

Missouri rolls back minimum wage increase in St. Louis

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Missouri's Republican-controlled legislature passed a law that will go into effect on August 28 reversing the city of St. Louis's 2015 wage increase; lowering it back to the state's standard.

The minimum wage rate in St. Louis will fall from \$10 per hour to a miserly \$7.70, a 23 percent decrease. Missouri's minimum wage is only slightly higher than the federal minimum wage of \$7.25, which has not seen an increase in 10 years.

The city's new minimum wage went into effect in May and was set to bump up to \$11 in January 2018. However, the increase still left the minimum wage lower in real terms than it had been in 1968, nearly half a century ago. A report by the Center for Economic and Policy Research found that if the minimum wage had kept pace with the growth in worker productivity it would have reached \$21.72 an hour by 2012.

The ordinance passed by the city of St. Louis in 2015 led to a legal battle between the city and local business groups that reached the Missouri Supreme Court.

The city won the battle which allowed the minimum wage in the city to increase only two months ago; however, the Missouri General Assembly passed a new law earlier this year that prohibits local governments from setting a higher minimum wage than what the state requires. Even if the minimum wage were to remain at \$10 an hour it would place an individual worker without children or dependents near the poverty line.

The rollback of St. Louis's minimum wage could serve as a precedent for other states passing similar laws to override city legislation. At least 17 US states have enacted preemption laws such as the one in Missouri. One of these is Alabama, where Birmingham had passed legislation increasing the minimum wage to \$10.10.

The Democratic Party nationally has used the minimum wage issue as a means of bolstering support in election years with several other city councils approving nominal increases to be phased in over a number of years.

Most recently, Minneapolis approved a \$15 minimum wage increase which will be phased in by 2019 for large employers but not until 2021 for businesses with fewer than 100 employees.

As of July 1, many workers across the country got raises depending on the cities in which they live. Chicago went to \$11, Los Angeles went to \$12, San Francisco went to \$14, and Washington D.C. went to \$12.50 an hour. The states of Oregon and Maryland also saw increases in their minimum wages—\$10.25 and \$9.25 respectively. The state of California is planning to raise its minimum wage to \$15 by 2022.

While Republicans argue that the solution to unemployment is for workers to be paid poverty wages and the Democrats call for derisory increases as means of staving off social opposition, both parties agree that workers in the US do not have the right to a living wage.

St. Louis's Democratic mayor, Lyda Krewson has absurdly postured as a defender of low wage workers, criticizing the new state law "a setback for working families. The state has preempted cities from enacting laws on many issues, including guns, cold medicine, and now our minimum wage."

Meanwhile Missouri's Republican governor, Eric Greitens, responded to such comments by stating that raising the minimum wage will "kill jobs" and "take money out of people's pockets."

Greitens cited a recent study published by the National Bureau of Economic Research based on Seattle, where the minimum wage will gradually reach

\$15 an hour based on legislation passed in 2014. The report shows that the wage increase may be hurting low-wage workers. The report found that such workers made \$125 less each month on average, due to the lowering of their hours. Liberals have questioned the study's veracity and its results remain contested in the political arena.

Another report published in 2016 by the National Employment Law Project showed that historically, since 1938, year-over-year employment increased 68 percent of the time after each federal minimum wage increase. Additionally, those industries most affected by minimum wage—namely, retail and hospitality—saw an increase in employment 82 percent of the time. The authors of this report insist that there is no correlation between federal minimum-wage increases and lower employment levels. This would mean that other factors besides minimum wage could be driving the Seattle study cited by Greitens.

Despite his open opposition to increasing the minimum wage Greitens refused to sign the new bill into law, stating, “I disapprove of the way politicians handled this.” He complained that politicians “dragged their feet for months” which in turn led to many different wage levels across the state. “That’s why I won’t be signing my name to their bill.” However, according to state law, the bill will pass even without his signature.

It is impossible to determine at this point how many employers will actually slash pay back down to the lower level or what sort of effect it will have on the abysmal social conditions which prevail in the once heavily industrialized city.

A 2015 study showed that St. Louis ranked sixth in a list of large US cities with high poverty levels. It came behind Detroit, Cleveland, Fresno, Memphis, and Milwaukee with a rate of 28.5 percent.



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