouraged companies to eliminate health care plans and force workers to purchase insurance from private companies.

Increasingly, $15 is seen by the ruling class not so much as a minimum but as a maximum. What were formerly higher paying jobs, including in manufacturing, are now paying rates equivalent to low-wage service work.

In the aftermath of the 2008 economic crisis, moreover, low-wage employment has been replacing jobs that once paid a decent salary. In an earlier period, minimum wage jobs were mostly reserved for those initially entering the workforce. Recent data from the Center for Economic and Policy Research, however, shows that now only 12 percent of minimum wage workers are teenagers.

From the standpoint of the unions, a major aim is not only to promote the Democratic Party but also to ensure their own position as junior partners benefiting from the exploitation of the working class. In the last few years, the unions have negotiated agreements with companies that contain "escape clauses" relating to the minimum wage. Through these contractual or legal mechanisms, the unions have been able to bypass minimum wage requirements, thus leaving unionized workers earning less than the minimum wage.

The process is so effective that even the US Chamber of Commerce admitted its advantages for employers. In a recent report, it noted that the escape clause "is often designed to encourage unionization by making a labor union the potential 'low-cost' alternative to new wage mandates, and it raises serious questions about whom these minimum wage laws are actually intended to benefit."

Lastly, an increase in wages to above poverty levels is seen as beneficial by sections of the ruling class insofar as it will force reduce eligibility for social programs such as Medi-Cal, the medical program for the poor, whose threshold is set to 138 percent of the federal poverty level. Workers not qualifying for Medi-Cal would then be subject to the requirements of Obama's Affordable Care Act that they purchase insurance from private companies on state-run exchanges.